THE EFFECTS OF THE ROADLESS POLICY ON RURAL SMALL BUSINESS AND RURAL COMMUNITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON RURAL ENTERPRISES, BUSINESS OPPORTUNITIES AND SPECIAL SMALL BUSINESS PROBLEMS

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

WASHINGTON, DC, JULY 11, 2000

Serial No. 106–67

Printed for the use of the Committee on Small Business

U.S. GOVERNMENT PRINTING OFFICE
67–682 WASHINGTON : 2000

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THE EFFECTS OF THE ROADLESS POLICY ON RURAL AND SMALL BUSINESS AND RURAL COMMUNITIES

TUESDAY, JULY 11, 2000

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RURAL ENTERPRISES, BUSINESS OPPORTUNITIES AND SPECIAL SMALL BUSINESS PROBLEMS, COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:02 a.m. in room 2360, Rayburn House Office Building, Hon. Rick Hill presiding.

Chairman HILL. Okay, we will call the hearing to order, the hearing on the effects of roadless policy on rural small businesses and rural communities. I have a statement and I think I will just enter the statement in the record.

Obviously I have a very significant interest in this matter in that Montana has nearly 20 million acres of U.S. Forest Service land. The management of those lands has substantial impacts on the communities, many communities of which are very dependent on those public lands, and the local government units—school districts, county governments—are very dependent on the revenues that come from revenue-sharing arrangements.

And then also we have many, many small businesses who rely upon the national forests for their income, directly or indirectly. We use the forests; we live with them. The Forest Service is our neighbor. We recreate on these lands. We make our living off these lands. We are dependent on those lands for the economic base of our communities. So decisions that are made by the Forest Service are very significant.

The ranking member is not here yet but when she does arrive, we will allow her to enter a statement in the record.

We will proceed with the hearing. Our first witness is the Honorable Charles Rawls. I do make it a standard practice to swear everyone in at hearing so if you will rise and raise your right hand.

Let the record show that the witnesses answered affirmatively. Mr. Rawls.

TESTIMONY OF CHARLES RAWLS, GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, DC, ACCOMPANIED BY JAMES FURNISH, DEPUTY CHIEF, NATIONAL FOREST SYSTEM, FOREST SERVICE

Mr. RAWLS. Thank you, Mr. Chairman. It is my pleasure to be here this morning.

I began my career in Washington about 18 years ago working for the Forest Subcommittee of the House Agriculture Committee and worked with Congressman Marlenee and others at that time. A lot of related issues, most of which—it is hard to retain all that knowledge but anyway, I do know how important these issues are to you and to the people of Montana and I hope that we can convey today that this rule has been done with some sensitivity and done properly.

With me this morning I will introduce Jim Furnish. Mr. Chairman, he is the deputy chief for the National Forest System of the Forest Service, and I think will be able to answer a number of your questions about the proposed regulation itself.

Mr. Chairman, in May 2000 the Forest Service published a proposed roadless area conservation rule and draft environmental impact statement and draft environmental impact statement, as you know, evaluating options for conserving an inventory of roadless and other unroaded areas on the National Forest System lands. The proposed rule would do several things.

First, it would limit road construction or reconstruction in unroaded portions of inventoried roadless areas except in certain circumstances. Second, it would require evaluation during the forest plan revision of whether and how certain roadless area characteristics in inventoried roadless areas and other unroaded areas should be protected in the context of overall multiple use objectives. The Forest Service also prepared and made available for comment an initial regulatory flexibility analysis, IRFA, and a cost-benefit analysis. This hearing is timely inasmuch as the public comment period of all of these documents remains open until July 17.

The Reg Flex Act directs agencies, as you know, to prepare and make available for public comment an initial regulatory flexibility analysis for rulemakings that are subject to the notice and comment requirements of 5 U.S.C. 553 or any other law. However, if the agency determines that a rulemaking will not have a significant economic impact on a substantial number of small entities, the initial regulatory flexibility analysis requirement does not apply but the agency must make a certification of no significant impact and publish it, along with a statement that provides the factual basis for the certification.

The Forest Service has indicated that it expects the roadless area conservation rulemaking would not have a significant economic impact on a substantial number of small entities, as defined by the Regulatory Flexibility Act. Nevertheless, given the significant public interest in the rulemaking and the comments received on this specific issue during the scoping process, the agency prepared an initial regulatory flexibility analysis. The Forest Service published a summary of the IRFA, along with the proposed rule, made the full IRFA available on the agency's website and sought public comment on its findings. The Forest Service requested comments from businesses, communities, trade associations and any other interested parties that had information or knew of information sources that would be useful in analyzing the potential economic effects of the proposed rule on small entities.

And I would direct your attention to the IRFA itself, which certainly I do not have time at the moment to go into all the details

of but it does propose several very specific questions. There are four questions dealing with exactly how people believe that the rule will affect small businesses and I would hope that in the comments, those issues are fleshed out for the agency.

The Forest Service is also conducting an unprecedented public process to engage the public in a dialogue about the future of roadless areas. The Forest Service conducted more than 180 public meetings during its initial comment period on its notice of intent to prepare an environmental impact statement and it received more than 50,000 public comments. It is now in the process of conducting more than 400 public meetings across the country on its proposed rule and the accompanying documents. Again that comment period closes on July 17.

It is my belief that, to date, the Forest Service has met its legal duties under the Regulatory Flexibility Act. The Forest Service has completed an initial regulatory flexibility analysis. Since the inception of the rulemaking process, the Forest Service has aggressively sought out the participation of other federal agencies through an interagency roadless policy team that includes, among others, the Small Business Administration Office of Advocacy. This active exchange with SBA and other federal agencies has assisted the Forest Service in better understanding the concerns of small entities. Most importantly, these concerns have been published in its findings and invitation for public comment.

This is precisely the kind of attention to the concerns of small businesses, communities and other small entities that the act was intended to foster. Beyond that, it is premature for anyone to conclude what additional analysis, if any, will be required under the rulemaking to meet the requirements of the Reg Flex Act.

And I would note that the certification of no significant economic impact on a substantial number of small entities can be made at the time of the publication of the proposed rule or the final rule, and that is in 605(b).

So to sum up, the Forest Service has undertaken a substantial effort to both consider and disclose the potential implications of the roadless conservation rule for small entities. As the Forest Service finalizes the rulemaking, it has pledged to consider and respond to the public comments received, including any information provided regarding small entities. Thus, it appears to me that the purposes and procedures of the Regulatory Flexibility Act are being fulfilled.

Mr. Chairman, that concludes my prepared testimony. Mr. Furnish and I would be happy to respond to questions.

[Mr. Rawls' statement may be found in appendix.]

Chairman HILL. Thank you, Mr. Rawls.

I would now like to recognize the ranking member, the gentlelady from the Virgin Islands, for an opening statement and for questions.

Ms. CHRISTIAN-CHRISTENSEN. Thank you, Mr. Chairman, and I apologize for being late.

I want to thank the chairman for providing this additional opportunity for important input on this very important issue, particularly input from the viewpoint of our small business owners who stand to be impacted by any rule that would limit road construction in our forests, as is now being considered.

I want to welcome all the panelists. Some of the panelists have traveled very far to be with us this morning and that attests to the importance of this issue to you, your families and your communities.

The issue of the president's roadless area initiative is one that is a priority issue under review by the Resources Committee, on which I and several members of this Committee also sit. Once again, it brings into the forefront a discussion on how best to balance the need to manage, preserve and protect our natural resources and the need to sustain and improve economic conditions of potential in the communities that are adjacent or a part of the area in question.

Although we in the U.S. Virgin Islands have no forests of the magnitude or economic potential of the ones we will be discussing today, this is not an unfamiliar debate to the community that I represent, so I want to say that I appreciate the deep concerns that this issue raises in the potentially affected communities.

The issue of management of roadless areas has been grappled with, debated and fought in the courts for over 30 years. Because of this history and the continued limitations of funding to properly maintain its roads, in 1998 the Forest Service initiated a process to consider changes in how the Forest Service road system is developed, used, maintained and funded. Out of that process came the temporary suspension of road construction in certain unroaded areas and then the president's initiative.

The current process, which is the subject of this hearing today, is in response to the president's directive to the Forest Service to engage in rulemaking to protect roadless areas that represent some of the last, best and unprotected wildlands. It is to address, however, the social, as well as the ecological impact.

The rule would propose to immediately stop activities that have the greatest likelihood of degrading desirable characteristics of inventoried roadless areas and ensure that these characteristics are identified and considered through the local forest planning efforts.

This issue has generated an unprecedented number of public comments on the rulemaking process. I want to commend the U.S. Department of Agriculture and the Forest Service for the extensive dialogue that they have begun and plan to continue. I trust that a prior statement made at a Resources Committee hearing that there is not yet any preferred alternative means, that the concerns of the public will be duly incorporated into final policy, and that the concerns about social and economic impact which are being raised in this comment period will be given equal weight in the final deliberations.

I look forward to hearing the testimony of the witnesses this morning and to working with both Committees to ensure that at the end of this process, we have a policy that achieves the difficult balance between the needs of the environment and community development. Thank you for allowing me to give my opening statement.

I would like to ask attorney Rawls, last year, as we said, the National Forest Service announced that they were initiating the rule. You received over 600,000 responses, I understand.

My question is one of the major topics identified in what we are discussing today included the economic effects the rule would have on local economies. Have any studies been performed that specifically target local small businesses that rely on resource extraction in the national parks?

Mr. RAWLS. I will give you a quick answer and see if Mr. Furnish wants to comment further. In reading the initial Regulatory Flexibility Act analysis which has been published and made available to the public, it does go through sector by sector, not only minerals but other sectors of the affected small business community—timber, recreation, and so on. And I guess I would commend that document to the Committee to look at. I believe it is quite good but you can certainly make your own judgments, I think, if you look at it.

Ms. CHRISTIAN-CHRISTENSEN. There were studies that specifically targeted the local small businesses.

Mr. RAWLS. Yes, they do. As I say, in a sector-by-sector analysis. I think in fairness, it was pointed out in the analysis that it is difficult for the Forest Service to do this type of work with a great deal of specificity. They do not track exactly the number or names and so forth of the small businesses in the communities that they deal with.

So there are limits to the analysis but they did attempt to take a good view of how the rule, proposed rule, would affect these different sectors.

Ms. CHRISTIAN-CHRISTENSEN. We will look at the document.

My second question is about the issue of health and safety of the forests. Opponents of the roadless initiative have argued that the rule prevents the Forest Service from ensuring the health and safety of the forest. It is my understanding that the Forest Service will still ensure the safety and health of the national forests by practicing the proper management of the forest for such purposes.

Do you agree that the safety and health of the national forests is a legitimate concern with the roadless policy? Will this roadless policy make it more difficult to ensure the health and safety of the forest?

Mr. RAWLS. I might ask Mr. Furnish to respond to that. I do not believe that it would.

Mr. FURNISH. I think we have a number of forest health concerns that overlay the entire National Forest System from the East Coast to the West Coast. The intersection of this issue then with the roadless inventoried areas—yes, there is a connection in that we do have some forest health issues in these roadless areas. There have been some studies that suggest that the mere existence of roads contributes to some degradation to the overall forest health. The lack of roads would also limit or inhibit to some extent the ability of the Forest Service to manage certain resource issues where forest health issues appear.

So yes, we are dealing with a portion of the National Forest System. There are certain forest health issues in these roadless areas. Under the proposal that we now have before the public, we would have to manage these forest health issues without the construction of new roads.

Ms. CHRISTIAN-CHRISTENSEN. As I said in my opening statement, I do not come from a place where there are many forests, but what

is better, for instance in the issue of fire prevention? I think some of the other subsequent speakers will speak to the fact that where logging is taking place, the old trees, the diseased trees that may be more likely to promote fires would be gone, whereas in a situation where there are no roads and the practices that the loggers use to keep the trees healthy not being in place would promote more fires or would make it easier for fires to spread.

Can you help me understand which view is correct?

Mr. FURNISH. I do not know that any particular view is correct but at least I would characterize it this way. You have both the source of ignition of fires, often of which are natural-caused, like lightning. Other sources of fire ignitions are humans. There have been numerous studies that have shown that the existence of roads and enabling people to enter the forest sometimes increases fire risk because there are more people available to start fires. So you have that issue.

The second really is the condition of the forests. And certainly where you have a lot of dead and downed and dying material, very dense, congested forests, then these are prone to burn hotter and more severely than others and this really, I think, is at the heart of some of this forest health issue, is do we have the capacity to manage the vegetation in such a way that we can minimize the risk of catastrophic wildfires?

Mr. RAWLS. Mr. Chairman, before we leave this point it did occur to me that we probably should point out on this health and safety issue that under the proposed regulation, a road is allowed to be constructed or reconstructed in an inventoried roadless area if the manager on the ground determines that the road is needed to protect public health and safety in cases of imminent threat of flood, fire and other catastrophic events, it says that without intervention would cause the loss of life or property. So I think that that might be relevant, too, in thinking about how the rule would deal with those concerns.

Ms. CHRISTIAN-CHRISTENSEN. Thank you.

I do not have any further questions at this time, Mr. Chairman.

Chairman HILL. I thank the gentlelady. I have a few questions and then I am going to come up there. I do not see so well, so I am going to—I have some maps that I want to refer you to and ask some questions specifically about that.

Is it true that the Department of Agriculture believes that this proposal will not have a significant economic impact, Mr. Rawls?

Mr. RAWLS. Well, the Forest Service in its analysis says that they do not believe it will have a significant impact on—significant economic impact on a significant number of small entities.

Chairman HILL. And why does it believe that?

Mr. RAWLS. I think for two reasons. One is I think that their best case analysis is that the numbers are not there. They have not been able to——

Chairman HILL. The numbers of what are not there?

Mr. RAWLS. The number of either entities or the economic effects.

Chairman HILL. That you do not possess the numbers or the numbers do not exist?

Mr. RAWLS. Well, that they have not been able to determine that the significant effect would be there on those numbers. Do you understand what I am saying?

Chairman HILL. But I want to be clear about this. Are you saying that you do not possess the information, so you cannot make the analysis, or that your analysis indicates that there are not enough entities?

Mr. RAWLS. I think what they have said is that based on the information they have, they do not find the significant effects.

Chairman HILL. Are you saying that if the Forest Service is not in possession of this information, it has no obligation to try to obtain it?

Mr. RAWLS. I do not know that I would say that and I would say that what I appreciate about what the Forest Service did was that they, in recognizing the importance of these concerns, they have asked. They have published the initial analysis and have asked for comment. I think in reading the documents, you will see that they really want this information.

Chairman HILL. You would agree that the Forest Service is not only obligated to obtain this kind of information because of the Reg Flex Act. It is also under NEPA, under the social and economic impacts under NEPA it is required to obtain that kind of information, as well, is it not?

Mr. RAWLS. I have not really looked at NEPA to prepare for this hearing.

Mr. FURNISH. I could answer that. Yes, we are required to assess the social and economic impacts of any proposal.

Chairman HILL. The difference, of course, under the Reg Flex Act is that you are required to try to mitigate those impacts as they might occur to small businesses as a consequence of this rule if it is determined that the rule would affect it. Is that not correct, whereas under NEPA, you are not necessarily required to address the specifics of small business.

Mr. FURNISH. In the event that the rule is perceived to have a significant effect on a substantial number of business entities, then there is some obligation to pursue mitigation of those effects.

Chairman HILL. Is the question then——

Mr. RAWLS. Mr. Chairman, before you move on, because I am not sure that Reg Flex would require the agency to address necessarily the small business——

Chairman HILL. The proposed alternatives to minimize the impacts on small business.

Mr. RAWLS. Well, they need to look at alternatives but I take it you agree at the end of the day, they simply need to lay that out, display it and get——

Chairman HILL. Which leads to the next question. Has the Forest Service proposed any alternatives as a consequence of the initial regulatory flexibility analysis?

Mr. RAWLS. I cannot recall exactly how that is written. Frankly it is a difficult issue because——

Mr. FURNISH. Let me ask you to be as specific as possible. Are you asking whether or not any new alternatives have been prepared that would be analyzed for the final environmental statement as a direct result of this IRFA?

Chairman HILL. That is correct.

Mr. FURNISH. No.

Chairman HILL. Does the Forest Service know how many small businesses participate in the small business timber set-aside program?

Mr. FURNISH. Yes, I think we have some estimates of those. Without pulling a number out of thin air, I think they number in the hundreds.

Chairman HILL. The reason I ask that question is in the initial analysis it indicated that it did not have good data in order to be able to project the impacts. So my question is do you have that information in order to develop an analysis of how it impacts small businesses?

Mr. FURNISH. I think impact is viewed in the context of the Regulatory Flexibility Act, would be viewed somewhat differently than under NEPA. I think our view is that this regulation does not propose to directly regulate small business and as such, the number of businesses or communities directly impacted under the context of NEPA, the Regulatory Flexibility Act, is quite limited.

Chairman HILL. The conclusion I draw from what you just said is that you are saying that since you are not directly impacting these businesses, you did not bother to assess how many businesses would be impacted. Is that what you are saying?

Mr. FURNISH. I think I am suggesting that we are not directly regulating the businesses.

Chairman HILL. That is what I thought you said.

Does the Forest Service know how many small businesses or businesses, for that matter, have perfected mining claims in the national forests?

Mr. FURNISH. How many businesses have perfected mining claims?

Chairman HILL. Yes.

Mr. FURNISH. Are you including individual persons as a business?

Chairman HILL. Yes, I am.

Mr. FURNISH. I would enumerate those in the thousands.

Chairman HILL. Right. If I might step down, I have a couple of maps I want to draw your attention to.

Mr. FURNISH. Certainly.

Chairman HILL. In essence, what you are suggesting is that these regulations do not directly impact businesses, so therefore you do not have to develop alternatives.

These maps came from the Forest Service and I apologize to members at the podium; I can turn it and show it to you briefly.

The blue areas on this map—this is a map of Forest Service lands in Montana—the blue areas are the areas proposed under the new roadless, unroaded initiative and the red squares are perfected mining claims that exist. And I think you made reference to the fact that this numbers literally in the thousands.

Mr. FURNISH. Yes.

Chairman HILL. And I think this dramatizes that.

Now, I want to point out the white areas in these forests are not areas left to multiple use. For the most part, these are now wilderness areas.

Mr. FURNISH. Yes, I recognize that.

Chairman HILL. And the blue areas are now the areas that would fall under this new roadless initiative.

If this regulation inhibits these people from being able to access their property, do you think that they are being directly impacted by that regulation?

Mr. FURNISH. I am unclear as to how this proposal would directly affect their ability to perfect their mining claims.

Chairman HILL. The question is where they could access them. I mean this proposed regulation is to decommission roads, to stop the maintenance and reconstruction of roads and to stop the construction of new roads.

If these people—the question is if these people cannot access their property as a consequence of this regulation, are they being impacted?

Mr. FURNISH. I believe there is an exclusion in the proposed rule that permits road construction for existing rights.

Chairman HILL. That is the question. My question is if they are going to be denied access to their property as a consequence of this rule, if they are, would it impact them? The answer is yes or no.

Mr. FURNISH. I am just not sure I agree with the premise of the question.

Chairman HILL. Next question is in the IRFA you suggested that relatively small numbers of timber sales would be impacted by the rule. This is a map of the Lewis & Clark National Forest, the Jefferson Division.

Mr. FURNISH. Yes.

Chairman HILL. This dark green area, striped area, is wilderness study area. The green area is wilderness area and the gray areas are the proposed new roadless areas in this particular forest.

Mr. FURNISH. Yes.

Chairman HILL. I think you can see from this that on a combined basis, this consumes 90 percent, 95 percent of this division of the forest. Would you agree with that?

Mr. FURNISH. Yes, at least the combination of all three.

Chairman HILL. The combination of all three.

Mr. FURNISH. It incorporates the vast majority of the available national forest.

Chairman HILL. What I want to point out to you is all these small dark blue and dark green areas here, right here, are timber sales that have occurred in areas that are proposed to be designated as unroaded or roadless areas.

Would it be correct to conclude that those sales would no longer be permitted under this proposed regulation?

Mr. FURNISH. It is possible but I do not believe that is a correct assumption.

Chairman HILL. It is likely, though, is it not?

Mr. FURNISH. Well, I do not even know that I would characterize it as likely. It is certainly possible in that historically we accomplish much of our timber sale activity in conjunction with road construction, but there are other ways to harvest timber without new road construction.

Chairman HILL. When the moratorium was announced, there were scheduled sales in these areas, were there not? How many of those sales went forward during the moratorium period?

Mr. FURNISH. I do not have those figures at my disposal.

Chairman HILL. I will tell you that none did. Would it surprise you if none did? They were all suspended?

Mr. FURNISH. No, that would not surprise me.

Chairman HILL. Lastly, if you notice, these are dark blue squares here.

Mr. FURNISH. Yes.

Chairman HILL. Those are lands owned by somebody other than the federal government—other government agencies.

Mr. FURNISH. Okay.

Chairman HILL. And you can see that in some instances those would be entirely landlocked.

Mr. FURNISH. Yes.

Chairman HILL. If those, in this instance, the state of Montana, cannot access its property as a consequence of this roadless initiative, would you say that this regulation has an impact on that local government or that government unit?

Mr. FURNISH. I just do not agree with the conclusion. I do not think there is any provision——

Chairman HILL. I am just saying if that occurred, would it have an impact? I am not saying that it is necessarily going to but I am saying if it occurred, would it have an impact?

Mr. FURNISH. Yes, it could have an impact on certain isolated parcels. Again, whether that would be considered a substantial impact I think is an open question in the context of the entire state of Montana.

Chairman HILL. The administration's assertion is that these are pristine areas and they need to be maintained as pristine areas. Is that correct?

Mr. FURNISH. I think some would be characterized as such. I do not know if that would necessarily be a blanket condition of all areas.

Chairman HILL. It is the word that the President used when he announced the initiative. I would not want to quarrel with him.

This happens to be the road in the Lolo National Forest, another national forest in Montana. These areas that are in the checkerboard with the dark lines around them are proposed new roadless areas or areas to be incorporated into this new rule.

These red lines here are all roads that currently exist in those roadless areas.

Mr. FURNISH. Yes.

Chairman HILL. Could you explain to the Committee how an area could be designated as roadless or unroaded and have this many miles of road?

Mr. FURNISH. I think that is why we have taken pains to be very careful about describing these as unroaded portions of inventoried roadless areas. Since these areas were inventoried back in the late '70s, we have had two decades of management. There were cases, such as you are portraying here on the map, where there was active management in some of these inventoried roadless areas. That

is why there has been road construction, harvest units, et cetera, in these inventoried roadless areas.

The purpose of this rule is to apply to those unroaded portions of the inventoried roadless areas. So to the extent that they have been roaded, the proposal would not apply to those areas.

Chairman HILL. Well, this map was prepared by the Forest Service to describe the areas that would be impacted and you can see that there are significant areas that would be impacted here that currently have roads on them.

And I want to further draw your attention to these small colored areas within these boundaries. These are all areas that have been actively timber harvested within these roadless or unroaded areas.

Mr. FURNISH. I might add our estimates are about 10 percent of the inventoried roadless area has been actively managed in the last 20 years.

Chairman HILL. Lastly, I draw your attention to the purple squares.

Mr. FURNISH. I believe those are state of Montana.

Chairman HILL. Those are state of Montana lands. In some instances the state of Montana lands are totally surrounded by what would now be unroaded or roadless areas. Again I would draw the attention, and I think you probably are aware of the fact that Montana has a constitutional mandate that these lands be managed for its economic benefit, as opposed to other benefits.

Mr. FURNISH. Yes.

Chairman HILL. If these designations would in some way restrict the state of Montana from fulfilling its constitutional obligation, if it would——

Mr. FURNISH. That is a very big if.

Chairman HILL. I understand it is a big if but if it did, that would have a direct impact, would it not?

Mr. FURNISH. Well, our proposal, as written, honors these constitutional privileges for not only states and other public ownerships but also private ownerships to access their property.

Chairman HILL. I can show you map after map of forests in Montana that show the following things, and that is that these areas have been actively, actively managed. They have existing roads. As I understand the proposed rule, the rule would give priority to the decommissioning of roads in these inventoried roadless or unroaded areas; is that correct?

Mr. FURNISH. I believe we have another rule developing a roads policy for the agency that addresses that issue. I do not believe that the roadless proposal is explicit about that issue.

Chairman HILL. You raise an important point. The important point that you raise is that you really do have to take the context of these various regulations together, do you not? I mean you are developing a transportation policy, you are developing a plan for these roaded and unroaded areas.

Mr. FURNISH. Yes.

Chairman HILL. Congress has been trying to get the Forest Service to address a management plan for the forest health issues, the catastrophic fire issue out there, which we have been promised for some time and it has not been developed.

You have the Interior Columbia Basin Ecology Management Plan. You really have to put all these into context, into a collective context, do you not, in order to understand what the total impact would be?

Mr. FURNISH. There is——

Chairman HILL. Would you agree with that?

Mr. FURNISH. There is a relationship among the various initiatives, yes.

Chairman HILL. Do you not believe that the analysis of whether or not this should be subject to the Regulatory Flexibility Act ought to be taken in the context of all of these different management initiatives that are taking place simultaneously, as opposed to segregating them one from another?

Mr. FURNISH. I will leave the counsel to comment on that.

Mr. RAWLS. Mr. Chairman, the act certainly does not require that, so I think the short answer is no. I think it is a good policy idea for the Forest Service to be trying to look at these policies in conjunction with one another and I believe that they are doing that but I do not believe that the act requires it.

Chairman HILL. If, in essence, the argument is that the impacts are being mitigated by a rule that is being developed in another area, so therefore we do not have to worry about it, then do you not believe then that you have to look at those together? I mean you cannot have it both ways, Mr. Rawls. You cannot say well, we have another rule development going on over here, so we do not have to address the impacts on small business there or local governments, and then not look at them in concert with one another.

And I would suggest to you perhaps that the administration purposely developed these initiatives independent of one another so as to avoid its responsibility under Reg Flex. Would you respond to that?

Mr. RAWLS. I think you are giving us too much credit.

Mr. FURNISH. I would be happy to respond to that. That is absolutely false.

Chairman HILL. Lastly, and then I will let others ask questions here, would you provide for the Committee correspondence, e-mails, that kind of activity that has occurred between the Forest Service and the Small Business Administration from the point at which you initiated this proposed rule with regard to the issue of Reg Flex so that the Committee can have the full knowledge—this is an oversight hearing—the full knowledge of what communications have occurred between the SBA and the Forest Service with regard to this issue?

Mr. FURNISH. I believe that we would. That is within your authority to ask for that and we can certainly do that.

Chairman HILL. Thank you. I thank the Committee for indulging me that much time.

Mr. RAWLS. Mr. Chairman, before you more on, I am sorry but we focussed on—I said there were two reasons the Forest Service did not think that Reg Flex was applicable and we focussed on the first part of that.

The second part Mr. Furnish mentioned but I think it is worth noting again, and that is the notion that this proposed regulation does not directly regulate small entities and I think that that is

certainly where the law is developing. There is an Eleventh Circuit case and a case here at the D.C. Circuit that is very clear on that and I thought before we left the subject that I should mention that that would be the second, most important reason, in answer to your question.

Chairman HILL. And I saw that in your testimony and I made note of that, actually. It was repeated throughout the initiative analysis.

The point I was trying to make, however, is that there are people who are going to be directly impacted—directly impacted—by these regulations, or at least could be. Governments can be directly impacted. Property owners could be directly impacted. People with mineral rights, oil and gas rights, private property owners who have in-holdings—all of those people could be directly impacted.

Communities could be directly impacted by the increased fire hazard associated with the decision to not manage, the fire impacts. Those are direct impacts.

And I know that you have drawn that conclusion. I think it is the wrong conclusion. I think you have drawn it substantially because you made the decision in the beginning that you were not going to be subjected to it, so the Forest Service basically did an analysis to justify that. But there are direct impacts here and that was my point.

The Chair would now like to recognize Mr. Phelps.

Mr. PHELPS. No questions.

Chairman HILL. Mr. Udall.

Mr. UDALL. Thank you, Mr. Chairman.

The roadless policy proposes to terminate the construction of new roads in roadless areas. The roadless policy will not close any existing roads or trails; nor will it block legal access to private or state lands.

There are already over 380,000 miles of official roads of the national forests, enough to encircle the earth 16 times. Recently, the National Forest Service announced that currently they have an $8.4 billion maintenance and reconstruction backlog in its road system. It could be argued that the timber industry is not profitable enough to pay for the current road upkeep.

What indications are there that more cutting and road construction will provide funds to alleviate the backlog if the current system has not been able to keep pace?

Mr. FURNISH. I do not believe there are any indications.

Mr. UDALL. It could also be argued that the $8.4 billion backlog will only increase with more road construction for timber cutting. Does it make sense to continue road construction for timber cutting when currently we cannot maintain the current system of roads?

And two, the degradation of the current road system will only be environmentally detrimental to the surrounding forests, making it unsuitable for timber cutting.

Mr. FURNISH. If I might, I would just like to digress a moment and provide some important——

Mr. UDALL. Please do.

Mr. FURNISH. (continuing) Historical context. I think in the post-World War II years when the forests were largely unroaded, we went through several decades of active development and I think I

would characterize the Forest Service as being a road development agency and we characterized our roads as forest development roads.

I think the road, the transportation policy that was alluded to earlier is an effort on our part to transition from a road development agency to a road management agency and particularly as it relates to the contribution of timber harvest to the development of and management of the road system, it is worth noting that the timber industry not only constructed a great portion of this road system but also maintained through contractual obligations much of that road system.

When we were operating at nearly 12 billion boardfeet a year, it was a very active system—a lot of new roads being constructed, a great deal of roads being maintained and managed.

With the current level at about 3 billion boardfeet per year, a great deal has changed in that equation and I think the Forest Service has found that we have experienced a great deal of loss with the lack of contribution from timber industry in managing our road system and we have to seek a new way into the future.

I think both this roadless proposal, as well as our transportation policy initiative, are intended to redirect our energies and strategies in that effort.

Mr. UDALL. So really what you are trying to do is deal with a situation where the cut was much higher——

Mr. FURNISH. Yes.

Mr. UDALL. And now it is much lower and you are trying to find the right balance in terms of roads.

Mr. FURNISH. Yes.

Mr. UDALL. And clearly if the cut is—you said 12——

Mr. FURNISH. 12 billion.

Mr. UDALL. 12 billion boardfeet to 3, you do not need nearly as many roads in order to deal with that situation.

Mr. FURNISH. I think that is a fair summary, yes.

Mr. UDALL. Now supporters of the roadless initiative have argued that these areas are roadless because the timber industry has no interest in those areas, one of the reasons being that some of those areas are unsuitable for timber production.

In your opinion, what percentage of the areas designated under the roadless policy is currently suitable for harvesting?

Mr. FURNISH. I am reluctant to select a numerical figure. If that is of particular interest, maybe we can do a little research before the hearing is over and try to provide a specific number.

I think what is interesting is that I think there are a variety of reasons why many of these areas remain roadless after 100 years of national forest management by the Forest Service. It is oftentimes because they are sometimes the least desirable or least effective in terms of their timber production potential.

We have tried our best to disclose the impacts of this roadless proposal on the timber harvest activities in these areas and generally speaking, we estimate this to be 1 to 2 percent of our current national program.

Mr. UDALL. I would like those figures if you can get that together.

Mr. FURNISH. Yes, we can certainly provide that.

Mr. UDALL. Specifically, I have three national forests in my district—the Carson, the Santa Fe and the Sebola—and I wonder for that particular question on percentage of areas designated under roadless policy is currently suitable for harvesting. If you could get me those figures, it would be very helpful.

Thank you very much, Mr. Chairman.

Chairman HILL. Mr. Baird.

Mr. BAIRD. Thank you very much, Mr. Chairman.

I would also appreciate the data that Mr. Udall requested, particularly for the GP, the Gifford Pinchot. Of interest to me is some further definition of suitable for harvesting. I am particularly interested in mature old growth versus late successional versus second growth, that kind of thing.

Mr. FURNISH. Yes.

Mr. BAIRD. I am interested in the issue of fire control in these areas and I know that on the one hand, people assert that well, if people get into the woods via these roads that that poses a significant fire hazard; they are more likely to have humans cause fires through various human activities, be it automobiles or discarded cigarettes or campfires or what-not.

Mr. FURNISH. Yes.

Mr. BAIRD. Conversely, though, there is concern about this possible mass conflagration that nobody can get into to put out and I actually share that concern a little bit. Could you comment on that a little bit for us?

Mr. FURNISH. Well, I alluded to that earlier. I would say that I think the Forest Service has certainly strived to perfect the art of initial attack on fire ignitions where no roads exist. We have, of course, the storied smokejumpers but we also have developed some of the newer technology with helitac crews and that type of thing. And I would say that today the Forest Service enjoys about a 98.5 percent success rate on initial attack.

Certainly when conditions are such, when you get ignitions, if they are accompanied by low humidity, high temperature, high winds, it stresses any organization to effectively prevent large project fires from developing, and this would be true regardless of whether they were in roaded terrain or unroaded terrain.

Mr. BAIRD. I may have missed it; you may have commented on this earlier. One of the concerns I hear is that the president's Northwest Forest Plan established a certain level of boardfeet for harvest, which has not been met and there is concern that the roadless plan would perpetuate that. Would you offer some comments on that?

Mr. FURNISH. I think the impact of this roadless proposal on that particular issue is very minimal.

Mr. BAIRD. How so?

Mr. FURNISH. I can't give you a number here right now, but at least our analysis is that most of the national forests in the Douglas fir zone, including Gifford Pinchot, would be minimally impacted by this roadless proposal.

Mr. BAIRD. That would be helpful if you could get me some data on that. Minimally impacted because other environmental constraints—i.e., salmon protection and spotted owl—have already set

aside so much or minimal impact because of the level of harvestable timber, or both?

Mr. FURNISH. It is a number of contributing factors there. I think one is the implications of the Northwest Forest Plan itself, with the establishment of late successional reserves and riparian reserves, have limited the harvest significantly. And then when you overlay the roadless areas, which in many cases are quite minimal in the Pacific Northwest, then you begin to look at the interface between the roadless inventory and these other allocations of land; the doubling up of impact there is very minimal.

Mr. BAIRD. If you could get me that information, that would be very helpful, either in graphic and visual form through maps—that would probably be the most conducive to an analysis.

Mr. FURNISH. Okay, we can do that.

Mr. BAIRD. I am assuming from what you are saying that given that there is no logging taking place in these areas currently, that you do not see this as having—I mean there is plenty of logging in the Pacific Northwest obviously but in the areas that are particularly affected by the roadless plan, you do not see it as having a short-term adverse impact on economic conditions right now, or am I inaccurate?

Mr. FURNISH. Well, I would say in the vast portion of the United States that is true. Certainly the impacts of this proposal on the Tongass National Forest in Alaska would have been dramatic and significant. I think that had a great deal to do with the exclusion of the Tongass National Forest from the provisions of this, prohibition on road construction, as well as the Tongass Timber Reform Act, which was some legislation that we felt had an influence on that determination.

And it is true that particularly in areas in the inter-mountain West, notably Idaho, Nevada, Utah, and to a lesser degree Montana, where larger portions of the national forests are still in this inventoried roadless condition, then you would have much larger impacts on potential timber harvests.

Mr. BAIRD. In the Northwest, the Doug fir and the hemlock forests less so?

Mr. FURNISH. Very little impact. And I would say nationally we have estimated this would be about 1 to 2 percent of our national program would be precluded if road construction were prohibited in inventoried roadless areas, but that percentage does rise. I think the highest in Utah is estimated to be about 8 percent.

Mr. BAIRD. Thank you, Mr. Chairman.

Chairman HILL. I thank the gentleman.

I want to go back for just a moment to this issue of the backlog of maintenance in the forests. There is an estimate that it is about $8 billion worth of backlog of maintenance of roads in the national forests. But if we talk about the typical logging road, the gravel road that exists in the forest, what does it cost per mile to maintain those roads?

Mr. FURNISH. Well, something on the order of maybe $80 to a few hundred dollars per year.

Chairman HILL. Per mile?

Mr. FURNISH. Per mile, yes.

Chairman HILL. The reason I make that point is that if you took the whole 380,000 miles of road and you multiplied it times that cost, you do not get to $8 billion. You do not even get close, do you?

The point is that the $8 billion number has a lot to do with the highways and main arterial roads and bridges that exist in these national forests.

Mr. FURNISH. Yes. Certainly more——

Chairman HILL. And that is where the big numbers are.

Mr. FURNISH. It is more costly to construct, much more costly to maintain.

Chairman HILL. At a hearing in the Resources Committee I think Mr. Dombeck suggested that probably $100 million a year additional funding would provide the Forest Service enough money to maintain the roads it cannot currently maintain. Would that number surprise you? That would be doubling, incidentally, the budget I think you now have for road maintenance.

Mr. FURNISH. That sounds a little low to me.

Chairman HILL. How many miles of road are you maintaining with your current road maintenance budget?

Mr. FURNISH. Well, we are striving to maintain all of it, but to varying degrees. I think certainly you would understand that a road that is on the system that is in a closed status would require very little maintenance, as opposed to an arterial road.

Chairman HILL. The question, earlier you made the comment that timber companies maintain the roads under contract because they were using them to haul logs and obviously they had an impact.

Mr. FURNISH. Yes. This was often in the form of cooperative deposits of cash that they would give the agency or——

Chairman HILL. Or credits.

Mr. FURNISH. Or they would actually do the maintenance themselves.

Chairman HILL. What percentage of the use of the Forest Service roads is timber company use?

Mr. FURNISH. Today?

Chairman HILL. Today.

Mr. FURNISH. Probably less than 5 percent.

Chairman HILL. So 95 percent or more of the use of these roads is other than for the purpose of timber harvest, is it not?

Mr. FURNISH. I think that would be a fair estimate.

Chairman HILL. Well, if only 5 percent is for timber harvest, then 95 percent——

Mr. FURNISH. Yes, it is a fair estimate.

Chairman HILL. Fair estimate. So who are those 95 percent?

Mr. FURNISH. I would characterize them mostly as recreationalists and/or people who live in, around and near national forests that use the national forest roads to travel.

Chairman HILL. And fire safety, fire suppression?

Mr. FURNISH. Yes. Obviously there is a certain amount of that that is actually Forest Service usage of roads, as well.

Chairman HILL. My point simply is that if we start decommissioning roads, elimination of roads, stop maintenance of roads, proportionately 95 percent of the impact is going to be on recreationalists, not timber companies, is it not?

Mr. FURNISH. I think I agree, as I understand your question.

Chairman HILL. And that is the point. Earlier you said that the argument is made that when people get in the forest, they increase the impact, the likelihood of fire.

Mr. FURNISH. That can be true, yes, that oftentimes the increase in fire ignitions is associated with human activity.

Chairman HILL. Is it the goal of the Forest Service then to stop people from being able to access the forests so as to reduce the hazard of fire to the forests?

Mr. FURNISH. No.

Chairman HILL. Okay, I just wanted to make sure that that was not the case. But 95 percent of the impacts of this policy are actually going to be on recreationalists, which brings me to another point and a big one. That is that——

Mr. FURNISH. I am not sure I follow that.

Chairman HILL. To what degree did you analyze the impacts on small businesses such as snowmobile dealers, off-the-road vehicle dealers, outfitters, those kinds of people, those kinds of small businesses that also depend upon the access to the forests and these roads that provide the access to the forests? To what degree did you analyze the potential impacts that this policy would have on those businesses? Because this would be a direct impact. If they cannot get access to the forests in the way that they had before, this regulation is a direct impact on that business.

To what degree did you try to analyze that in this initial regulatory flexibility analysis?

Mr. FURNISH. The IRFA that the Forest Service has completed and posted on the website and summaries and that kind of thing are available, sought to illustrate the connections between this policy proposal and the existence of these businesses. I think what we felt was that because there was no direct regulatory effect on these businesses, that the ability to assess the direct impacts of this was very difficult to do.

We acknowledge that there is an indirect and sometimes speculative nature to the impacts of a regulation proposal like this and we sought to address those in the IRFA. The impacts on these aspects of society and the economy are also included in our draft EIS on the roadless proposal.

Chairman HILL. Thank you very much.

Any other members wish to ask questions of this panel? Go ahead, Mr. Baird.

Mr. BAIRD. Thank you, Mr. Chairman.

Just a follow up on the issue of roadless areas in relationship to ORVs and snowmobiles, the policy we are discussing today as I understand it is on stopping further construction of roads.

Mr. FURNISH. That is true.

Mr. BAIRD. If the impact of that were to be analyzed for its economic impact on snowmobiles and ORVs, could one not also see that as a subsidy for those businesses; i.e., if the federal government constructs roads that are a benefit to those business, the federal government is subsidizing those businesses?

Mr. FURNISH. Oh, boy, I do not know about that. I think the extent of our analysis would show that for instance, let's take the timber industry. We tried to acknowledge that if the Forest Service

were planning to do logging in these inventoried roadless areas and the lack of road construction would preclude that, there would be an impact on the timber industry and timber production.

On the other hand, if we were seeing to accentuate the values of these roadless areas for other activities, it might actually have a benefit to activities such as snowmobiling, four-wheel-driving, that kind of thing.

Mr. BAIRD. But to the extent that the roads do not currently exist, it would be hard to say it has an adverse impact on existing business.

Mr. FURNISH. Yes, that is our view because we are not—the policy does not close roads; it only precludes the construction of new roads. So as to the use of the existing road system, this policy does not affect that.

Mr. BAIRD. That was the question. Thank you.

Mr. UDALL. Mr. Chairman.

Chairman HILL. Yes, Mr. Udall.

Mr. UDALL. Thank you.

We have recently in my home state had a devastating—well, a number of forest fires but a devastating forest fire in the largest one in the state, the Cerro Grande fire. And I recently took a tour of the Santa Fe watershed, which is thousands of acres, with the National Forest Service and they told me that the watershed which provides 40 percent of the water for the city of Santa Fe and if you had a fire like the Cerro Grande fire it would shut down the water treatment plant and effectively eliminate that water for the city, that 40 percent of its water supply.

So one of the questions I think is in these areas where you have the urban/forest interface and you have potential disasters that could occur to a watershed or to just an area that is close to a city where you could get flooding after a fire and create disasters, are you dealing with this in any way in terms of the roadless policy? Is there any recognition of the problems in terms of urban/forest interface and how you are trying to deal with that in terms of the roadless initiative?

Mr. FURNISH. Yes, I think it is one of the reasons why the Forest Service is actively pursuing through our cohesive strategy on fire and that type of thing, that we have to develop other alternative means to manage vegetation beyond simply a timber sale contract.

I, too, am concerned about the Santa Fe watershed and I know I have looked at maps of the area and I am aware that the headwaters of the Santa Fe watershed are also in wilderness, and then there is a mix.

On the one hand, as we try to preserve as pristine conditions as possible as we can in municipal watersheds, we have to be cautious that we do not set up a situation such as you described, and I think that is one of the reasons we have this exclusion in the regulation that in the event of imminent threat to life and property such as might exist there, if it were essential that roads be constructed, there would be a provision to do so.

Mr. UDALL. Is the Forest Service working on a proposal or some kind of disaster prevention proposal that would deal with these kinds of forest/urban interface situations with watersheds, with possibilities for flooding after a fire, that kind of situation?

Mr. FURNISH. Yes. Well, forgive me. I just returned from about a three-week vacation and I know that when I left, there was a lot of discussion going on as a result of the Cerro Grande incident to look at identifying several communities throughout the West and I am not aware of the current status of that, of some special bill that would move through that would give the Forest Service and other federal agencies an opportunity to demonstrate with communities and state governments the proper techniques to manage vegetation in these urban interface areas and I am sorry I just am not aware of the current status of that effort. But I know that that was intended to address that issue.

Mr. UDALL. But you are working on some kind of proposal like that?

Mr. FURNISH. We are very concerned about the issue generally and I think that Los Alamos served as a wake-up call in that there are large numbers of communities that are in this very condition today.

And I might add I remember when I was a kid being very dramatically impacted by the Deadwood fire of 1959 and it was on the cover of Life Magazine and others and it was again a very serious situation. I only use that to illustrate that this issue has been with us 40 years and longer and it will continue to be with us as long as people live in forested environments.

Mr. UDALL. And as we have population increase and we have growth, we are going to see more of that in the West. I do not think there is any doubt that you are going to see more growth in what I guess has been described as the urban/forest interface, wouldn't you say?

Mr. FURNISH. Yes, I agree with that.

Mr. UDALL. Opponents of the roadless initiative have argued that the initiative will effectively end logging in national forests because of increased costs associated with harvesting forests in roadless areas. Does the initiative permanently end all logging in the roadless areas of the national forests or is it possible that if there is a sharp increase in demand at some future date, the National Forest Service will build temporary roads to harvest the forests and meet the demand?

Mr. FURNISH. Well, the proposal as written today does not envision that. That was certainly one of the considerations that I think we fleshed out in the draft EIS and a lot of the public comment that we have received would encourage the Forest Service to apply a prohibition to timber harvest, as well. We felt we put our best proposal on the table, which was to consider those types of activities in the context of local forest planning and not to take the more dramatic measure of precluding timber harvest in inventoried roadless areas, as well.

So I certainly would not agree with the conclusion that this proposal would, for all intents and purposes, end logging. There are lots of ways that you can do logging and I would say it certainly would accentuate the challenge that lies in the Forest Service. Where we have significant issues to deal with related to timber management in inventoried roadless areas, to be able to do that without new road construction I think is something we are going to have to learn how to do well.

Mr. UDALL. Have you, as part of this roadless initiative, have you supplied members of Congress with maps and acreage and a description within their districts, what you are talking about in terms of the breadth of this proposal?

Mr. FURNISH. Well, we have certainly endeavored to do that and have made maps available both at a national, state and local national forest level. We have also conducted briefings here on the Hill periodically to keep people abreast of the proposal, the nature of the proposal, allow for a good dialogue about the impacts.

Mr. UDALL. I would very much like to see the proposals for Northern New Mexico and have a briefing on it.

Mr. FURNISH. I noted that you wanted particular information on the Carson, Santa Fe and Sebola?

Mr. UDALL. Sebola, yes.

Mr. FURNISH. We will try to provide that and also for Congressman Baird for the Gifford Pinchot.

Mr. UDALL. Thank you very much.

Thank you, Mr. Chairman.

Chairman HILL. I just want to clarify this one point and I think in response to Mr. Udall you said that the roadless proposal does not, of itself, propose the decommissioning of any roads.

Mr. FURNISH. That is correct.

Chairman HILL. However, the transportation plan does call for the decommissioning of roads.

Mr. FURNISH. I think it calls for a process to determine how, when and where those decisions would be made.

Chairman HILL. The point is that when taken together, the transportation plan is going to provide for the decommissioning of roads in these inventoried roadless areas and unroaded areas and that is the purpose.

I guess I have some concern about the insistence on looking at these as independent initiatives because they cannot; they really have to be taken in the context of a larger initiative. In fact, I think we have a memo, an internal memo from Chief Dombeck that talks about a strategic plan of the Forest Service and how these individual elements are part of that comprehensive strategic plan.

Mr. FURNISH. What is the date on that memo?

Chairman HILL. I will provide that for you.

Mr. FURNISH. I was just curious.

Chairman HILL. I will provide you a copy of the letter before the end of the hearing.

I guess what I would ask for you is to provide a copy of that strategic plan, if you would, to the Committee so that the Committee can look at how these issues, how these initiatives are related to one another.

Mr. FURNISH. Yes.

Chairman HILL. I think that when you take them in that context, I think an argument certainly could be made that they are all interrelated and that the purposes are that they are interrelated, that they are not separate initiatives, and therefore that the Reg Flex ought to apply to the overall initiative, not to the individual aspects of the initiative. I know you do not agree with that point but I would like to get that into the record.

Mr. FURNISH. You are correct. I might note that your General Accounting Office, I believe, is conducting a review presently of the strategic plan and approach that the Forest Service is taking to management of national forests. That is ongoing as we speak.

Chairman HILL. Thank you. And if there are no further questions, we will excuse this panel. Thank you very much for your testimony and I will call the second panel up.

The second panel is Adena Cook, Blue Ribbon Coalition, Laura Skaer from the Northwest Mining Association, and Frank Gladics, director of the Independent Forest Products Association.

I would like all of you to rise so that you can be sworn in.

Make note that all the panelists answered in the affirmative.

Ms. Cook, you may proceed.

TESTIMONY OF ADENA COOK, BLUE RIBBON COALITION, POCATELLO, ID

Ms. COOK. The Blue Ribbon Coalition has many members who are small businesses who depend on access and available recreation opportunities in the national forest land. The Clinton-Gore roadless initiative and related proposed rules propose a grave threat to the existence of these businesses.

I would like to emphasize that these are programmatic rules and they only provide the general framework for other, site-specific on-the-ground actions that take place. So, in and of themselves, they do not close roads or trails but they set the gears in motion so that roads and trails are at risk and can be closed.

While the roadless initiative allows a full spectrum of recreation opportunities in roadless land, eight of the nine criteria assume that human activity negatively impacts the resource; for example, soil, water and air. This says presumably few or no ground-disturbing actions should occur in roadless areas, and this can mean directly closures.

While the roadless initiative did claim to analyze economic impacts per the Small Business Regulatory Enforcement Fairness Act, that review was inadequate and did not analyze OHV recreation. OHV recreation in national forests is supported entirely by a national network of small businesses. These businesses generate significant revenue where there is nearby national forest land and the revenue in many states surpasses easily the $100 million threshold that defines a major impact.

Here are some statistics from a few states. In Idaho, off-highway motorcycles are popular and the motorcycle value of the retail marketplace in Idaho is $107 million with the off-highway and dual purpose portion being 64 percent of that population. And it has 130 motorcycle sales outlets.

Snowmobiling, it is estimated an economic impact of $151 million and there are 55 small businesses who just sell and service snowmobiles and it does not take into consideration the tourism.

In Montana the estimated value of the motorcycle retail marketplace is $75.5 million and half of that is dual-purpose or off-road. In 1994 in Montana a snowmobiling study was done that estimated $103 million economic benefit to the state.

And in Wyoming in 1995 the Department of Agriculture for the state there estimated $189.4 million benefit from snowmobiling.

So these are big numbers but there is a human face behind all of these numbers. They represent hard working families who work long hours to make a success of their business and serve the recreating public. I would like to tell you about a couple.

Kurt's Polaris in Seeley Lake, Montana has five employees and annual gross sales of $2.5 million. This area has been impacted already by road closures and Kurt says that this is very bad for business. This is a small business but there are bigger businesses.

In Denver, Colorado there is Fay Myers Motorcycle World. It employs a staff of 90 and has annual gross sales of $25 million. Half of that is dependent on off-road sales in public lands. Fay Myers has enthusiastically supported organizations and their employees serve on the state trails committee.

It is not just limited to western states. Midwestern states are also at risk. The Shawnee National Forest has a lot of equestrian campgrounds and there are significant economic impacts to those campgrounds and I would encourage the folks in that part to submit specifics for the record. Most western states and midwestern states, too, to some degree, can demonstrate well over $100 million in economic impact.

Congress deserves a report on the impact of the national forest proposed rules on all of these small businesses and each rule should be analyzed and there should be a cumulative report prepared to show the overall impact. Thank you.

[Ms. Cook's statement may be found in appendix.]

Chairman HILL. Thank you, Ms. Cook.

Ms. Skaer.

TESTIMONY OF LAURA SKAER, EXECUTIVE DIRECTOR, NORTHWEST MINING ASSOCIATION, SPOKANE, WA

Ms. SKAER. Thank you, Mr. Chairman and members of the Committee.

The Northwest Mining Association has 2,500 members in 42 states. We represent every facet of the mining industry and we are actively involved in exploration and mining on national forest lands, especially in the West. More than 90 percent of our membership is small business or work for small businesses.

Mineral activities on national forest lands account for between $2 and $4 billion annually and the mining industry provides the nation's highest paid nonsupervisory wage jobs, which are one of the cornerstones of western rural communities and lead to the creation of much nonmining support and service business in these communities. They also provide substantial state and local tax revenues that provide for the infrastructure.

We became very similar with the requirements of the Regulatory Flexibility Act, the RFA, in 1997 when we successfully sued Secretary of Interior Bruce Babbitt and the BLM over their failure to comply with the law when they promulgated some illegal bonding regulations.

The small businesses in the natural resource industries and the rural communities dependent on those industries need your help, Mr. Chairman. We believe the Forest Service is on a mission to turn our national forests into museum dioramas without natural resource production and without human visitors.

As you mentioned, in recent months this administration has proposed a number of related rulemakings or policies—the transportation plan, the roadless area, Interior Columbia Basin. While we believe each one of these initiatives by itself is damaging to small business and the economic health of rural communities, taken together, their impact is devastating and will result in the demise of numerous small businesses and untold hardships on rural western resource-dependent communities.

We agree with you that these are merely subparts of a single major action and a June 30 letter from Chief Dombeck to his employees confirms that these are all part of a single strategy. We believe they purposely divided this significant action into three or four subparts for the sole purpose of avoiding its legal mandate and responsibilities under NEPA, the Reg Flex Act and SBREFA to analyze those impacts.

In each of the rulemakings that we have mentioned, the Forest Service takes the position that the RFA does not apply or that they are not directly regulating small entities or that it will not have a significant impact. It really appears they have spent more time trying to think of reasons why they do not have to comply with the act than honestly analyzing the impacts of these proposals.

We believe they misunderstand or are consciously ignoring the requirements of the RFA. You see, the trigger mandating an IRFA is not whether the proposed rule directly regulates small entities. Rather, is it a rule that requires public comment under the Administrative Procedures Act or any other provision of law that will have a significant impact on small entities? The answer in this case is a resounding yes.

The assertion that the roadless area rulemaking does not directly regulate small entities flies in the face of the plain language of the proposed rule. It will directly regulate small entities by imposing new standards and otherwise attempting to limit valid existing rights under the General Mining Law and authorized activities under relevant forest plans. Quite frankly, a prohibition on road-building on 43 million acres of national forest lands is, in fact, a prohibition on mining. This is a very direct regulatory impact, particularly if your business is exploring for minerals and mining on national forest land. It strains the Forest Service's credibility to say that a rule of this nature will have no direct regulatory impact.

The proposed rule is completely silent on how the Forest Service will preserve access for exploration and mineral development activities within the roadless areas affected. They state that reasonable access would be provided according to applicable statutes but nowhere do they define or describe reasonable access. Modern methods of exploration require geologists to have motor vehicle access to potentially mineralized areas. They do not have any discussion of how they will provide that.

We do not believe that the cost-benefit analysis nor the IRFA meets the letter or the intent of the RFA. It is seriously flawed in many respects. The overall credibility of the IRFA is seriously diminished by the notable absence of hard data or facts substantiating the many assumptions used throughout this and other related documents and, too, by just blatant omissions.

While the proposal would make the production of some minerals simply uneconomic, further development of most leasable minerals, including goal, potash, phosphates, would essentially be disallowed on over 43 million acres of Forest Service-administered lands. When combined with 42 million acres of national forest wilderness areas already designated roadless by Congress, this proposal would essentially disallow mineral production on over 85 million acres of National Forest Service-administered lands.

Mr. Chairman and members of the Committee, we believe that the proposed rule, when coupled with the roads that the Forest Service intends to close under related initiatives, will ensure that there is no road to a viable economic future for the hundreds of small communities in or near our national forests. If the federal government wishes to turn its forests into parks, then they must correctly analyze the impact on small businesses.

In 1999 the District Court in Florida had a case where NMFS was attempting to protect a species of shark and in holding that they had violated the Regulatory Flexibility Act, that court held that although preservation of Atlantic shark species is a benevolent laudatory goal, conservation does not justify government lawlessness.

We believe the Forest Service must repropose the rule for comment after preparing an adequate IRFA that meets the statutory requirements of the Reg Flex Act. Thank you.

[Ms. Skaer's statement may be found in appendix.]

Chairman HILL. I thank you.

Mr. Gladics, you may proceed.

TESTIMONY OF FRANK M. GLADICS, PRESIDENT, INDEPENDENT FOREST PRODUCT ASSOCIATION, BEND, OR

Mr. GLADICS. Good morning, Mr. Chairman and members of the Committee. I appreciate the opportunity to be here. I represent about 60 percent of the small family-owned forest product companies in the West and upper Midwest. As a class, we purchase 65 percent of the Forest Service timber sales over the last decade. In the last two years it has been closer to 88, 89 percent each year. That data comes from the Small Business Administration, who tracks Forest Service sales.

I would tell you that the Forest Service has the ability, because they track on several sales whether a purchaser is small business or not, to understand who buys their timber and who does not and who would be impacted by this proposal.

I am here today because I believe the agency has concocted a scheme through a series of four regulations that would devastate my industry and I believe they are purposely trying to avoid having to do a regulatory flexibility analysis so that the economic truth comes onto the table so that policymakers like yourself can make a reasonable decision about the environmental portion of this versus the economic portion. In fact, I do not really want to get into an argument about whether the rule is good or bad, but I think procedurally they are flawed and they should do something about it.

They have four components of this scheme: a GPRA strategic plan proposal, which directs the agency to move away from mul-

tiple use. That came out last fall. Then a National Forest Management Forest Planning Act, which directs ecosystem restoration to pre-European settlement conditions be the first priority of the agency. Well, right there it tells me that they are going to move away from access to the forests.

The transportation and road rule directs the road closures of all roads the agency cannot afford to maintain, plus the roads they do not want to keep open.

And then finally, the roadless proposal, which is two components: the RARE II areas, which they say there will be no road construction or reconstruction, and then the unroaded portions of the forests that they will deal with in the forest plans.

When you take all those four in total, the companies I represent can only conclude that there will be little or no timber harvesting on the National Forest System when that package is put in place and we believe that because of what we have read in the roadless EIS and Appendix A on page 20, which said the procedural provisions would be applied to 54 million acres of inventoried roadless area, not the 43 that we banter about, as well as up to 95 million acres of National Forest System land. Well, folks, that is 77 percent of the National Forest System. That is a huge impact.

If you look on Table 1 of my written testimony I have the data on how much timber small businesses purchased. I also made an attempt, using the Forest Service TSPIRS report, which is their economic report of what their timber sale program produces, to see what would happen if you lost half the suitable base, which is where timber can be harvested in national forests. And it shows that we would fall to a total economic activity of $600,000 from nearly $4.8 billion in 1991. That is a lot more than $100 million a year.

The problem with the assessment I see from the Forest Service is first of all, they are not using their forest plans to assess this proposal against. Forest plans say we would harvest 7.35 billion boardfeet a year; they have been harvesting 3 or less. They are trying to compare the impact of this proposal against what they did last year and the year before; we believe they should do it against their forest plan.

And Mr. Udall, I do have the data on how much of the roadless areas are in suitable base. This is from a Forest Service report from 1999, National Forest System Roads and Use Report, which was a draft report on the Internet. There are about 62 million acres that were RARE II originally. Of that, there are 9 million acres of inventoried roadless area that was in the suitable base as of 1995. So that is 25 percent of the RARE II areas that were used to help support the forest plans. If you lose that, you have to rewrite your forest plans; you reduce the amount of timber you are going to sell. That is a problem.

I would like to throw up just a couple of maps here to help you understand what that means, and I will use just two and save one for another speaker that is on the next panel.

In Montana the Forest Service controls 73 percent of the timber that small businesses depend on. That map is their roadless maps that you have seen. It has wilderness in green hatch. Any of the

brown or tan areas are RARE II areas. The green dots are small businesses. The orange dots are large businesses.

And if you look at that, the policy, just the RARE II part of the policy, would put 56 percent of the national forest lands in Montana off-limits.

Now, if the EIS is telling me there is another 95 million acres of National Forest System land that could be impacted, I have to conclude that a lot of that is in suitable base. And my estimation is when we are done with those four proposals, if they are all implemented, we will be down to about 10 percent of the forest land base in Montana that would be open to timber harvesting.

Now, look at where some of those green dots are and how much land is encumbered just by RARE II and tell me that there are companies who are not going to go out of business, yet the Forest Service has steadfastly refused to admit that. They say all minor impacts. Well, I have to tell you to a small community that has one sawmill in it, it is not a minor impact.

If you go to Wyoming you will see much the same thing, only there are not as many large businesses in Wyoming. Look at the Big Horn, which is in the center of the state there. It is all wilderness and RARE II and then the Shoshone, which is over by the national park, Yellowstone. Those forests are going to go out of the timber business and there are three mills there that disappear. They will not have a timber supply source. I think that the Forest Service owes it to the local leadership, political leadership, to address that.

And the third thing that I wanted to point out to you today that I am very upset with is the effect on county government. Counties receive 25 percent of the gross receipts. Congress is working on a bill to try to make them whole—S. 1608 and H.R. 2389. The Forest Service in their EIS said, "We do not have to deal with this because there is a bill in Congress." Well, that bill has not passed and this administration has basically put every roadblock in front of that bill that they could.

So on one hand, they are saying, "Oh, do not worry about it; Congress is going to do it." On the other, they are saying, "We do not have to assess the impact of that." That is fundamentally bad public policy and quite frankly, I think it is immoral for the agency to do that. And we see that in this EIS, step after step.

The agency has not wanted to tell us what the impacts are and I think it is because they do not have the professional integrity right now to do that. I have talked to people in the Forest Service and I have said, "You know your forest plans say 7 billion boardfeet" and the answer is, "You know we cannot give that assessment because the impacts would be too great and would make us do many more steps in this process." That is bad.

The SBA—we have gone to the Office of Advocacy. We have asked them for help. We have two conference calls. The first one was very good. The second one, we got told, "We do not think there is a problem here." And the absence of the SBA Office of Advocacy at this hearing tells me something. I do not think that either of these agencies want to truly let the policymakers understand what the impacts of these proposals are, and I think that is bad public

policy and I request that both my oral and written be put into the record of this hearing.

Chairman HILL. Without objection.

[Mr. Gladics' statement may be found in appendix.]

Chairman HILL. I recognize the gentlelady from the Virgin Islands.

Ms. CHRISTIAN-CHRISTENSEN. I do not think I have any questions, Mr. Chairman. I just want to thank the panelists for coming and say that we will, as both Committees look at this issue before us, we will certainly take into consideration the impacts that you have outlined for us and that we will work to ensure that at the end, we have a policy that addresses both the environmental as well as the economic impact.

Chairman HILL. The gentleman from South Dakota, do you have any questions?

Mr. THUNE. I thank the chairman for holding the hearing in the first place and do not have a question per se at the moment, although I would reserve the opportunity to ask one at a later date. But I just appreciate the fact that you are homing in on this aspect of the roadless policy because I think it is one that oftentimes gets overlooked and I know it is a major concern in my state of South Dakota in the Black Hills and an issue which we have dealt with extensively.

And my own view is, and I would sort of concur with what Mr. Gladics said here, that it would appear to be that this is a policy that ultimately the hope is we will end with zero harvest and that is something that we cannot certainly accept in our state. We have a significant number of jobs that would be impacted—small employers, people who are desperately trying to make a living—and have, in the context of a multiple use management plan, worked vigorously to come up with a balanced approach to all the various issues that affect the resource there.

My frustration has been throughout this process that we do not have the local input that is necessary and these edicts continue to come down from Washington, in contradiction in a lot of respects to the will and desire of the people who are really trying to be good stewards of the resources there.

So it is very interesting for me to hear from you all about the specific effects on small businesses. That is an aspect of this that I think clearly we need to continue to pursue and I appreciate the chairman for homing in on that and would hope that as this process continues to move forward that some of the things that have been suggested here will be pursued. I think the Reg Flex Act and this policy's impact on small businesses needs to be further pursued and I would hope that before it is all said and done, we would get a chance to do that.

I thank the chairman.

Chairman HILL. I thank the gentleman.

Mr. Phelps.

Mr. PHELPS. Thank you, Mr. Chairman, also for holding this hearing—very valuable for all of us.

Ms. Cook, as we have spoken before, the Shawnee National Forest is in my district, Southern Illinois, and even though it seems that the U.S. Forest Service has indicated that even though timber

is pretty much idle there—timber production has been for the last few years—the emphasis, I think they tried to assure to the communities, would be on multi-use recreational items. I think we have even seen some type of hindrance to the development of potential there, with the roadless initiative even coming into play.

I have witnessed the Forest Service making decisions even on county roads and also on private ownership roads within the national forests——

Ms. COOK. That is correct.

Mr. PHELPS. Which is a disadvantage and it is unfortunate that we have private ownership within the forest, which complicates all kinds of policies that come into play.

My question—maybe I should have asked it to the panel that just left—in your estimation, have you had satisfactory response from the U.S. Forest Service when they put roadblocks up on private roads or county roads that seem to be at least not proven yet whose jurisdiction? The county says it has always been a county road, the state does not lay claim, but yet the Forest Service has authority over shutting the road down, even before the roadless initiative is even implemented.

Ms. COOK. Thanks for asking the question. This has been problematic in many of the counties in the West where it has been advantageous for county roads to remain open and historically they have been public roads and the Forest Service has gone in and usurped, as we claim, the county jurisdiction and closed those roads.

And it is not just limited to the West, as you indicated. In fact, Pope County, Illinois is suing the Forest Service over jurisdiction of county roads in Pope County and many county roads that you would term trails have been closed to various kinds of recreation and there is a great economic impact.

The southern part of Illinois, moving from resource-based timber harvest to a recreation base for their economy, supports what we call equestrian campgrounds. These campgrounds cater to horse users who come in and camp and then they have access to the trails in the national forests for the horses. And these campground owners want to maintain the trails, they want to be good stewards of the land, but they have been precluded from doing so by the Forest Service, who has said, "No, no, you cannot go in and maintain those trails because we have not designated them and put them on the system; we have to go through that paperwork first."

And now this roadless thing comes down the pike and they said, "No, no, we cannot have those trails on the system until the roadless inventory is done and we can see that this is appropriate."

So I do not know the numbers for southern Illinois but I know those numbers can be provided to the Committee and I will urge those folks to do so.

Mr. PHELPS. Thank you. That is the frustration I am dealing with. Pope County is—there are 102 counties in Illinois and they have more county road miles than any other county, with less property tax resources to address their problems, and yet the authority is being demonstrated by the U.S. Forest Service at a time when recreation supposedly was to have a little more emphasis with development, with hands-on from all sides, multi-use—the 1992 man-

agement plan, which stated that. So I just want to state that for the record. Thanks for your response.

Mr. GLADICS. Mr. Phelps, may I spend just a second? The Forest Service recreation use shows about 859 million recreation visits a year. Two percent of those are into wilderness where we have no road. We have a policy here that is proposing essentially to turn at least 59 million acres, the RARE II areas, into wilderness-like recreation areas, where you will not have roads. Another 95 million acres could potentially be impact, according to the EIS.

As your counties see that recreation use gravitate away from the forest onto their road system because those recreationists are going to go somewhere and in a forest like the Shawnee with all the inholdings, those counties are going to see huge increases in their road maintenance costs because the Forest Service will push those people away from the forests. Most recreation is driving for pleasure and if 88 percent is related to a vehicle somehow, this policy has some real not only economic impact but environmental impacts that we believe people ought to look at. And we think we ought to be talking about those before the draft is done. The draft comes due next week and there are lots of questions that the agency has not been able to answer for people.

Mr. PHELPS. Thank you. Good point.

Chairman HILL. Mr. Udall.

Mr. UDALL. Thank you, Mr. Chairman.

Thank you, members of the panel, for coming and we very much appreciate having you here. I guess my first question here is for all of you, if you wish to comment.

The Multiple Use Sustained Yield Act authorizes the multiple use of the national forests. Multiple use refers to timber cutting, as well as recreational uses. The act also states that the combination of these uses should not necessarily be one that gives the greatest dollar return.

My question is supporters of the roadless policy argue that road construction for timber cutting has resulted in the rapid loss of open spaces. Could it be argued that for years, the timber industry has taken precedence in national forest use over recreational uses and that this contradicts the multiple use doctrine and it is time to swing the pendulum over to recreational uses and, in effect, find a balance, a better balance between the two?

Mr. GLADICS. I will take a shot at that if you would let me. I think, because of the tenor of the debate that you have heard over the last decade, you could believe that timber is the primary thing that occurs on national forests. But, in fact, if you go back through their forest plans and you look at those, you will find that timber is a very small component of what happens on the National Forest System. It just happens to be the most controversial component.

And what we are seeing now in the swing of the pendulum, which you suggest might be worthwhile, is we are seeing a swing by this agency in this cluster of four rules to do away with multiple use. The GPRA plan basically says ecosystem restoration will be the prime directive of the Forest Service. The NFMA forest planning regs say the same thing: we are going to restore ecosystems to pre-European settlement conditions.

Now, we probably all have a different image of what that means but I would portend to you that it does not mean roads and it does not mean recreation and it does not mean fishing and hunting. It means large tracts of land set aside where humans can walk in maybe or ride a horse in.

Now if you look at the total percent of acres harvested in the RARE II areas over the last 20 years, it has been like 2 percent of what was planned to be managed when they planned for 25 percent of the timber sale program to come out of those RARE II areas.

So I would suggest to you that the move away from multiple use may more dramatically affect the nontimber users than the timber users. And when you think about that in terms of fire and forest health, I defy you to show me that recreationists like to go use fire-burned areas for recreation.

I have fought fire for the Forest Service. I worked in the Forest Service for eight years. When you have a road system, you can get in to fight the fires. When you do not have a road system, you either wait for the fire to come out of that unroaded area or you build a road in with a Cat saying it is fire line. You do not do any environmental impact statement when you start building fire line with a bulldozer. You say there is the fire, here is where we can cut it off, and you get much more environmental impact than when you carefully design a road system.

If you look at other countries of the world's forests, they have three and four times the road density in their forests to manage their forests than our country does. I know 380,000 miles seem like a lot of miles of road but take the time to compare it to some of the European forests, which people think are fairly well managed, people think provide a variety of outputs, and you will find four or five miles of road per square mile of forest. In our country, our system has about 1.5 or 6 miles per square mile of forest.

And it is just a question of whether you believe that you can manage better than these natural events or not, and I think the fires in Arizona, New Mexico and Colorado this summer show us that we have some impacts that we had better figure out how to deal with. And we are throwing one of the tools out of the toolbox by saying we do not want multiple use and we do not want timber harvesting in our national forests.

Ms. SKAER. Mr. Udall, I would concur with Mr. Gladics that these initiatives are pushing us away from multiple use. One important multiple use that you did not mention is mineral production and mineral exploration in the forests.

And I think that all of this is pretty synergetic with recreation because I think as Ms. Cook could attest, much of the recreation that takes place in our national forests utilizes logging roads or roads that were primarily for logging or old mining roads or current mining roads. Many hikers, many hunters, many fishermen will use these roads to drive to a location and then hike to their favorite hunting spot or their favorite fishing hole.

I think you are going to find there are a lot of people who are looking at this and saying, "Oh, this is going to be less roads, less environmental impact, more area for me to enjoy this pristine wilderness area." People are going to wake up and find that the com-

bination of these two policies are going to mean that instead of being able to drive into a forest and then be able to hike or to hunt, they are going to find out that they now have a 15- or 20-mile hike just to get to the point where they used to start their hike.

So I think that the whole multiple use concept is being violated by these proposals and that we—you know, multiple use does not mean all uses at the same time. It means that the forests are available to a multitude of uses.

Multiple use management has been congressionally mandated and if public policy is going to move away from multiple use management, that is for the Congress of the United States to decide, not for an administrative agency to do on a de facto basis.

Ms. COOK. I really appreciate the question and it is very appropriate. How does this fit in with multiple use in National Forest Management Act? But my response is at what level of planning should this balance be established?

We are looking now at a level of planning where the balance is way above whatever NFMA intended. I submit that the balance needs to be established at the local forest level through the local forest planning process. You do your analysis of the management situation and your landscape analysis. You look at where you are now on an individual forest basis and you go through and you identify areas that are roadless and apply the standards that now exist toward protecting these areas and you go on and identify other areas for commodities and so on, and that is at the level that you balance commodity use and recreation use and all the other competing uses and values that we have in our public lands, not at this Washington, D.C. top-down level.

Mr. UDALL. I appreciate your answers.

Thank you, Mr. Chairman.

Chairman HILL. Mr. Baird.

Mr. BAIRD. Thank you, Mr. Chairman.

Mr. Gladics, as I understand IFPA, these are significantly folks who are involved in—they are not the major timber companies; they are not folks who have large private holdings of land. So a significant portion of the timber that they are able to harvest comes from federal——

Mr. GLADICS. Absolutely. I have 55 members. I have two members that own more than 10,000 acres of land. One of them owns about 80,000 acres; the other owns about 30,000 acres.

Of that membership, up until 1995, I would have sat here and said they are wholly dependent on federal timber. From 1995 until now, they have scratched to find whatever timber sources are available anywhere they could. And yes, I have some that were within the president's forest plan that were impacted, but most of my membership exists outside the spotted owl forests and most of them have watched the federal timber programs dwindle to the point where they are on the open market trying to survive as small businesses in places where their competitors control the timber.

So if we do not have federal timber, it does not take a total loss of their volume to drive them out of business. If you are running a mill and you only have 80 percent of what you need to run one shift, you will not be economically viable if you lose that 20 percent or 30 percent you are getting from the federal government.

Now, I still have some members that are 80–90 percent federally dependent and I have members in the states, the intermountain states, that are going to be devastated by this.

And I have to tell you it is very difficult for me to sit here and watch the Forest Service say, "Oh, it is inconsequential; it is only a couple of mills" when it is mills in communities that have been there for four and five generations, who have been good neighbors with the agency and good neighbors in their communities and good community citizens, to watch the folks here in D.C. just go, "They don't matter." It gets a visceral reaction from me. I do not have any respect for the Forest Service leadership right now to blow by those people without telling you, the political thought leaders, what this policy really means. And I am very disappointed that the SBA, who is supposed to advocate for small business, does not seem to be anywhere in this game right now. Even though we have asked them to help us on this issue, they got called off. They went and met with the Forest Service and the second conference call we had, "This not a problem." And I just said, "Well, we think it is going to drive a lot of our folks out of business."

Mr. BAIRD. Certainly in my district and elsewhere that I have seen these mills are often the primary employer in an area and really almost the sole employer. If they go, the rest of the small businesses that provide——

Mr. GLADICS. Absolutely. These mills generally got in place many times because the agency encouraged them to be there. The agency said, "You have a mill here; wouldn't you put a mill in this town because we are going to sell timber forever." And I think you will hear from Mr. Steed on the next panel that up until three years ago, four years ago, they were begging people to build mills in his area and he went to a huge risk to build that mill, to have this agency now change their mind.

And I believe that the policymakers ought to understand what those impacts are and ought to have a rational discussion of how do you deal with that?

Mr. BAIRD. For those of us who are concerned about protecting the remaining old growth that we have, concerned about ecosystem integrity and things, and simultaneously concerned about the small mill owners and the rural communities that are so dependent on them, do you have any thoughts about what the solution here is?

Mr. GLADICS. Well, I know some of my friends from the big business community that still do buy federal timber may be upset with this concept but at the beginning of this administration when the president had his meeting out in Portland, we proposed to them that yes, you are going to go from 5 billion down to 1 or 2; if you do that, it ought to be focused at small business.

Now up at this point, small business, depending on what forest you are on, gets between 20 and 80 percent and there is always 20 percent guaranteed to big business.

Mr. BAIRD. Say that again. There is a 20 percent guarantee to big business?

Mr. GLADICS. It is open. Twenty percent that is open, that anybody can bid on.

Mr. BAIRD. I see.

Mr. GLADICS. If you modify that without addressing are you going to sell timber or not, you have not done anything to help small business. We could get 100 percent of nothing and not be here. And right now, that is the way it is heading on many forests, is they are sitting there right now because they do not know what this policy is going to be, they are not going to take any risks, they are not selling any sales. And for many of my mills, this year or next, we are out of business. You do not have to cut that flow off very long before you destroy a business.

And that has been what is so frustrating about this process. We have had this roadless moratorium for two years, 18 months, and now we are going to go into another moratorium on 95 million acres that we have to wait till the forest plan to find out whether they are going to sell timber in those "unroaded areas."

Well, during that time period it is the small businesses that are destroyed. And I believe if you look at Region III, New Mexico and Arizona, you now have people even in the environmental community saying, "Gee, maybe we need some sawmills down here to deal with these overly dense forests."

Well, it is awfully hard to convince somebody to invest money after you just ran them out of business to come back. And if I had anything, I would look at some of these states that have a huge percent in that category and I would say, "We ain't going to do them all; it is not going to be all the RARE II areas. It is not going to be those unroaded areas."

The thing that worries me right now is the vice president has said if he is elected, there will be no timber harvesting in those areas. Well, that sounds an awful lot like the decision has been made to me and a lot like this process may be meaningless.

The president's press secretary about a week ago, a week and a half ago, said that they have already set these away from harvesting.

Mr. BAIRD. The chairman is——

Mr. GLADICS. It is hard for us to deal with.

Mr. BAIRD. Thank you very much. I appreciate that. I would like to follow up outside, not here but at some point chat with you about some ways we might be able to make this——

Mr. GLADICS. Happy to talk with you.

Chairman HILL. Mr. Baird, I think you have asked the most pertinent question that has probably been asked and I think if you wait till the next panel, I think there are some suggestions on where we go.

Mr. BAIRD. I will not be able to.

Chairman HILL. The one thing that would be a big mistake is to make a decision now to dramatically restrict the access to this resource before we decide what the appropriate way to manage it is, and that is what my objection is to this initiative.

I do not advocate building another mile of road anywhere, and I am not opposed to removal of roads if that is the appropriate thing to do for the forest. But to make a decision to basically eliminate the access and basically, in concert with that, to make the decision that you are not going to try to actively manage the problem is absolutely the wrong decision.

I just have a couple of questions and then we will move on to the other panel.

Mr. Gladics, we have seen a dramatic increase in imports from Canada in wood products, haven't we?

Mr. GLADICS. Yes.

Chairman HILL. And why is that?

Mr. GLADICS. That is because you have seen a dramatic decrease in the amount of timber lumber capacity mills in this country and the Canadians essentially are 95 percent public timber and they subsidize their mills by selling them stumpage at about a third of the open market rate on this side of the border and I can provide you that data. They are winning market share because we are not managing our lands.

Chairman HILL. Which is an adverse impact on our balance of trade?

Mr. GLADICS. Yes.

Chairman HILL. And has impact on employment and mills in Montana.

Mr. GLADICS. Absolutely. Not only Montana, sir. That ripples all the way down through the intermountain states and the West Coast states.

Chairman HILL. Montana is a net importer today of wood products.

Mr. GLADICS. Yes.

Chairman HILL. Which is hard to believe. The reason I point that out is that in their initiative analysis, they did not do any analysis of the impacts from a trade perspective, did they?

Mr. GLADICS. No.

Chairman HILL. They say it is going to cost 535 jobs. Do you think that that is an even reasonable estimate?

Mr. GLADICS. I can come up with 535 jobs in the state of Utah alone, using their data, sir.

Chairman HILL. In the draft EIS it says the Forest Service basically characterizes forest workers as uneducated, unstable and unmotivated, easily moved to other segments of the economy. In fact, if I quote, it says, "Many people enter the wood products industry because it provides opportunities to earn high wages without having a high level of education. If equivalent jobs were readily available, these individuals would be happy to take advantage of them."

How would you characterize that?

Mr. GLADICS. As one of the single most disrespectful statements I have seen in a federal document. I think if you had substituted the words "black" or "Hispanic," this Congress would have run whoever wrote that out of town fairly quickly. They have no regard for rural Americans, sir.

Chairman HILL. Well, I know people who work in the forest and they love the job of working in the forest. I know some of them who have college degrees, masters degrees, and they choose it because they love it. They love the outdoors and they love being part of it.

Mr. GLADICS. In my membership, I think I have two companies out of 55 that are not multi-generationally managed and most of those sons and daughters who came back to the business went to college, got degrees in something other than forestry but came back

because the family business and that community meant so much to them.

The treatment they are receiving by the Forest Service is just reprehensible.

Chairman HILL. I read that to say another thing, too, and that is they have already made the decision that these jobs are not going to be there and they are trying to say that they do not matter.

The DEIS goes on to say that "Timber-dependent communities are the least prosperous." Would you say that is true?

Mr. GLADICS. No. I would say that if you look at it in terms of wages per person, dollars per hour that they make, and compare that to a recreation-based or a service-based community, you would find that the timber industry jobs and the natural resource jobs tend to pay a higher dollar per hour amount by about a third.

Yes, these are small communities. There is no doubt about it. And there are not a lot of services and amenities that you find in a university town, for instance, but they are good communities and they are good people.

Chairman HILL. Ms. Cook, you said that, and I want to go back to this, that this plan would theoretically, at least, affect over 70 percent of the roads in the national forests. Is that correct?

Ms. COOK. That is correct.

Chairman HILL. That means that the Forest Service has already indicated that 95 percent of the use of these roads is other than for timber purposes.

Ms. COOK. That is right.

Chairman HILL. Recreation purposes.

Ms. COOK. And that is our great concern, that the major impact of these proposals is on recreation and public access.

Chairman HILL. That is exactly right.

I just want to ask you each one last question and then I will excuse the panel. I will start with you, Ms. Cook. The industries that you are talking about—snowmobiling, off-road vehicles, those recreationalists—will this initiative have more than $100 million impact on those industries, in your opinion, tourism?

Ms. COOK. Absolutely. I am not an expert in this and I did not have very much documentation to support my testimony but what I did have was accurate and what I did have was solid. And it just concerns snowmobiling and it just concerns off-road motorcycling and it did not concern driving for pleasure or ATVs, which is a growing segment of the economy. And in each case just running simple numbers through came up with over $100 million in each western state.

Chairman HILL. In each state?

Ms. COOK. In each state. So we are at something of a quandary here that we need more accurate documentation on the effect of federal proposals on these businesses.

And I would like to say one additional thing. That is small businesses are the backbone of this country and a small businessman—some of you maybe come from a small business background—have a lot in common with each other, whether they operate out of a city or a small town or are resource-based, and they are hard working people and they share a commitment to their chosen line of busi-

ness that goes beyond their choice of business. They do not just work at a job. They put in 12-, 15-hour days, 80-hour weeks and they really believe in what they are doing.

Frank alluded to that with regard to the timber community and I can allude to that with regard to the recreation community. These people like to get out and enjoy the public lands and that is why they are in the business that they are and they work at it 80 hours a week.

Chairman HILL. Thank you, Ms. Cook.

Ms. Skaer, in your judgment would the impact of this initiative be more than $100 million on the industry that you represent?

Ms. SKAER. Mr. Chairman, there is no question that that is the case. In fact, if you take a look at what I characterize as a rather sloppily prepared initial regulatory flexibility analysis, they tried to make an estimate based on likely potential discoveries in the future within these roadless areas and the Forest Service estimates that over $400 billion of gold, silver, lead and zinc would be placed off-limits——

Chairman HILL. $400 billion?

Ms. SKAER. Yes. This is in the cost-benefit analysis and the initial regulatory flexibility analysis that the Forest Service published and then concludes that there is no significant impact.

And then if you look at——

Chairman HILL. I guess around here $400 billion is not a big impact. Excuse me for interrupting.

Ms. SKAER. To small mining companies and individual geologists who depend on access to these lands to explore for these mineral deposits, that is fairly significant.

The food chain in the U.S. mining industry today is that you have a few major companies that actually run the mines and do the mining but the development of that is by small individual geologists, two or three company geologists who go up.

With coal, in just Montana, North Dakota and Wyoming they estimate $6.6 trillion of coal resources could be impacted by this proposal. I think both of those numbers are in excess of $100 million.

Chairman HILL. Mr. Gladics.

Mr. GLADICS. Absolutely. If you look at the EIS and it says 54 million plus a potential other 95 million acres, you have to conclude that the timber program will disappear. Right now it is producing about $4.2 billion worth of employment activity. There is no way you cannot assume $100 million.

Chairman HILL. Let me just ask one last question and then we are going to have to recess because that means that we have votes, and there is going to be a series of votes. I apologize to the next panel.

If the administration and the SBA were willing to sit down and try to do a real analysis would you commit to working with them to try to help them obtain the information that they have not been able to obtain in order to do an appropriate analysis? And I would ask each one of you if you would answer that for the record. Ms. Cook.

Ms. COOK. Absolutely. I would be more than happy to do so and I would put the officials in touch with all kinds of people with bet-

ter information than I have right now—industry people, state people, and so on.

Ms. SKAER. We would welcome the opportunity.

Mr. GLADICS. Absolutely.

Chairman HILL. Mr. Thune, did you have a question that you wanted to ask this panel? Go ahead.

Mr. THUNE. I do not want to make anybody late for votes, Mr. Chairman, but let me just say again, and I would echo what the chairman said about the draft EIS and its characterization of loggers. I found that to be—I was shocked. I found it to be absolutely reckless, at a minimum, and hostile, worst case, to a lot of hard working people in rural areas of this country.

But let me, if I might, Mr. Gladics, understand that you do represent some folks in South Dakota and I noticed you did an assessment of impact on Montana, Wyoming, other places. Have you done any analysis of how this would impact the Black Hills?

Mr. GLADICS. The RARE II portion for the Black Hills is a very small portion because that forest does not have much RARE II land, although they have an existing timber sale, which will be stopped by this policy, which is a 23 million boardfoot sale which Pope & Talbott will lose, which is no small amount of timber for a company like that.

The real question for South Dakota comes in the unroaded areas and what portion of that will the Forest Service put off-limits in the future and that is where we would like to see maps that they have not produced. Where are those areas? What is the likelihood? What is the impact of that?

If you put 77 percent of the National Forest System off-limits, and that is an average for each forest, the Black Hills will cease to have a timber industry. You will have one small mill left. Probably somebody like Lindy's down in Custer would survive. Your two major mills, the Nyman's Mill and Pope & Talbott cannot survive in that forest if 70 percent of the forest is off-limits.

Mr. THUNE. That is about, in my state, the numbers that I have seen, about 1,200 jobs, which is, in a state like South Dakota, that is the real deal.

But I would just say that, Mr. Chairman, in response to your previous line of questioning, I am disappointed to hear that there have been overtures made toward SBA and that you are getting a blind eye turned toward the impact of this and I would suggest that this panel get in touch with the Office of Advocacy and insist upon finding out what they are willing to do to do an analysis here.

And my understanding is you have already requested some information about any exchange of information that has already occurred between USDA and SBA but as the primary advocate for small businesses in this country, we are talking about a policy which clearly is going to have a dramatic impact on a number of small businesses in your state and in my state and many other states that members represent here and it is a concern to a good number of people. I would hope that we——

Mr. GLADICS. We would like to see that on all four of these rules. It is not just the roadless rule that they have not produced economic——

Chairman HILL. We do have to vote. I would just comment that we did not learn until Friday that the Small Business Administration would not be at this hearing. We had every expectation they would be here and that we could ask them some of the questions that we all wanted to. We intend to ask questions in writing. If the gentleman has some questions he would like to be included, he can do that.

I agree with the comments that we really need to look at these in the greater context.

We have 10 minutes left on this vote. It is just one vote. We will return here; we will be back here by 20 after and we will have the third panel.

I want to thank these panelists for appearing. Your testimony has been very valuable. Your comments are very valuable and we appreciate your input. Thank you very much.

The Committee will be in recess until 20 after.

[Recess.]

Chairman HILL. We will call the hearing back to order and call our final panelists forward. Cheryl Larson; is Cheryl here? Stephen Steed, Bruce Vincent, Carl Fiedler and Chuck Keegan. Let me ask that you stand and take the oath.

Let the record show that all the panelists answered in the affirmative.

We will start with you, Cheryl.

TESTIMONY OF CHERYL LARSON, L.T. LOGGING, EUREKA, MT

Ms. LARSON. Mr. Chairman and members of the Committee, I grew up in the Tobacco Valley of Northwestern Montana. For 100 years members of my family and community have farmed, ranched and logged the valleys, hills and mountains of our area, yet strangely enough, our air, water and scenic beauty are still touted as some of the most pristine of the continental United States. Our small towns of Rexford, Eureka, Fortine and Trego are a microcosm of economic interdependence, much like the interdependence we see in the natural world around us.

Seventy-five percent of the land base in our county is taken up by the Kootenai National Forest, so policies which direct its management have an enormous impact not only on my small business of L.T. Logging but also on all of our small businesses, schools, roads, and other county services.

Today we are literally besieged by a flood of federal policies reflecting a basic change in the way our national forests are managed, or not managed, as the case may be. The president's roadless initiative is the epitome of all these policies put together. What we object to most is not the prohibition of new road-building but the way it, along with the many other proposals and rule changes, restricts our local managers from doing their jobs. We are also insulted by the language with which it is written, language which we feel is biased against the work we do, reveals the bigotry the planners feel toward us as a people, and appears to be an invitation to environmental groups to litigate active forest management out of existence.

We in the West are fed up with being chastised for working hard to provide the public with the products that are taken so very

much for granted. The planners have not even paid lip service to the value of these products and therefore have grossly misjudged the costs and impacts to our businesses, communities and the nation at large.

In our town we are being forced to witness logs being shipped 500 miles down out of Canada to supply our local mill while our loggers go without work and our forests are busy laying up kindling for the next well placed lightening strike, the next careless camper or a Forest Service employee's futile attempt to fight fire with fire.

We are not fooled by the crafty language in the roadless DEIS and proposed rule change. Like a wolf in sheep's clothing, it appears harmless enough but spells out the death knell for hundreds of small towns across the West. How long will you here in Washington sit back and watch western communities burn to the ground while the social, economic and cultural fabric of our lives are being torn asunder?

The list is growing longer every day. The homes and livelihoods of rural peoples of California, Oregon, Washington, New Mexico, Arizona, Nevada, Utah, Colorado, Wyoming, Idaho and Montana have become the sacrificial lambs in the vain, unrealistic dream of recapturing the past.

We can no longer endure the proclamations of an administration that is bent on redeeming its image for the history books at the expense of our children's futures. My sons attend school in buildings that are woefully deteriorated. The drastic reduction of PILT funds in recent years prevents us from refurbishing them or making them accessible, in compliance with the unfunded mandates of the Americans with Disabilities Act.

The further cuts this policy dictates will also jeopardize our ability to attract quality teachers. How sadly ironic that one of those buildings bears the name Roosevelt, whose aged facade and inadequate facilities bears silent witness against President Clinton's latest folly.

This policy can best be summed up in a statement made on page A–18 of the roadless summary, which reads in part, "The costs are primarily associated with lost opportunities." Lost opportunities resulting in lost skills, aggravating the dangerous trend away from self-reliance. Lost opportunity to prepare our children for the future. Lost opportunities to instill in following generations a mature relationship with the land.

I have not traveled all this distance to ask for hand-outs. I am here to ask your help in ensuring that we will not be further limited in our ability to help ourselves.

I would like to thank you all for this opportunity to testify before you. Thank you.

[Ms. Larson's statement may be found in appendix.]

Chairman HILL. Stephen.

TESTIMONY OF STEPHEN STEED, OWNER, UTAH FOREST PRODUCTS, ESCALANTE, UT

Mr. STEED. Mr. Chairman and members of the House Small Business Subcommittee, my name is Stephen Steed and I manage a company called Utah Forest Products. It is a small business in

southern Utah, in Escalante next to the Grand Staircase National Monument, which some of you may have heard about.

If no harvest proposal is made and the Forest Service roadless policy is implemented, my company will be forced out of business. We employ 120 men and women through our company and our logging contractors. Thirteen of these people are Native Americans and 16 are women. Our direct and indirect payroll totals $2.9 million per year and we utilize 13.5 million boardfeet of federal logs a year to keep our mill operating.

Our family began working in the timber industry in Idaho and southern Utah in 1832. Our family has survived in the town of Escalante for over 42 years in the lumber business. In 1961 my dad upgraded our mill with the help of an SBA-guaranteed loan. A second loan was made to make improvements in 1972 and then, in 1975 when our mill burned, my mother rebuilt the mill with another SBA-guaranteed loan. I am proud to tell you that all three of those loans were paid off in full.

In 1977 Allied Forest Product, a company in Oregon, purchased our family company and later sold it to Kaibab Forest Industries in 1993. Allied closed our operation in Escalante to facilitate the continued existence of a Kaibab sawmill in Panguitch, Utah.

In 1993, my partners and I purchased a large Forest Service SBA set-aside timber sale and received a Department of Agriculture rural economic development grant for $18,000. That grant was spent on the design of a new sawmill and over the years, we have received both encouragement and financial assistance from the federal government.

Today we face a proposal and an agency bent on destroying everything that my family has worked for for over 165 years. I know it is not this Committee's job to oversee natural resource issues but it is your job to provide oversight to ensure that the Small Business Administration and the Forest Service complete accurate economic assessments of the policies that impact small business. I believe if the true impacts of the roadless policy are honestly articulated that our political leaders will not allow the Forest Service to finalize these wrong-headed policies.

In the Forest Service's roadless EIS, the only references to the economic impacts on our communities are in Table 3–54 that indicates between 46 and 59 direct jobs could be lost in communities near the Dixon, Fishlake and Manti-Lasal National Forests and in Table 3–55, which indicates that our counties have a low resilience to economic disruption.

In reality, there are 14 small family-owned sawmills in Utah that depend on federal timber. I have a map up here. The dots show you where those little lumber mills are located. There are no large businesses in Utah. They are all small businesses and they are all family-owned small businesses.

These sawmills directly employ over 406 people and indirectly employ another 200 loggers and truckers. Over half the sales planned for this year in the three southern Utah forests were in RARE II roadless areas. Over 67 percent of the forest lands in national forests in Utah are either in wilderness or within the boundaries of RARE II roadless areas. Without this volume, most of these companies will go out of business.

In the small town of Escalante where my family has thrived for four generations, 63 of 248 students that go to preschool and K through 12 are children of employees at Utah Forest Products.

Mr. Chairman, we are a family who has benefitted from federal programs to encourage rural economic development and it is troubling and incredibly sad to learn that this administration so despises rural America. It is sad for thousands of families who work in these small forest product companies but, more importantly, it is sad that I have to tell the school children of Escalante that the federal government and this Congress does not care enough about them to even honestly tell us what the economic impacts of these policies will be.

I will be happy to answer any questions you might have and I appreciate the opportunity to testify. Thank you.

[Mr. Steed's statement may be found in appendix.]

Chairman HILL. Bruce, you can proceed.

TESTIMONY OF BRUCE VINCENT, COMMUNITIES FOR A GREAT NORTHWEST, LIBBY, MT

Mr. VINCENT. Thank you, Mr. Chairman. Representative Hill, you are my representative and I am very glad for that.

I would especially like to thank Ms. Christian-Christensen for being here as a minority leader and sticking around. We have all traveled a long way and we appreciate you being here to hear us.

I am a fourth generation Montanan. I am a third generation practical applicator of academic forest management theory. Some people call that a logger. I am a co-owner of Vincent Logging and serve as volunteer president of Communities for a Great Northwest and I am going to focus my remarks on the Clinton-Gore roadless initiative because the subject of impact from this initiative has been very, very difficult to get our arms around.

You heard today some answers like we get at home. Except for rare instances, Forest Service personnel have been unable to answer our questions about impact. We are told some forests, there are going to be management plans that are scrapped by the initiative immediately. We are told some forests, there is no immediate management plans being scrapped. The one I live on, the Kootenai National Forest, is one of those. But hundreds of thousands of acres of Montana alone would have been managed for forest health and/or commodity output in the future and future management cycles. The Forest Service readily admits in our area that the economics of managing areas without roaded access will preclude millions of acres from many necessary management options and forest restoration.

How is this going to impact small businesses? That is a question we have and we get answers like you heard from Mr. Rawls this morning. "We don't have the information. We are not really sure." The answer we are given most often is they simply do not know, and we are supposed to comment on this proposal. As indicated by the Forest Service employees union opposition to the initiative, they do not enjoy shrugging their shoulders any more than we enjoy getting a shrug for an answer at home.

In some instances we are certain that small business is going to be impacted. One example is in my town. That example is the

Treasure Mountain Recreation Area in Libby. We have known for decades that we need to diversify our economy beyond the commodity management industries and experts in recreation have told us that we have an excellent opportunity to attract regional tourists and become an attractive setting for new businesses if we offer amenities built upon our abundant natural beauty and terrain.

Right now 93 percent of the recreational use of our 2.5 million acre forest has been identified as road access required activities, like scenic driving, wildlife viewing, berry picking, and stuff like that. To add to these opportunities we identified world class snow quality on a mountain by town, world class scenic splendor on a mountain by town. That mountain was Treasure Mountain. As a complete year-round recreation area with a light footprint on the ecosystem, all the buildings would be in towns, so we would not impact the mountain that we look at every day. We can bolster the three-month tourist season of our area and improve the potential to attract start-up, expanding or relocating small light manufacturing or technology businesses—the future we are told we should be seeking.

With tens of thousands of volunteer man-hours, our community formed a Sustainability Task Force, an economic Development Council, a specific committee to make this dream a reality. $226,000 in local money and grant money has been spent in preparing for an EIS. You can imagine the hollow pit in our stomach when the Forest Service confirmed in May that the Treasure Mountain Recreation Area proposal will be killed by the roadless initiative.

Our hopes were not the only thing that was dashed, either. As important to long-term planning with a government that owns 80 percent of the county that you live in is trust. For 10 years we have worked with the local Forest Service on this project and others trusting that we would be dealt with in good faith. This initiative, the roadless initiative, and the news that our project was going to be killed landed in our table of collaborative trust like a Scud missile launched from the Oval Office.

To compound the insult, the horrendous socioeconomic language that you have heard about in the DEIS attacks hard working, innovative, entrepreneurial people in our culture. I am one of them. I have a masters degree in business, a civil engineering degree. I chose to live in Libby, Montana and perfect the art of logging in the forest that I live in and love and to be called an overpaid, undereducated social misfit is a tragedy beyond belief for me, my family and my culture.

There is indeed going to be some impact with this ruling. How much impact? Except for killing to potential of Treasure Mountain Recreation Area, the Forest Service has said they do not know. That, ladies and gentlemen, makes it a bit difficult for us to comment on this initiative with certainty.

I would like to suggest that a new look at the impact of federal actions on our rural communities be considered. The Forest Service is not proposing this initiative in a vacuum. There is simultaneous revision of many things you have heard about earlier today—the Forest Service travel management plan, Interior Columbia Basin Ecosystem Management Project, continuing impacts from endan-

gered species like the salmon, grizzly bear, lynx, white sturgeon, bull trout, bag-hugging monkey flower, bastard flax, and a host of others. We have air quality issues because we are a high mountain valley. They are going to be contributed to when we turn our forests down instead of managing it. We had the EPA in town because we have asbestos-related illnesses detected in the '70s and '80s by that agency but not acted on until 1999.

No single issue stands alone in impacting the struggling small businesses of our area. Taken together, however, the cumulative effect of all the federal action during the last decade have yielded a county that leads our state in unemployment, and our state leads the nation in poverty. We are 50th in per family per capital income. We just blew Mississippi's doors off and we are not proud of it.

Since 1990, my community has seen a 75 percent reduction in community returned from the Kootenai National Forest. My family business has shrunk from one that employed 65 families 10 years ago to one that now employs five. We are not the exception. We are the rule in our area and we are told that tourism is our future but every time we attempt something like Treasure Mountain or another tourist-broadening approach, that effort meets the same restrictions as our basic industries have met.

I would like to suggest that the federal agencies be required to complete not just an action-specific report, and they have been woefully short on this roadless initiative, but a cumulative effects analysis. Such an analysis would consider how actions like this impact our community businesses with all other regulatory actions taken into consideration. Cumulative effects analysis is a requirement of law when discussing endangered species and yet when my community asks the federal government to do a cumulative effects analysis on the grizzly bear because we had competing agencies saying there was impact and there was not impact, we wanted an answer, similar to this. And the answer we were given when we asked for analysis is "We are not required to by law. The model would be too complex to do, so we do not have to do it." And they did not.

No single action has accomplished this situation in my town. The roads to the closed sawmills and stud mills and mines and Main Street businesses and our diseased and dying forests are paved with incremental impacts. Individually, the impacts may seem small but collectively, we have closed businesses and our jobs and our families have paid the price. The roadless initiative is one more proposed action that will have impact. It has been woefully understudied. It should be further studied as a specific action under the Small Business Regulatory Flexibility Act and within the concept of cumulative effects.

I thank you for allowing me to testify today.

[Mr. Vincent's statement may be found in appendix.]

Chairman HILL. Thank you, Bruce. I would just comment that when the Interior Appropriation Bill—under the leadership of Mr. Nethercutt, we asked that the Interior Columbia Basin Management Plan be subject to the impact analysis on small business and the administration has threatened to veto that bill because of the existence of an amendment that would require that.

Carl, if you would care to proceed.

TESTIMONY OF CARL FIEDLER, RESEARCH ASSOCIATE PROFESSOR, SILVICULTURE AND FOREST ECOLOGY, SCHOOL OF FORESTRY, UNIVERSITY OF MONTANA, MISSOULA, MT

Mr. FIEDLER. My name is Carl Fiedler. I am associate research professor at the University of Montana School of Forestry.

Chairman Hill, ranking Committee member Christian-Christensen, I appreciate the chance to testify today on the conditions of western forests and the potential ecological and economic benefits associated with treating these conditions.

The out-by-10 a.m. fire policy followed for years by federal agencies and that was referred to earlier this morning in testimony has been very effective but there has been a side effect that is not desirable and it has dramatically affected particularly ponderosa pine and pine fir forests of the West. Previously open stands have filled in with small and medium size trees. These trees serve as ladder fuels that allow normally low intensity fires to torch into the overstory and become lethal crown fires. And this is a big deal because pine and pine fir forests occupy up to about 40 million acres of the American West.

The widespread perception of these in the American press and TV and newspapers is that this is simply a problem of too many small trees and that rectifying this problem is expensive. Federal officials have widely recommended a treatment called thinning from below, a treatment that calls for thinning little trees up to about six, eight or 10 inches.

Professor Keegan and I recently conducted a study to evaluate the ecological and economic implications of this thin-from-below prescription, compared to an approach determined by what a sustainable stand should look like, then choosing treatments to achieve that condition. This comprehensive prescription includes a thinning from below to remove these ladder fuels. It also includes an improvement cut to reduce the composition of shade tolerant species and a modified selection cut that lowers stand density sufficiently to secure regeneration of ponderosa pine, to ensure the sustainability of the stands, and it also spurs development of large trees, which are especially resistant to fire.

We applied each of these prescriptions to a hypothetical or an average stand based on the average of inventory records from over 500 stands in Western Montana. The result was a small amount of wood removed from the thin-from-below treatment worth less than the cost of treatment. The comprehensive treatment produced 4,000 boardfeet per acre and left the stand vigorous, resistant to fire and visually appealing. And I would refer you to the three posters arrayed here on the table in the rear of the room. And I would mention that not just small trees were removed in this treatment.

There are several really important reasons to implement the comprehensive treatment that we looked at and especially to do so on a broad scale. The first of these is that the long-term sustainability of the huge acreages of ponderosa pine and pine fir forest are at risk. Ponderosa pine trees are well adapted to surviving surface fires but not crown fires, and I would refer you to two posters that Professor Keegan will hold up here in a minute.

The first of these two is a picture taken in 1982 in central Montana in the Bull Mountains of central Montana, the heart of pine country. The second photo is taken from nearly the same spot and unfortunately, it was transposed in the making of these posters as an aftershot. This was taken in 1998, approximately 12 years after this fire, and this area is still essentially treeless.

The landscape-scale fires of recent years, such as the Cerro Grande in New Mexico, the Early Bird in Montana and the Lowman Complex in Idaho are really harbingers of bigger and hotter fires to come. Will the next fire be in the Tahoe Basin in California and Nevada? Will it be in Ruidoso, New Mexico, Sholo, Arizona? And will this next event claim human lives? Will we do something about it?

Many ecologist benefits derive from comprehensively treating hazardous conditions in our forests. Equally important to these and with these are the associated benefits of employment of woods workers in rural communities and production of substantial volumes of timber to help offset increasing domestic dependence on imported wood.

So what are the long-term implications of current conditions in Western forests? I would first relate what the eminent conservationist Aldo Leopold referred to when he defined ecosystem health. His definition was a system that can recover after a disturbance is healthy. Based on this definition, many pine forests in the West are neither healthy nor sustainable.

The good news is that we have silvicultural treatments available to treat these problems. What is needed is timely, strategic-level implementation of comprehensive treatments based on location, extent, and severity of hazardous conditions. However, given that inventory data are incomplete or not yet analyzed, particularly for roadless areas, this is currently not possible across all National Forest System lands. It seems imprudent to make irreversible decisions now that may affect the long-term sustainability of some of these areas when inventory information on ecological conditions will be forthcoming in a few years. The American public is not well served by decisions made absent such information and certainly our forests deserve better. Thank you.

[Mr. Fiedler's statement may be found in appendix.]

Chairman HILL. Thank you, Carl.

Chuck.

TESTIMONY OF CHARLES KEEGAN, DIRECTOR, FOREST INDUSTRY AND MANUFACTURING RESEARCH, UNIVERSITY OF MONTANA, MISSOULA, MT

Mr. KEEGAN. Good afternoon. I am Chuck Keegan. I am director of forest industry and manufacturing research in the Bureau of Business and Economic Research at the School of Business Administration at the University of Montana.

Vice Chairman Hill, ranking minority leader Christian-Christensen, I very much appreciate the opportunity today to speak to you about some key natural resource issues that have potential to influence employment in small businesses throughout the Western United States. I would like to follow up very briefly, building

on the testimony of Dr. Fiedler and deal in particular with three issues.

First of all, I would like to contrast the financial aspects of the two alternative restoration prescriptions to which Dr. Fiedler referred. I would then like to illustrate the potential for positive employment impacts from the broad scale implementation of forest restoration prescriptions in the Western United States. And then finally, I would like to offer some of my concerns over the current roadless proposal. So Carl, would you hold that first figure up?

First of all, let me very quickly compare the financial aspects of the comprehensive versus the thin-from-below prescription. The comprehensive prescription, this is expressed in net dollars per acre for the timber products produced in the development of a prescription developed by Dr. Fiedler and some ecologists strictly to treat a stand. The comprehensive prescription is in blue and the thin-from-below is in pink. It does not require much explanation to see that the blue line amounts to somewhere between $500 and $1000 per acre, depending on logging systems, terrain involved, and the thin-from-below prescription is negative, as Dr. Fiedler mentioned, and loses several hundred dollars per acre.

So what we have here is a prescription in blue that deals comprehensively with an ecological situation and also generates a positive revenue flow for a typical site in Western Montana of $500 to $1000 an acre.

Focussing then on employment in rural areas, the fact that these comprehensive prescriptions not only put the stand ecologically in a much better condition but also generate a positive cash flow should allow then for broad scale application of these kinds of prescriptions in Western forests. And the broad scale implementation of these is what would have some large scale potential to sustain and to even increase employment in the Western United States.

If I could have that second poster quickly, Carl, it is a figure that is included in my testimony. I will not offer much explanation except to say that the last portion of that shows labor intensity or employment per unit of timber harvested and what you can see is that the forest products industry in Montana has been becoming more labor intensive in the last decade and part of the reason for that is because of changes in the way timber is harvested to pay more attention to social and biological concerns.

Well, then when we take the next step and we look at these restoration prescriptions and we see prescriptions that are designed again not to produce timber at the lowest possible cost but to produce a desire future forest condition, then we see an opportunity to even increase the labor intensity involved in the woods and add employment in woods workers.

So we have a dual benefit to employment through broad scale implementation of these restoration prescriptions and that is one, that we are providing raw materials for manufacturing by the mills in the area and we also are producing the timber in a more labor intensive fashion.

I might also add that, as has been pointed out by some people on the earlier panels, jobs in forest management, timber harvesting and processing are among, if not the highest paying components of the economy in much of the rural West.

Finally, some brief comments on the roadless issue itself. First of all, I want to say that I am not here to support building a lot of new roads necessarily. It makes sense to focus in the immediate future on those portions of the national forests that are roaded if we are talking about restoration prescriptions. Those are the areas that can be treated most immediately and most economically. Those are the areas that have the most immediate threat to human life and property.

However, given that we know that we have a very broad scale forest ecosystem health problem throughout the Western United States, it is almost certain that the roadless areas have large areas that are ecologically out of balance, out of whack.

And a very key point that I want to make in concluding here is that we do not know very much about these roadless lands. Inventory data on many of these lands are either incomplete or have not been analyzed, and this is certainly the case for Idaho and Montana, two states that have the largest acreage involved. Nearly 30 percent of the acreage involved in the recent roadless proposal is in Idaho and in Montana.

So my final thought to this group today is that before we have adequately analyzed the inventory in terms of both the ecosystem health of these lands and, in addition, for the potential commercial timber value that might be on those lands, the resolution of the roadless issue is, to say the least, grossly premature. Thank you.

[Mr. Keegan's statement may be found in appendix.]

Chairman HILL. Thank you, Mr. Keegan.

Does the gentlelady have any questions?

Ms. CHRISTIAN-CHRISTENSEN. I want to thank the panel for their patience in allowing us—I do not vote, but allowing the chairman to vote and still coming back to give their testimony and for traveling so far to do so.

I guess I have a few questions just to help me better understand and wade through the differing opinions. The logging industry, and many of you have claimed that local economies depend on the tax base provided by the logging of public lands but supporters of the roadless initiative claim that local economies do not depend upon logging on public lands. They claim that in the states with the most commercial federal timber land, logging and wood products employment represents only a minor share of overall jobs.

For example, the Bureau of Labor Statistics in 1997, according to them, only 3 percent of all the jobs in Idaho are related to wood products; in Oregon, on 4.6 percent. And in Colorado, where federal forests account for a large amount of the land base, only a half percent of employment is related to all wood products.

Based on those statistics, some would suggest that the timber industry is exaggerating the negative economic effects of the roadless area initiative. Can you help me to respond to those who would suggest that the negative effects are being exaggerated?

Mr. VINCENT. I would like to start, if I could. I am not an economist and——

Ms. CHRISTIAN-CHRISTENSEN. Me either.

Mr. VINCENT. Chuck Keegan from the University of Montana can help you out probably better with the very specifics.

Some of these early documents, including the Interior Columbia Basin Ecosystem Management Project that we have mentioned earlier, had very specific information about the town that I call home. In that document, they indicated, I believe, that less than 15 percent of our local economy was timber industry-related. Where they got their information from was a phone book survey. It did not yield incredibly accurate data. When they were questioned on it, they issued a supplement to that portion of the document and I believe the supplemental represented a little bit more reality, which is between 65 and 75 percent of our local economy.

There are 17,000 people in my county. While that may be a minuscule part of America's economic engine, to our area it is incredibly important.

So percentages—when they begin throwing them around, it is very, very easy to discount entire segments, entire minorities, particularly when you paint a picture of them as discountable—necessary, in fact, to discount the overpaid, undereducated social misfits, because it is better for the environment and our society if they are no longer around.

So this document paints a picture one, using horrendous language about who we are as a culture, and then misconstruing statistics to make it seem like we are not really impacted, anyway, and if we are, it is better for us and the rest of America, anyway.

Someone told me one time we need to beware of statistics and I hesitate to use this but it seems like the appropriate time. Statistically, everyone should have one breast and one testicle. And sometimes when information like 1 percent or 2 percent of our nation's economy is used, it can be incredibly badly misused and humans pay a price for that misuse.

Mr. KEEGAN. I would like to address it briefly, I guess from a couple of different standpoint, not quite as colorfully as Bruce did.

I guess my first comment would be that we need to be careful how we are looking at an economy from a couple of standpoints. One is is it a job that is creating wealth and creating other jobs, or is it a job that is derived from creating wealth and creating other jobs? And jobs in the forest products industry are generally export jobs in the local areas and generally lead to the creation of other jobs. So we need to look at an area's economic base, rather than just the percentage of jobs that are involved.

And I think we need to look at the geographic scale at which you are looking at things, and certainly some of the areas that you mentioned, the forest products industry would be a fairly small percentage of total jobs or even total economic base. Some of them, on the other hand, for example, Libby, Montana or Lincoln County, Montana, the forest products industry, in spite of its problems, remains overwhelmingly the largest segment of the economic base, so we need to consider that.

But I think what is more important here is the notion that we are being given some kind of a false choice here, that we are either going to have timber jobs or we are going to have recreation jobs. Dr. Fiedler and I are here to talk about a broad scale program that would put the forests in better condition ecologically than they are today and sustain and probably increase the number of high-paying forest products jobs.

So I think the notion that it is either we are going to have healthy forests and recreation-based jobs or timber jobs is just a false choice. That has been a part of this whole discussion.

Ms. CHRISTIAN-CHRISTENSEN. Thank you.

Mr. Chairman, I do not have any questions at this point.

Chairman HILL. Thank you very much.

I want to continue with the comments that you just made, Dr. Keegan, because I think it is really important here for the Committee and for the record to reflect the fact that you have looked at this issue together, you and Dr. Fiedler, from the perspective of both the ecology and the economy.

And the point I want to make here is that the status quo is bad for both. What is happening right now in our national forests, at least the forests that you are referring to, is that the forest is destroying itself. Is that correct, Dr. Fiedler?

Mr. FIEDLER. In many cases the conditions that are prevalent out in the landscape today are situations where it is not a question of if but when, in terms of fire.

Chairman HILL. We have a catastrophe on the horizon and the health of the forest and the condition of the forest is deteriorating and when the fires occur, it is going to be a catastrophic event, or at least it could be a catastrophic event. This is bad from the ecological point of view. We could do a lot better.

Mr. FIEDLER. I also look at the testimony today and the nature of this panel is that when we look at the roadless areas, we just do not have good information, and that is what I think concerns me more than anything or as much as anything. And I think your observations are correct in terms of the forest conditions but it certainly behooves us to know what it is we are dealing with. And when we either, at this point, lack complete inventory information or very current right now is some of this information just now being analyzed and this rush to make a decision, absent this information, is not well thought out.

Chairman HILL. Dr. Keegan, the point you made is that Libby, Montana, some of our rural communities have been adversely impacted, substantially adversely impacted from an economic perspective with the status quo.

The point I am getting at is what you are suggesting to do, the solution has both a positive ecological impact and a positive economic impact, or it has that potential. It seems to me we ought to choose that.

Now I showed some maps earlier where I showed the overlay of mining claims and I showed the overlay of timber harvest in roadless areas and the existence of current inventoried roads in roadless areas. I am not sure; I have not figured out how the roadless area can have roads.

But one of the things I asked for was an overlay of the proposed roadless areas with the acreage that has been identified by the General Accounting Office, the 40 million acres or 39 million acres that are subject to catastrophic fire loss, and the Forest Service could not provide me with that.

That is what you are saying, is that before we make a decision—isn't that what you are saying?

Mr. KEEGAN. Exactly.

Chairman HILL. Before we make a decision about access, we ought to make a decision about what the condition is and what the solution is. I mean it is a cart-before-the-horse situation, is it not?

Mr. KEEGAN. Absolutely. Maybe Carl will be more specific but we are within a few years of having infinitely better inventory information on these lands. Nothing is going to be done in most of these lands in the next year, two, three, four years, so it would seem to make sense to me to wait until we can analyze not only the satellite data but the on-the-ground inventory data and be able to make some very specific statements about the condition of these, whether it be for commercial purposes or for forest ecosystem health or fire concerns.

Chairman HILL. And at the university you have been leaders in developing and applying new technology to get a better understanding of this whole set of issues; is that not right?

Mr. KEEGAN. Carl and I will not pass ourselves off as the people that are working from outer space but we are working on the ground to do that sort of thing. We are working with the inventory plots on the ground in Montana and in New Mexico at this very moment to try to get a handle on the degree of the forest ecosystem health problem and the potential treatment costs that might be involved and, in fact, where it is located—the kinds of information you are asking for.

Chairman HILL. Bruce, I think in Montana 17 mills have closed in the last decade and one closed in Libby, a big mill. How many people lost their jobs in the closure of that mill in Libby?

Mr. VINCENT. In the sawmill, the one that Stimson was operating, just the plywood plant, at one time there were 1,200 families employed there. Our county as a unit, during the last 10 years, has lost, I believe, just under 1,800 industrial base jobs as a county.

Mr. KEEGAN. They have lost a lot. I do not have a number off the top of my head.

Mr. VINCENT. You had Champion and the mines that have shut down. Our local newspaper reports it as 1,700 jobs.

Chairman HILL. Out of population of 17,000.

Mr. VINCENT. Out of a population of 17,000. And those are the wage-earning jobs that also have benefits so that we can provide appropriate medical care, keep our local hospital going, pay appropriate wages to our instructors, who are now also 47th or 48th in the nation in their income. The impact on small business and Main Street America impacts everything.

I would like to make a comment on one thing you said about the cart before the horse. Possibly the biggest issue when we talk about this roadless initiative at home is not the roadless question at all. You earlier mentioned that you are not promoting building one more mile into a place.

We live there. We love the joint. Part of the reason this is a vigorous debate is because as imperfect as we have been, we have done a decent enough job to keep the place beautiful and look like it does in the year 2000. It seems to many that we are now being penalized for keeping it so beautiful. Now people want to make a decision about the last best place from 3,000 miles away.

So not only is it the cart before the horse but many people think it is the wrong horse. It should not be a single horse in one office.

It should be a team of horses working locally. It is taking the decision out of the decision-making process at home.

We have been sitting at the table with the Forest Service, putting in thousands of hours trying to decide what each microecosystem—because these are not 43 million acre patches; they are microecosystems—what should they look like, how can we manage them? And to make one broad-based decision that removes so many options from us is a tragedy.

Chairman HILL. Cheryl, what impact have these federal transportation policies had on your school? You mentioned something about the budget of your school but could you elaborate on that a little bit?

Ms. LARSON. Well, our oldest son is handicapped. He is in an electric wheelchair. And our high school was built when my mother was a student, so it is not accessible and our small district does not have the funds to make it accessible. That takes thousands and thousands of dollars. He has already gone through the grade school system but now he is going through the high school and it is a big nightmare every day.

Chairman HILL. Challenges.

Well, the tragedy of this situation is that I believe this initiative is motivated by politics, rather than by good policy, but it is going to have significant consequences if it goes through without thinking thoroughly through what all the impacts of this are going to be. We often talk about the war in the West but it just seems like we are engaged in this whole series of battles right now, just trying to make common sense out of the public land management decisions.

Lincoln County—what is it?—97 percent of the land in Lincoln County? Is that the right number?

Mr. VINCENT. A little over 78 percent is owned by the federal government, another 7 percent by the state. Eighty-five percent is publicly owned.

I have three of my kids here. We are talking about their future and when we talk about it is not if; it is when this stuff burns, there are things we can do to help the forest and help our community and help the wildlife, the habitat for the species that we commune with, if we do it right. But we are not going to do that with the decisions made from 3,000 miles away.

Mr. FIEDLER. One last comment on the inventory issue is that in any aspect of our personal lives or at any level of government, I think we do not make decisions based on not getting information, and none of us would make a decision saying I do not want more facts; I do not want to know the various sides of the issue before making a decision. And I think that is what is going on here and it does not need to be, as Dr. Keegan just mentioned here a minute ago, we have inventory information either being collected as we speak here or that is being analyzed and we are involved in some of it ourselves and it just seems so premature to do this now when, in a few years, we will have better information to make a more informed decision.

Chairman HILL. I thank all the members of the panel for your testimony. It has been very, very valuable. I also apologize for how long the hearing has taken but we wanted to give everybody the opportunity to make their statements for the record. And I apolo-

gize for the fact that we did have to go vote, but occasionally we do have to do that part of the job, too.

The hearing record will be open for 14 days. We are going to be providing requests in writing for some additional testimony from the Department of Agriculture and from the Small Business Administration and we are hopeful that they will provide the documentation that we have asked for.

Thank you all and the hearing is adjourned, subject to 14 days. Thank you very much.

[Whereupon, at 1:40 p.m., the Subcommittee was adjourned.]

STATEMENT OF
CHARLES RAWLS, GENERAL COUNSEL
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Subcommittee on Rural Enterprises, Business Opportunities and
Special Small Business Problems
Committee on Small Business
United States House of Representatives

Concerning Forest Service Rulemaking Regarding Roadless Area
Conservation and Small Businesses

July 11, 2000

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to discuss Forest Service efforts to conserve and enhance the important social and ecological values of roadless areas within the National Forest System.

In May, 2000 the Forest Service published a proposed roadless area conservation rule and draft environmental impact statement evaluating options for conserving inventoried roadless and other unroaded areas on National Forest System lands. The proposed rule would: 1) limit road construction or reconstruction in unroaded portions of inventoried roadless areas except in certain circumstances; and 2) require evaluation, during forest plan revision, of whether and how certain roadless area characteristics in inventoried roadless areas and other unroaded areas should be protected in the context of overall multiple-use objectives. The Forest Service also prepared and made available for comment an initial regulatory flexibility analysis (IRFA) and a cost-benefit analysis. The public comment period for all of these documents remains open until July 17th.

The Regulatory Flexibility Act (5 U.S.C. 601 et seq.) directs agencies to prepare and make available for public comment an initial regulatory flexibility analysis for rulemakings that are subject to the notice and comment requirements of 5 U.S.C. 553 or any other law. However, if the agency determines that a rulemaking will not have a significant economic impact on a substantial number of small entities, the initial regulatory flexibility analysis requirement does not apply, but the agency must make a certification of no significant impact and publish it, along with a statement that provides the factual basis for the certification.

The Forest Service has indicated that it expects that the roadless area conservation rulemaking would not have a significant economic impact on a substantial number of small entities, as defined by the Regulatory Flexibility Act. Nevertheless, given the significant public interest in the rulemaking and the comments received on this specific issue during the scoping process, the agency prepared an initial regulatory flexibility analysis. The Forest Service published a summary of the IRFA along with the proposed rule, made the full IRFA available on the agency's website and sought public comment on its findings. The Forest Service requested comments from businesses, communities, trade associations and any other interested parties that had information or knew of information sources that would be useful in analyzing the potential economic effects of the proposed rule on small entities.

The Forest Service is also conducting an unprecedented public process to engage the public in a dialogue about the future of roadless areas. The Forest Service conducted more than 180 public meetings during its initial comment period on its Notice of Intent to prepare an environmental impact statement, and it received more than 50,000 public comments. It is now in the process of conducting more than 400 public meetings across the country on its proposed rule and accompanying documents. The comment period closes July 17, and the agency is eager to hear what the public, small businesses, and other entities have to say about its proposal.

It is my belief that, to date, the Forest Service has met its legal duties under the Regulatory Flexibility Act. The Forest Service has completed an initial regulatory flexibility analysis. Since the inception of the rulemaking process, the Forest Service has aggressively sought out the participation of other Federal agencies through an interagency roadless policy team that includes, among many others, the Small Business Administration (SBA) Office of Advocacy. This active exchange with the SBA and other Federal agencies has assisted the Forest Service in better understanding the concerns of small entities. Most importantly, these concerns have been published in its findings and invitation for public comment. This is precisely the kind of attention to the concerns of small businesses, communities and other small entities that the Act was intended to foster. Beyond that, it is premature for me or anyone else to conclude what additional analysis, if any, will be required under the rulemaking to meet the requirements of the Regulatory Flexibility Act. Under the Regulatory Flexibility Act, I would note that a certification of no significant economic impact on a substantial number of small entities can be made at the time of the publication of the proposed rule or the final rule.

In sum, the Forest Service has undertaken a substantial effort to both consider and disclose the potential implications of the roadless conservation rule for small entities. As the Forest Service finalizes the rulemaking, it has pledged to consider and respond to the public comments received, including any information provided regarding small entities. Thus, it appears to me that the purposes and procedures of the Regulatory Flexibility Act are being fulfilled.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions.

HOUSE OF REPRESENTATIVES
106th CONGRESS
COMMITTEE ON SMALL BUSINESS

Subcommittee on Rural Enterprises, Business Opportunities, and Special Small Business Problems

Implementation of the Forest Service Roadless Policy - Impact on Small Businesses
Oversight Hearing
July 11, 2000
Washington, D.C.

BlueRibbon Coalition Testimony
"The Regulatory Flexibility Act, Proposed Forest Service Rules, and Backcountry Motorized Recreation"

Submitted by:

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THE REGULATORY FLEXIBILITY ACT, PROPOSED FOREST SERVICE RULES, AND BACKCOUNTRY MOTORIZED RECREATION

INTRODUCTION

The BlueRibbon Coalition is a nationwide organization representing 500,000 motorized recreationists, equestrians, and resource users. We work with land managers to provide recreation opportunities, preserve resources, and promote cooperation with other public land users. Many of our members are small businesses who depend on access and available recreation opportunities on national forest lands. The Clinton-Gore Roadless Initiative and related proposed rules propose a grave threat to the existence of these businesses.

On May 9, the Forest Service released the Draft EIS and proposed rule for the Clinton-Gore Roadless Initiative. On the surface, it appears not as intrusive as it could be, focusing primarily on road construction within inventoried roadless areas. The full spectrum of recreation opportunities will be allowed within the inventoried roadless areas.

However, the Roadless Initiative is not intended to be a stand-alone document. The agency so states its interdependent relationship the Proposed Land and Resource Management Planning Rule (Forest Plan Rule) issued October 5, 1999 and the Proposed Road Management Rule and Policy issued March 3, 2000 (Road Rule).

These are programmatic rules. They provide the general framework for subsequent forest plans and on-the-ground actions. A programmatic rule does not mandate, for example, the closure of one road or one trail. Rather, it lays the foundation for such closures to take place.

Following is a discussion of these three proposals and their relationship. They are closely related, and compliment one another. Singularly, their effect on public access and dispersed motorized recreation is economically significant; cumulatively their effect is devastating.

FOREST PLANNING RULE

In the proposed forest planning rule, ecosystem protection becomes the over-arching goal for which all national forests must be managed. Ecosystem restoration to a pre-European condition is how that protection is defined. Production of all other goods and services are secondary. In addition, the Forest Planning rule

* Absolves itself of responsibility toward local rural economies, stating that national forest lands should not be expected to single-handedly sustain these communities.

* Claims that national forest land should be managed to compensate for changes caused by management of private land. As adjoining private land increases production of goods and services, the public land should provide less.

Important recreational goods and services in small, medium and even large communities are provided by motorcycle, ATV, and snowmobile dealerships. Almost every small town, generally resource dependent, adjacent to public land, has one or two of these businesses. They will generally be franchised for several product lines, covering summer and winter, for example: Polaris, Yamaha, Honda, Ski-Doo.

These businesses depend on access to public land, and a network of roads and trails. Policies that will reduce or eliminate this network will have a profound impact on these businesses.

These businesses also are prominent in large metropolitan areas of the west such as Seattle, Portland, Las Vegas, and Denver. They, also, are dependent on public land access.

In the Forest Planning rule, public process is easily manipulated by officials, with the deck stacked in favor of "ecological sustainability", defined as restoration to a pre-European condition.

* It gives the responsible officer the sole discretion over what topics will be addressed in the planning process, with substantial weight given to topics related to "ecological sustainability". This decision is not subject to review, nor is an administrative record created.

* A manager can begin the public NEPA process only after and based on off-the-record processes (detailed in sections 219.4-5) are complete. Subsequent public participation becomes a sham that verifies or records objections to foregone conclusions.

When the Clinton-Gore Roadless Initiative talks about "decisions made at the local level" and locally-based public participation, this proposed Forest Planning Rule is the process they intend to follow, not the process that is in place today.

ROAD RULE (Revised Transportation Policy)

This proposed rule makes it clear that there will be fewer roads open to the public than are currently available. Each road will be subjected to a methodical analysis to justify its existence. This analysis was not generally available for review during the comment period. Public comments on this roads analysis were not solicited.

The agency estimates there are 287,000 miles of road that "are no longer needed" and that an additional 60,000 miles of uninventoried roads need decommissioning. This totals 347,000 miles of road or 77% of all National Forest roads.

* The agency claims lack of funding to maintain the roads. Yet, they have not requested from Congress any more than 20% of what they claim they need.

* Driving for pleasure has increased 1000% since 1950, and level 2 roads (counted in the number to be decommissioned) are acknowledged by the agency as important for dispersed recreation. More and more recreationists will be crowded onto fewer miles of road.

*Areas from which roads are removed will become "unroaded". Their management will be dictated by the same values for which roadless areas are evaluated, with resource protection values predominant.

Forest Service officials state that "decommissioning" can also mean re-assigning the road to a trail status and then maintained as a trail-50" and wider and presumably open to high clearance vehicles and dual purpose motorcycles. While this could provide some opportunity for dispersed backcountry recreation, this direction is not specified in the rule.

The motorized recreation community is in total agreement that should this roads rule be implemented, there will be far fewer primitive roads and trails on which to drive a 4WD, ride a motorcycle, or ride an ATV or snowmobile. The small rural businesses which provide and service these vehicles will vanish.

CLINTON-GORE ROADLESS INITIATIVE

The Clinton-Gore Roadless Initiative Draft EIS and proposed rule was released May 9. Following are some key points:

* No new road construction will occur in roadless areas. This will supercede direction that may have allowed for road construction in forest plans. Maintenance on existing, classified roads in roadless areas can occur, subject to conditions.

* Eight of the nine roadless criteria assume that human activity negatively impacts the resource:

1) Soil, water, air: Roadless areas have had minimal ground disturbing activities - these are negatively described. Presumably few or no "ground disturbing activities" will occur in the future.
2) Sources of public drinking water. Most of these are addressed in current forest plans, but the concept is expanded.
3) Diversity of plant and animal communities. This criteria claims that roadless areas are more diverse than roaded. It claims that absence of disturbance promotes biological diversity.
4) Habitat for endangered, threatened, proposed, candidate, and sensitive species. Again, the criteria claims that these species need large tracts of undisturbed land.
5) Provide for primitive, semi-primitive non-motorized, and semi-primitive motorized classes of dispersed recreation. Acknowledge that the motorized user values renewal, isolation, independence, and closeness to nature in mostly undisturbed settings.
6) Reference landscapes. Appears to broaden concept of Research Natural Areas to study "large scale ecological patterns".
7) Landscape character and scenic integrity. Viewsheds are already addressed in current forest plans; this concept is reinforced.
8) Traditional cultural properties and sacred sites. This criteria claims that roadless areas, in their unaltered states, better protect these.
9) Other locally identified unique characteristics.

The proposed rule does not address unroaded areas, but defers these to local planning under the new planning rules. The above roadless values will be applied to unroaded areas as new management plans are devised. The direction is clear: to apply roadless prescriptions to vast areas now roaded but soon-to-be unroaded.

While the Roadless Initiative states that the full Recreation Opportunity Spectrum can be accommodated in roadless and unroaded areas, the constraints of the other criteria will likely precipitate road and trail closures:

*Trail activity, construction, re-construction, and maintenance are of necessity "ground disturbing activities".
*The generally unfounded claim that motorized use generally adversely affects drinking water has often been made. Current forest plans often close drinking water prescriptions to motorized use.
*Dispersed motorized recreation has often been inaccurately cited as disturbing wildlife, and an interruption to "large tracts of undisturbed land".

Implementation of these criteria via the travel planning process will likely result in significant closures of roads, trails, and access. The Initiative will result in the elimination of Off-Highway Vehicle (OHV) businesses located in small rural communities, and even larger cities.

THE REGULATORY FLEXIBILITY ACT AND THE FOREST SERVICE RULEMAKINGS

While the Roadless Initiative did claim to analyze its economic impacts per the Small Business Enforcement Fairness Act (SBREFA), the review was inadequate and did not analyze OHV dealerships and OHV related tourism, winter or summer.

The agency issued a general disclaimer for the roads rule, stating that it merely signified a change in definitions and therefore had no economic impact.

To my knowledge, SBREFA was not addressed in the forest planning rule.

Congress should request that the Forest Service justify their determination that these proposed rules are not major actions ($100 million impact on the economy).

SAMPLE ECONOMIC DATA ON THE POSSIBLE IMPACT OF THE PROPOSED POLICIES ON MOTORIZED RECREATION BUSINESS

OHV recreation in national forests is supported entirely by a national network of small businesses, most franchised by manufacturers to sell motorcycles, all-terrain vehicles (ATVs), and snowmobiles. Additionally, it is supported by small businesses associated with tourism: lodges, motels, restaurants, and gas stations. These businesses generate significant revenue where there is nearby National Forest land. Their revenue in many states easily surpasses the $100,000,000 threshold that defines a major impact.

The following information on off-road and dual purpose motorcycling is excerpted from the 1999 Motorcycle Industry Council Statistical Annual (Exhibit 1). Snowmobiling data comes from a report published the International Snowmobile Manufacturers Assn. (Exhibit 2) Additional snowmobile data comes from Snowmobiling in Montana - an Update by James T Sylvester and Marlene Nesary published in 1994 by the University of Montana Bureau of Business and Economic Research (Exhibit 3) and 1993-1995 Wyoming Snowmobile Assessment by David T. Taylor, Robert R. Fletcher, and G. Jean Skidgel published in 1995 by the Department of Agricultural Economics, University of Wyoming (Exhibit 4).

National Profile on a Motorcycle Dealer

*Nationally, an average franchised motorcycle outlet grosses $1,522,400 in sales and service.

*An average non-franchised motorcycle outlet grosses $254,000 in sales and service.

*The franchised outlet has 13.2 employees with a payroll of $351,300; non-franchised has 3.6 employees with a payroll of $68,100.

*A franchised outlet has been 17 years at the same location, and 17 years under the current owner; non franchised has been 13 years at the same location, and 14 years under the current owner.

National Profile of a Snowmobiler

*Average annual household income is $60,000, average age is 41, rides an average of 1,102 miles a year and has ridden for an average of 17 years. 75% are married.

*The average Michigan snowmobiler spends $4,218 each year on snowmobile related recreation, tourism, and products. The average New Hampshire snowmobiler spends $3,332 on snowmobiling. In 1994, Montana reported an annual in-state expenditure of $31,722,000 by snowmobilers, with 18,572 registered machines for an average of $3,366 per snowmobiler.

*There are 1.5 million registered snowmobiles in the United States that generate an economic impact of $6.2 billion annually.

OFF-ROAD MOTORCYCLE & SNOWMOBILE ECONOMIC DATA IN SELECTED STATES

OHV related businesses in states where national forests present the dominant land base for OHV recreation are vulnerable to policy changes that will result in closures. Following is a snapshot of the importance of OHV recreation in these states and the small businesses that are the underpinnings of OHV recreation. All demonstrate, in each state, that there is at least $100 million impact to these small businesses that could result from the proposed national forest policies.

Idaho

Off-Highway motorcycles

*Idaho has 130 motorcycle sales outlets employing 1194 people with a total payroll of $29,573,000.

*The estimated value of the retail marketplace in Idaho is $107,140,000.

*In Idaho, The off-highway and dual purpose (used on dirt roads) population is 31,500 or 64% of the total Idaho motorcycle population.

It is clear that the viability of the motorcycle business alone is highly dependent on access to national forest lands. Even though 64% of the business is off-highway, if that were lost, there would not be enough of the road based business to sustain the outlet. ATVs are not reflected in these numbers. If ATV statistics were available, the OHV retail marketplace number would be much higher.

Snowmobiles

*In 2000, Idaho had 40,000 registered snowmobiles.

*Using an average annual expenditure of $3775 per year (the average between Michigan and New Hampshire expenditure) per snowmobiler, 40,000 registered snowmobiles results in an economic impact of $151 million annually. This figure combines elements of the retail marketplace and tourism.

*Idaho has 55 small businesses who sell and service snowmobiles.

*Idaho has 7,200 miles of groomed trail. The funding for these trails comes from the users via the registration program and a small percentage of the state gas tax, and is administered by the state.

Most snowmobiling in Idaho occurs on national forest lands.

There are 20,459,000 acres of national forests in Idaho.

Utah

Off-Highway motorcycles

*Utah has 122 motorcycle sales outlets employing 1103 people with a total payroll of $27,323,000.

*The estimated value of the retail marketplace in Utah is $143,360,000.

*In Utah, The off-highway and dual purpose (used on dirt roads) population is 26,600 or 50% of the total Utah motorcycle population.

There are 8,111,000 acres of national forest lands in Utah, affording many miles of scenic riding for OHVs. While significant acres of Bureau of Land Management lands in Utah are also available for OHV recreation, these national forest lands offer a different opportunity, desired by many. Loss of this access would result in a significant economic loss.

Snowmobiles

*In 2000, Utah had 22,543 registered snowmobiles.

*At an average annual expenditure of $3775 per year per snowmobiler, this results in an economic impact of $85,099,825 annually.

*Utah has 42 small businesses who sell and service snowmobiles.

*Utah has 1,030 miles of groomed trail. The funding for these trails comes from the users via the registration program and a small percentage of the state gas tax, and is administered by the state.

Snowmobiling in Utah is highly dependent on national forest lands. Utah's national forests are located in the state's high mountain areas where snow comes early and stays late. Utah is famous for its open-area riding, not dependent on groomed and marked trails. Almost all of these areas are in national forests.

Montana

Off-Highway motorcycles

*Montana has 116 motorcycle sales outlets employing 1061 people with a total payroll of $26,289,000.

*The estimated value of the retail marketplace in Montana is $75,560,000.

*In Montana, The off-highway and dual purpose (used on dirt roads) population is 15,100 50% of the total Montana motorcycle population.

There are 16,886,000 acres of national forest land in Montana. Much OHV recreation occurs on these lands, considered to provide the most desirable recreation experience. Closures and restricitions have already had an undetermined effect on this economy. Many businessmen and recreationists in Montana are fearful that proposed policies will impact them further.

Snowmobiles

*In 2000, Montana had 22,653 registered snowmobiles.

*At an average annual expenditure of $3775 per year per snowmobiler, this results in an economic impact of $85,515,075 annually.

*Montana has 53 small businesses who sell and service snowmobiles.

*Montana has 6535 miles of groomed trail.

Snowmobiling in Montana - an Update by James T Sylvester and Marlene Nesary was published in 1994 (Exhibit 3). This economic study found that the annual resident expenditures were $62,622,000. In 1994, the number of registered snowmobilers in Montana was 18,572.. The study also found that non-resident expenditures were $40,649,783. Total economic benefit from snowmobiling to Montana in 1994 was therefore $103,171,783.

National forest lands provide much of the snowmobiling opportunity in Montana. Significant economic benefit is also derived from winter use of Yellowstone National Park by snowmobile.

Oregon

Off-Highway motorcycles

*Oregon has 219 motorcycle sales outlets employing 1648 people with a total payroll of $40,353,000.

*The estimated value of the retail marketplace in Oregon is $199,930,000.

*In Oregon, the off-highway and dual purpose (used on dirt roads) population is 41,300 or 45% of the total Oregon motorcycle population.

There are 15,656,000 acres of national forest land in Oregon. As in the other states reported, these lands provide prime OHV experience.

Snowmobiles

*In 2000, Oregon had 17,093 registered snowmobiles.

*At an average annual expenditure of $3775 per year per snowmobiler, this results in an economic impact of $64,526,075 annually.

*Oregon has 28 small businesses who sell and service snowmobiles.

*Oregon has 6153 miles of groomed trail.

Much snowmobiling in Oregon occurs on national forest lands.

Colorado

Off-Highway motorcycles

*Colorado has 254 motorcycle sales outlets employing 1890 people with a total payroll of $46,250,000.

*The estimated value of the retail marketplace in Colorado is $262,450,000.

*In Colorado, the off-highway and dual purpose (used on dirt roads) population is 46,200 or 33% of the total Colorado motorcycle population.

There are 14,509,000 acres of national forest land in Colorado. As in the other states reported, these lands provide prime OHV experience.

Snowmobiles

*In 2000, Colorado had 30,000 registered snowmobiles.

*At an average annual expenditure of $3775 per year per snowmobiler, this results in an economic impact of $113,250,000 annually.

*Colorado has 56 small businesses who sell and service snowmobiles.

*Colorado has 3600 miles of groomed trail.

Much snowmobiling in Colorado occurs on national forest lands. Within the national forests are Colorado's famous high peaks and passes, many accessible by snowmobile. These lands offer some of the most spectacular snowmobiling in the nation.

Wyoming Snowmobile Study

In 1995, the Department of Agricultural Economics prepared the 1993-1995 Wyoming Snowmobile Assessment Final Report to the Wyoming Department of Commerce. This study found that the estimated total resident expenditure on snowmobiling was $66.1 million.

Total nonresident snowmobiling, with an estimated 766,332 use days, was found to represent over 50% of total snowmobile use in Wyoming. An average daily expenditure of $142.40 for non-residents resulted in a total annual expenditure of $109.1 million. With the multiplier effect, the expenditures by nonresident snowmobilers generated $189.4 million of economic activity in the state, created $39.9

million in earned income for state residents, and supported the equivalent of 3,063 full time jobs. This economic activity also generated a total of $4.7 million in sales tax revenue in Wyoming.

Much of the snowmobiling in Wyoming occurs on national forest land and in Yellowstone and Grand Teton National Parks. There are 2,276 miles of groomed trail in Wyoming, maintained by the state, and mostly located on national forest land. The above cited study found that 83.6% of total snowmobiling use days occurred on the state trails system. 7.9% of use days occurred in Yellowstone National Park and 1.4% occurred in Grand Teton National Park. One can logically conclude that visitors may come to Wyoming to tour Yellowstone, but will spend more time (and money) enjoying the national forests. There are 9,238,000 acres of national forest in Wyoming

PROFILES OF SMALL OHV RECREATION BUSINESSES DEPENDENT ON NATIONAL FOREST ACCESS

These significant amounts cited for each state and their associated statistics have a human face. They represent hard working families who work long hours to make a success of their business and serve the recreating public. Like all small businessmen, they are among the world's busiest people. Yet they always have time to actively contribute to their community, often to volunteer and support volunteers in the national forests, and attend the Forest Service's many meetings.

While many of these businesses are in small rural communities adjacent to national forests, others are in medium sized cities and in large metropolitan areas. The OHV recreation marketplace is very dependent on access to public land, but associated small businesses are in towns large and small. Following are profiles of some of these businesses:

CARL'S CYCLE SALES - BOISE, IDAHO

Carl's Cycle Sales in Boise, Idaho was founded by Carl Struthers thirty-four and a half years ago. Carl himself was an enthusiastic trail motorcyclist and snowmobiler, and he raised his family to enjoy these sports. He was active in the business community, and in 1985 was named Small Businessman of the Year in Idaho. His wife, son, and daughters continue in the ownership and management of the business. They strongly support local snowmobile and OHV clubs.

Carl's Cycle Sales employs 32 people, and is a franchised dealer for Honda, Kawasaki, Suzuki, and Polaris. The business grosses approximately $10-$11 million in sales each year. Jack Struthers, owner-manager, estimates that three-quarters of their business is in OHV, personal watercraft, and snowmobile products. All depend on access to public land.

BIG PINE SPORTS - FAIRVIEW, UTAH

Big Pine Sports began in 1976; Glen and Judy Zumwalt have owned the business since 1990. Fairview, Utah, is a small rural community of 800, located about 50 miles south of Provo. Big Pine Sports is a franchised dealer for Yamaha (motorcycles ATVs and snowmobiles) , Arctic Cat (ATVs and snowmobiles), and Trek (mountain bikes). They also sell camping, hunting, and fishing supplies and other outdoor sporting goods. Big Pine Sports has 10 employees and annual gross sales of approximately $1.75 million. It is near the La Sal National Forest, and is very dependent on visitors to the national forest.

Glen and Judy Zumwalt have been leaders in Utah's recreation organizations. Judy is Editor for the Utah Snowmobile Association's newsletter *Snow Scoop*. Big Pine Sports was honored by the International Snowmobile Congress in 1999 as Dealer of the Year - Western Chapter. Glen is a founding director of the Utah Shared Access Alliance, which promotes public access and cooperation for all recreation in Utah. He is past president of the Utah Snowmobile Assn. and presently is a director. Both Glen and Judy are avid outdoor recreationists, and especially enjoy snowmobiling.

KURT'S POLARIS - SEELEY LAKE, MONTANA

Kurt Friede, owner-manager of Kurt's Polaris in Seeley Lake, Montana, has been in business for twelve years. Seeley Lake is a small town in the western part of the state 56 miles northeast of Missoula. It has about 3,400 residents year-round, and about 7,000 when seasonal home owners arrive in the summer.

Kurt's Polaris is the largest Polaris dealer in Montana, selling snowmobiles, ATVs and Victory motorcycles, as well as used dirt bikes. The business has five employees and annual gross sales of approximately $2.5 million.

Kurt notes that the closure of 500 miles of old logging roads in the nearby Lolo National Forest is definitely bad for business, "People have few places to ride anymore. We have thousands of miles of roads that are now closed; the average person won't even be able to take a drive into the national forest."

Kurt continues, "First it was the grizzly bear, then the bull trout, and now the lynx. Our local snowmobile club, the Seeley Lake Driftriders, worked with the Forest Service last winter and helped them find all the lynx that are around here. We thought they'd realize since we've snowmobiled around the area for years, that we had no impact on the lynx. Not so. Our help has been rewarded with proposed closures. The grizzly population has grown so that there is not room for all of them in the forest anymore. We've had one wandering around the neighborhoods this summer getting into garbage cans."

Kurt condemns the extremists who advocate closures, "I wonder who they think they're saving it for. They're not thinking clearly into the future. Tomorrow they may be physically deprived and won't be able to get there either. They're saving it for something that doesn't exist. 95% of our national forests must be open for 95% of the population."

CLIFF'S SAW & CYCLES - BAKER, OREGON

Kip Farmer owns and operates Cliff's Saw and Cycles, a business founded by his father, Cliff Farmer 42 years ago. It's located in Baker, Oregon, a community of 10,000 in the eastern part of the state. Cliff's Saw and Cycles sells chain saws, and Honda motorcycles and ATVs. Kip notes ruefully that the chain saw part of business has been nearly wiped out due to restrictive public land policies that have nearly eliminated logging on the nearby national forest. Cliff's Saw and Cycles employs seven, including his mother who is still active in the business. It has a gross sales of approximately $2.5 million a year. Kip estimates that 75% of his sales depend on recreational access to the old logging roads and trails in the national forests.

Kip is an active volunteer in working with the national forest to maintain trails, and says, "Many of my customers are retirees, veterans who have fought in wars and served their country. As their physical abilities have declined, an ATV gives them mobility, and the ability to still enjoy the outdoors. They've served their country. Now, their public land should be open for them to enjoy."

FAY MYERS MOTORCYCLE WORLD - DENVER, COLORADO

Fay Myers Motorcycle World, located in Denver, Colorado, was founded in 1948. It continues to be owned and managed by the Myers family today. Fay Myers employs a staff of 90, and has an annual gross sales of approximately $25 million dollars.

Fay Myers is a franchised dealer for Honda, Kawasaki, Suzuki, KTM, Ducati, Husaberg Husquevarna, and Aprilla. Off-highway and dual purpose motorcycles, ATVs, and personal watercraft account for about half of this business. Nearly all of these depend on access to Colorado's vast public lands.

Fay Myers has been an enthusiastic supporter of motorized recreation, contributing generously to local clubs. It contributes to local charitable events, and donates equipment for volunteer clean-ups in the national forests. Employees serve on Colorado's state trails committee. The business has been a key

supporter of the Colorado Off-Highway Vehicle Coalition (COHVCO) which has been the means by which all local and state motorized recreation organizations cooperate statewide.

CONCLUSION

All of these selected states each demonstrate well over $100 million in economic activity from summer and winter OHV recreation. Each of these dollars represent a small business, families, service to customers, and significant contributors to their communities. Each businessman cares deeply about these sports, many passing this enjoyment on from generation to generation. Many become active partners with the national forest land managers in volunteering to improve recreation facilities and participating in public policy processes. These small businesses deserve the protection from potentially harmful federal regulations that RFA and SBREFA should provide.

Congress deserves a report on the impact of the National Forests' proposed rules on small OHV recreation businesses. Each proposed rule: Forest Planning, the Roads Rule (Transportation Policy), and the Roadless Initiative should be analyzed for its impact on these businesses. Since they are related and interdependent, a report should be prepared on the cumulative impact.

The Small Business Administration must be better funded to take a strong stand in defense of these national forest land dependent businesses. The SBA needs to become familiar with the industry that these network of small businesses represent. Only then, can SBA adequately monitor the land managing agencies' compliance.

My testimony represents a cursory overlook with data that is readily available. Much more could be done and a greater impact demonstrated with a more thorough analysis.

The Forest Service has generally chosen to ignore RFA, or to selectively report economic activity to minimize the impact of their proposed policies. This is certainly the case with the Roadless Initiative. The agency may respond that an honest compliance with RFA will significantly increase the analysis workload and cost. An appropriate response would be that this Roadless Initiative and EIS was never authorized by Congress and funded in the first place. We urge that the Forest Service be more concerned about the impacts and costs to small businesses.

Congress must take action to assure it receives the economic analysis reports required by RFA and SBREFA. Congress must take the required time to review and accept or reject the reports, and no Forest Service policies should be implemented until Congress' review is complete.

Thank you for the opportunity to testify.

Submitted by,

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Exhibit #2

International Snowmobile Manufacturers Association
1640 Haslett Rd., Suite 170 • Haslett • Michigan 48840 • (517)339-7788 • Fax: (517)339-7798
Web: www.snowmobile.org

Snow Facts

1. The average annual household income for snowmobilers is $60,000.

2. The average snowmobiler rides their snowmobile 1,102 miles per year.

3. The average age of a snowmobile owner is 41 years old.

4. The number of Licensed Snowmobile Dealers:
   United States – 1570
   Canada – 1081
   Scandinavia – 403

5. The average snowmobiler has 17 years of experience riding.

6. 75% of all snowmobilers are married.

7. The number of registered snowmobiles:
   United States – 1.5 million
   Canada – 760,000
   Scandinavia – 318,000

8. The Economic Impact of Snowmobiling:
   United States – $6.2 billion annually
   Canada – $3.2 billion annually
   Scandinavia – $1.6 billion annually

9. Between now and the year 2014, 13,000 US and Canadian Citizens a day will celebrate their 50th birthday.

10. Tourism in Canada is a $68 billion business

11. Canadian Tourism employment = 560,000 jobs.

12. Tourism in the US is a $542 billion business.

13. US Tourism employment = 17 million jobs.

14. Tourists in the US generate $8.3 billion in tax revenue.

15. US Travelers to Canada increased 4.1% this year to 15.3 million visitors.

16. Canadian Travelers to the US increased 5.1%, a 16% change from last year.

17. In 2000, there were 208,297 snowmobiles sold worldwide; 136,601 were sold in the U.S., and 51,995 were sold in Canada.

18. The average suggested retail price of a new snowmobile sold in 2000 was $5,850.

19. There are approximately 2.3 million registered snowmobiles in North America.

20. 63% of the snowmobilers usually trailer their snowmobiles to go ride. 37% either snowmobile from their primary residence or have a vacation home where they keep and use their snowmobiles.

21. The average Michigan snowmobiler spends $4,218.00 each year on snowmobile-related recreation, tourism and products. The average New Hampshire snowmobiler spends $3,332.00 each year on snowmobiling.

22. Snowmobilers spend on the average 7.2 nights per snowmobile season in a motel/resort room while snowmobiling.

23. Approximately 80% of snowmobilers use their snowmobile for trail riding and touring in marked and groomed trails. 20% of snowmobilers use their snowmobile for work and ice fishing.

24. 75% of snowmobile owners are married. The average snowmobile family has 0.8 children living in the home with them.

25. The most popular engine size of recently acquired snowmobiles is in the 500-cc range.

26. Snowmobilers are caring neighbors, they raised over $3 million for charity during the 1999/2000 season.

27. There are over 225,000 miles of groomed and marked snowmobile trails in North America.

28. There are over 3000 snowmobile clubs worldwide, involved in trail grooming and charity fund raising and family activities.

29. There are 40 registered non-profit associations representing snowmobilers in the U.S., Canada and Scandinavia.

30. Worldwide snowmobile sales:
    1993 - 158,000
    1994 - 181,000
    1995 - 227,400
    1996 - 252,324
    1997 - 260,735
    1998 - 257,936
    1999 – 230,887
    2000 – 208,297

June, 2000

International Snowmobile Manufacturers Association
1640 Haslett Rd., Suite 170 • Haslett • Michigan 48840 • (517)339-7788 • Fax: (517)339-7798
Web: www.snowmobile.org

STATE TRAIL DATA
FOR 2000/2001 SEASON

State	Trail Mileage
Alaska	2,500
Arizona	500
California/Nevada	7,362
Colorado	3,600
Idaho	7,200
Illinois	2,533
Indiana	375
Iowa	4,000
Maine	12,400
Massachusetts	1,000
Michigan	7,500
Minnesota	14,475
Montana	6,535
Nebraska	404
New Hampshire	6,061
New York	8,142
North Dakota	3,000
Ohio	466
Oregon	6,153
Pennsylvania	5,182
South Dakota	1,174
Utah	1,030
Vermont	6,000
Washington	2,970
Wisconsin	16,949
Wyoming	2,276
TOTAL MILES	**129,787**

June 2000

International Snowmobile Manufacturers Association, 1640 Haslett Road, Suite 170, Haslett, MI 48840
Phone: (517) 339-7788 Fax: (517) 339-7798 Web: www.snowmobile.org

U.S. Snowmobile Registration History

State	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Alaska**	2,756	4,427	4,231	7,181	7,254	12,366	9,678	9,678	12,997	19,508	19,508
Arizona	na	na	na	na	na	na	na	na	na	na	na
California	7,989	8,849	9,646	10,807	11,684	12,117	13,397	13,500	13,500	17,000	15,888
Colorado	16,026	17,142	18,396	19,803	21,831	22,000	24,704	27,300	28,000	29,000	30,000
Idaho	15,356	21,000	22,790	27,255	27,255	27,005	31,000	30,861	35,027	36,000	40,000
Illinois	60,510	58,891	58,276	58,112	58,676	58,676	60,035	60,000	58,116	60,000	60,000
Indiana	22,941	21,509	18,178	19,179	17,440	21,341	18,503	18,506	19,193	18,000	16,877
Iowa	22,020	22,000	29,300	27,000	31,510	27,000	26,416	34,594	33,000	37,000	33,600
Maine	63,190	61,641	63,471	64,985	70,043	70,043	75,000	76,000	83,000	77,754	85,680
Massachusetts	23,110	13,000	8,253	7,265	8,000	10,000	12,200	20,693	13,271	12,000	13,000
Michigan	205,772	202,368	180,340	214,874	225,921	253,093	256,267	270,266	292,407	287,708	357,033
Minnesota	194,339	191,838	192,926	205,049	216,928	216,621	233,433	270,000	274,913	277,650	282,153
Montana	14,500	14,500	11,300	18,099	18,572	19,100	20,252	20,328	14,361	21,000	22,653
Nebraska	902	767	828	1,182	1,392	1,392	1,354	2,000	1,382	1,075	1,075
New Hampshire	33,000	32,430	27,330	32,325	37,761	37,761	44,291	54,000	35,283	63,800	66,000
New York	46,324	51,239	51,723	54,755	62,110	62,110	82,600	102,000	110,000	117,000	126,041
North Dakota	10,893	8,200	9,200	9,849	10,393	14,284	13,095	17,819	16,201	21,600	17,470
Ohio	17,947	18,040	15,421	17,083	19,783	19,783	22,153	22,376	23,000	22,331	22,331
Oregon	9,533	9,675	10,078	11,114	11,635	11,169	11,648	12,000	13,426	16,035	17,093
Pennsylvania	43,000	39,449	42,354	34,976	35,300	35,300	39,658	45,000	43,000	41,800	39,400
South Dakota	3,200	4,028	3,480	4,662	4,983	8,500	4,464	19,628	12,536	11,618	10,000
Utah	12,706	14,034	9,683	13,436	20,550	19,920	22,363	25,706	24,498	23,000	22,543
Vermont	33,961	32,762	31,515	26,337	27,021	35,996	32,000	32,600	26,736	42,213	32,500
Virginia	na	na	na	na	na	na	na	na	na	na	na
Washington	17,280	19,631	20,414	23,179	27,323	27,323	24,558	27,539	32,247	32,247	32,247
Wisconsin	151,000	155,632	156,062	164,941	178,624	179,000	180,216	200,000	202,216	210,469	223,665
Wyoming	14,683	14,506	14,208	17,398	17,205	17,000	17,253	18,461	18,964	18,571	18,571
TOTAL	**1,042,938**	**1,037,558**	**1,009,403**	**1,090,846**	**1,169,194**	**1,218,900**	**1,276,538**	**1,430,855**	**1,437,274**	**1,514,379**	**1,605,328**

**Registration required by law beginning 1998.

6/12/00

International Snowmobile Manufacturers Association
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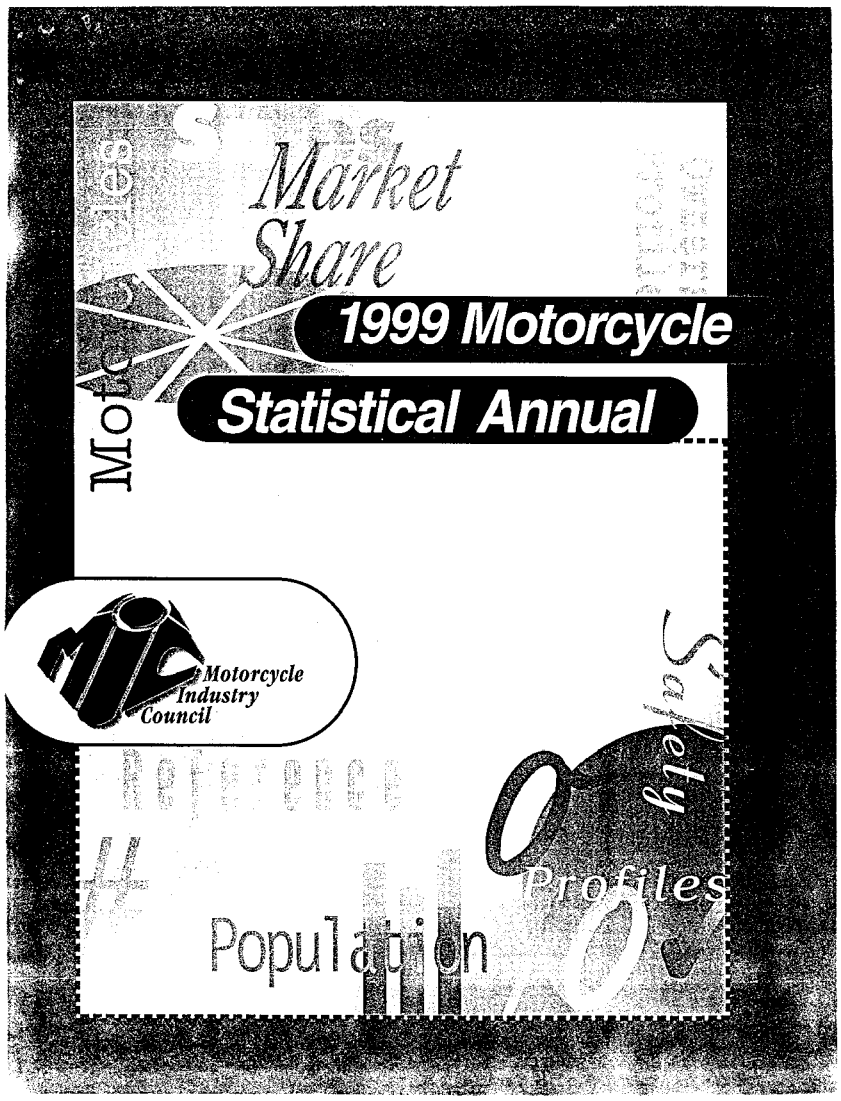
Web: www.snowmobile.org

SNOWMOBILE DEALERS PER STATE/PROVINCE

STATE	# OF DEALERS	PROVINCE	# OF DEALERS
Alaska	40	Alberta	109
Arizona	6	British Columbia	98
California	25	Labrador	1
Colorado	56	Manitoba	73
Connecticut	17	New Brunswick	34
Florida	1	Newfoundland	48
Iowa	44	Nova Scotia	27
Idaho	55	Northwest Territory	40
Illinois	48	Ontario	322
Indiana	27	Prince Edward Island	8
Kansas	1	Quebec	297
Massachusetts	31	Saskatchewan	64
Maryland	2	Yukon Territory	5
Maine	67	**TOTAL**	**1,127**
Michigan	172		
Minnesota	176		
Montana	53		
North Dakota	40		
Nebraska	12		
New Hampshire	38		
New Jersey	7		
New Mexico	8		
Nevada	12		
New York	152		
Ohio	35		
Oregon	28		
Pennsylvania	87		
Rhode Island	4		
South Dakota	16		
Utah	42		
Virginia	1		
Vermont	38		
Washington	55		
Wisconsin	154		
West Virginia	1		
Wyoming	34		
TOTAL	**1,585**	**Combined Total**	**2,712**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About the Motorcycle Industry Council

The Motorcycle Industry Council (MIC) is a nonprofit, national trade association created to represent the motorcycle industry. While the MIC name originated in 1970, the association has existed under other names since 1914. In addition to the Executive Office in Irvine, California, the MIC maintains a Government Relations Office in the Washington, D.C. area.

The purpose of the MIC is to preserve and promote motorcycling and the motorcycle industry. This is accomplished through activities in government relations, statistics, communications, technical and aftermarket programs.

Discover Today's Motorcycling, a program of the Motorcycle Industry Council, provides a better understanding of the world of motorcycling among the general public and media.

More than 290 members represent manufacturers and distributors of motorcycles, scooters, parts and accessories, and members of allied trades, such as publishing companies, advertising agencies, insurance companies and consultants. While dealers, clubs and individuals are not eligible for membership, the MIC works with these groups on issues of mutual interest.

For more information, please contact the Motorcycle Industry Council:

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Population

Motorcycle Population

Estimated Population and Penetration by State and Region: 1998

State	Total Est. Motorcycle Population	MOTORCYCLES			Penetration Per 100 Population
		On-Highway	Dual	Off-Highway	
Alabama	82,700	54,200	8,800	19,700	1.9
Alaska	21,800	12,700	4,000	5,100	3.5
Arizona	111,500	78,500	12,600	20,400	2.4
Arkansas	57,300	39,200	7,400	10,700	2.3
California	854,500	582,800	96,700	175,100	2.7
Colorado	139,100	82,900	16,000	39,200	3.6
Connecticut	97,200	77,500	5,500	14,100	3.0
Delaware	15,700	13,600	900	3,200	2.7
DC	5,000	3,800	700	500	0.9
Florida	357,600	277,400	29,700	59,900	2.4
Georgia	164,700	112,700	12,800	39,200	2.2
Hawaii	N/A	N/A	N/A	N/A	N/A
Idaho	49,300	17,800	11,600	19,900	4.1
Illinois	300,200	250,200	16,700	33,300	2.5
Indiana	176,500	143,600	8,100	24,900	3.0
Iowa	82,800	67,000	5,700	10,100	2.9
Kansas	54,100	41,000	4,900	8,200	2.1
Kentucky	68,900	43,700	4,700	20,500	1.8
Louisiana	73,100	53,500	4,600	15,000	1.7
Maine	40,400	32,000	3,400	5,000	3.3
Maryland	119,600	90,300	8,300	21,000	2.3
Massachusetts	148,300	120,000	7,400	20,900	2.4
Michigan	266,700	193,500	20,000	53,200	2.7
Minnesota	145,300	115,800	10,800	18,700	3.1
Mississippi	38,200	25,600	3,400	9,000	1.4
Missouri	101,500	74,000	6,900	20,600	1.9
Montana	30,400	15,300	5,500	9,600	3.5
Nebraska	27,800	20,900	2,200	4,700	1.7
Nevada	56,400	33,400	7,200	15,800	3.4
New Hampshire	66,800	55,800	3,800	7,200	5.7
New Jersey	193,900	151,000	13,100	29,700	2.4
New Mexico	48,700	31,900	6,900	9,900	2.6
New York	336,600	270,900	28,200	37,500	1.9
North Carolina	208,100	152,000	12,200	43,600	2.8
North Dakota	16,900	12,600	1,900	2,400	2.6
Ohio	300,400	229,800	16,200	54,400	2.7
Oklahoma	76,400	53,100	8,900	14,400	2.3
Oregon	92,600	51,300	12,500	28,800	2.9
Pennsylvania	300,300	221,000	23,600	55,700	2.5
Rhode Island	23,600	19,200	1,300	3,100	2.4
South Carolina	85,200	64,700	5,100	15,400	2.4
South Dakota	22,800	17,600	2,000	3,200	3.1
Tennessee	114,400	72,600	9,400	25,400	2.1
Texas	355,800	265,800	28,400	61,600	1.9
[illegible]	53,800	37,000	10,000	16,600	2.6
[illegible]	17,800	13,900	1,400	2,900	3.0
[illegible]	147,500	112,900	11,400	23,800	2.2
[illegible]	151,900	93,300	23,200	44,800	2.9
[illegible]	44,300	26,700	4,700	12,900	2.4
[illegible]	178,200	152,400	11,300	15,200	3.5
[illegible]	19,400	11,500	2,900	5,200	4.0
	6,570,000	4,809,000	505,000	1,156,000	2.5

There were 2.5 motorcycles in use for every 100 persons living in the U.S. in 1998.

California, Florida, Texas, New York, and Ohio represented over one-third (34%) of the motorcycles in use in 1998.

East
1,412,400
Motorcycles
2.4 Vehicles per 100 persons.

Midwest
1,674,200
Motorcycles
2.7 Vehicles per 100 persons.

South
1,533,300
Motorcycles
2.1 Vehicles per 100 persons.

West
1,649,300
Motorcycles
2.8 Vehicles per 100 persons.

The South had the highest motorcycle population in 1998 with 28% of the total motorcycles in use.

The West showed the highest motorcycle penetration, at 2.8 vehicles per 100 persons.

Note:
On-highway vehicles includes and includes mopeds with or without pedals; Off-Highway excludes snowmobiles, motorcycles, and includes ATVs.

Source:
1998 Estimated Motorcycle Population, Motor-Cycle, Inc., Irvine, California.

Estimates of the Resident Population of States, U.S. Department of Commerce, Bureau of the Cen.

Retail Sales/Economic Value

Value of the Retail Marketplace: 1998

State	Est. Economic Value of the Retail Marketplace ($000's)	Estimated Retail Sales of New Motorcycles Units	Estimated Retail Sales of New Motorcycles ($000's)
Alabama	$ 163,990	5,940	$ 42,860
Alaska	60,320	1,490	11,400
Arizona	246,360	8,070	64,300
Arkansas	114,850	3,800	26,300
California	1,303,570	45,720	365,000
Colorado	262,450	10,620	85,560
Connecticut	210,610	6,380	54,970
Delaware	59,740	1,280	11,290
Dist. of Col.	9,000	220	1,700
Florida	678,840	23,700	194,800
Georgia	263,500	11,530	85,900
Hawaii	N/A	N/A	N/A
Idaho	107,140	3,290	20,250
Illinois	570,310	18,310	167,100
Indiana	306,720	12,490	98,150
Iowa	182,180	5,290	47,550
Kansas	126,860	3,440	29,050
Kentucky	163,100	5,340	37,350
Louisiana	192,720	6,290	50,300
Maine	100,000	2,170	18,900
Maryland	234,180	7,340	61,120
Massachusetts	251,530	9,140	82,000
Michigan	512,970	18,930	150,300
Minnesota	266,750	9,560	86,960
Mississippi	94,020	3,000	21,530
Missouri	224,900	7,170	58,700
Montana	75,560	1,850	14,280
Nebraska	97,090	1,930	18,350
Nevada	128,870	3,990	29,510
New Hampshire	158,200	4,490	41,290
New Jersey	326,030	12,050	104,300
New Mexico	112,500	3,110	25,760
New York	572,010	19,080	167,600
North Carolina	379,070	15,780	121,300
North Dakota	52,330	1,080	9,890
Ohio	616,150	21,060	180,500
Oklahoma	156,170	5,150	41,280
Oregon	199,930	7,200	52,180
Pennsylvania	611,950	21,130	179,300
Rhode Island	63,280	1,360	11,960
South Carolina	204,560	6,950	53,390
South Dakota	76,140	1,510	14,390
Tennessee	231,110	7,820	60,320
Texas	679,790	23,550	195,100
Utah	143,360	4,590	32,830
Vermont	45,450	1,020	8,590
Virginia	252,090	9,870	82,180
Washington	240,430	10,480	78,380
West Virginia	98,870	3,040	22,640
Wisconsin	369,480	12,090	118,200
Wyoming	53,970	1,310	10,200
U.S. Total	**$12,653,000**	**432,000**	**$3,547,000**

In 1998, the motorcycle industry generated an estimated $12.7 billion in consumer sales and services, state taxes, and licensing, of which $3.55 billion or 28.0%, is attributed to retail sales of new motorcycles.

The economic value of the retail marketplace includes retail sales of motorcycles (new and used), parts and accessories, dealer servicing, product advertising, vehicle financing charges, insurance premiums, dealer personnel salaries, state sales and dealer personal income taxes, and vehicle registration fees.

In addition, major contributions to the economic value of the industry are made in personnel salaries, product advertising, corporate and personal income taxes, etc., by the manufacturers and distributors of new motorcycles, parts and accessories, and the trades allied to the industry.

Note:
On-highway includes scooters and excludes mopeds.
Off-highway includes competition motorcycles, and excludes ATVs.

Source:
1998 MIC Retail Sales Report
Motorcycle Industry Council, Inc., Irvine, California, January, 1999.
1998 Motorcycle Retail Outlet Audit.
Motorcycle Industry Council, Inc., Irvine, California, August, 1998.
1998 Motorcycle Retail Outlet Profile Survey.
Motorcycle Industry Council, Inc., Irvine, California, November, 1999.

Profiles
Motorcycle Retail Outlets

In 1999, 13,833 retail outlets sold motorcycles and related products in the U.S.

These retail outlets employed an estimated 101,069 employees at an annual payroll of $2.4 billion.

In 1999, 38% of the retail outlets were franchised to sell new motorcycles, scooters or all-terrain vehicles (ATVs).

About three-fifths (62%) of the 1999 retail outlets specialized in motorcycle related parts, accessories, riding apparel, used vehicles or service, but were not franchised to sell new motorcycles, scooters or ATVs.

Retail Outlets by State: 1999

State	1999 Franchised Motorcycle Retail Outlets			1999 Non-Franchised Motorcycle Retail Outlets			1999 Total Motorcycle Retail Outlets		
	No. of Outlets	No. of Employees	Employee Payroll ($000's)	No. of Outlets	No. of Employees	Employee Payroll ($000's)	No. of Outlets	No. of Employees	Employee Payroll ($000's)
Alabama	91	1,347	$ 41,695	89	258	$ 4,250	180	1,605	$ 45,945
Alaska	61	744	18,688	19	86	2,001	80	830	20,689
Arizona	67	817	20,526	143	644	15,059	210	1,461	35,585
Arkansas	102	1,510	46,735	96	278	4,584	198	1,788	51,319
California	327	3,989	100,179	857	3,857	90,247	1,184	7,846	190,426
Colorado	97	1,183	29,717	157	707	16,533	254	1,890	46,250
Connecticut	38	475	11,947	91	373	7,104	129	848	19,051
Delaware	6	75	1,886	21	86	1,639	27	161	3,525
Dist. of Col.	0	0	0	1	4	78	1	4	78
Florida	169	2,501	77,434	431	1,250	20,582	600	3,751	98,016
Georgia	124	1,835	56,815	154	447	7,354	278	2,282	64,169
Hawaii	10	122	3,064	42	189	4,423	52	311	7,487
Idaho	79	964	24,202	51	230	5,371	130	1,194	29,573
Illinois	208	2,704	62,479	343	1,098	16,553	551	3,802	79,032
Indiana	119	1,547	35,745	313	1,002	15,105	432	2,549	50,850
Iowa	105	1,365	31,540	146	467	7,046	251	1,832	38,586
Kansas	76	988	22,829	85	272	4,102	161	1,260	26,931
Kentucky	99	1,465	45,361	135	392	6,447	234	1,857	51,808
Louisiana	95	1,406	43,528	90	261	4,298	185	1,667	47,826
Maine	78	975	24,523	59	242	4,606	137	1,217	29,129
Maryland	43	538	13,519	122	500	9,524	165	1,038	23,043
Mass.	67	838	21,065	156	640	12,179	223	1,478	33,244
Michigan	236	3,068	70,890	300	960	14,478	536	4,028	85,368
Minnesota	236	3,068	70,890	193	618	9,314	429	3,686	80,204
Mississippi	82	1,214	37,571	67	194	3,200	149	1,408	40,771
Missouri	124	1,612	37,247	182	582	8,783	306	2,194	46,030
Montana	70	854	21,445	46	207	4,844	116	1,061	26,289
Nebraska	65	845	19,525	41	131	1,979	106	976	21,504
Nevada	33	403	10,110	59	266	6,213	92	669	16,323
New Hamp.	55	688	17,292	89	365	6,948	144	1,053	24,240
New Jersey	71	888	22,323	225	923	17,565	296	1,811	39,888
New Mexico	42	512	12,867	65	293	6,845	107	805	19,712
New York	268	3,350	84,260	495	2,030	38,644	763	5,380	122,904
N. Carolina	152	2,250	69,545	216	626	10,315	368	2,876	79,960
N. Dakota	65	845	19,525	22	70	1,062	87	915	20,587
Ohio	185	2,405	55,570	592	1,894	28,570	777	4,299	84,140
Oklahoma	72	1,066	32,990	86	249	4,107	158	1,315	37,097
Oregon	86	1,049	26,347	133	599	14,006	219	1,648	40,353
Penn.	242	3,025	76,086	494	2,025	38,566	736	5,050	114,652
Rhode Isl.	8	100	2,515	30	123	2,342	38	223	4,857
S. Carolina	65	962	29,782	126	365	6,017	191	1,327	35,799
S. Dakota	44	572	13,217	40	128	1,930	84	700	15,147
Tennessee	112	1,658	51,317	208	603	9,933	320	2,261	61,250
Texas	277	4,100	126,918	453	1,314	21,633	730	5,414	148,551
Utah	72	878	22,056	50	225	5,265	122	1,103	27,323
Vermont	41	513	12,891	27	111	2,108	68	624	14,999
Virginia	100	1,480	45,819	132	383	6,304	232	1,863	52,123
Washington	98	1,196	30,023	151	680	15,901	249	1,876	45,924
West Virginia	55	688	17,292	93	381	7,260	148	1,069	24,552
Wisconsin	235	3,055	70,589	275	880	13,271	510	3,935	83,860
Wyoming	55	671	16,850	35	158	3,686	90	829	20,536
U.S. Total	**5,307**	**70,403**	**$ 1,857,331**	**8,526**	**30,666**	**$570,174**	**13,833**	**101,069**	**$ 2,427,505**

Note:
A franchised motorcycle outlet is defined as a motorcycle retail outlet franchised to sell new motorcycles, scooters or all-terrain vehicles (ATVs). A non-franchised motorcycle outlet is defined as a motorcycle retail outlet specializing in the sale of either motorcycle related parts, accessories, riding apparel, used vehicles or service, but not franchised to sell new motorcycles, scooters or ATVs. Because of differences in list sources, direct comparisons should not be made between the number of outlets each year.

Source:
1999 Motorcycle Retail Outlet Audit, Motorcycle Industry Council, Inc., Irvine, California, August 1999.
1999 Motorcycle Retail Outlet Profile Survey, Motorcycle Industry Council, Inc., Irvine, California, November 1999.

Profiles

Motorcycle Retail Outlet Profile

1998 Retail Sales Volume by U.S. Motorcycle Outlets

	Franchised M/C Outlets ($000's)	% of Total	Non-Franchised M/C Outlets ($000's)	% of Total	All Motorcycle Outlets ($000's)	% of Total
New Motorcycles	$3,547,000	57.6%	$ 0	0.0%	$3,547,000	44.1%
Used Motorcycles	923,700	15.0%	354,300	18.8%	1,278,000	15.9%
Parts, Accessories & Riding Apparel	1,243,900	20.2%	1,253,200	66.5%	2,497,100	31.0%
Service Labor	344,900	5.6%	273,300	14.5%	618,200	7.7%
Other Motorcycle Related Sales	98,500	1.6%	3,800	0.2%	102,300	1.3%
Total Motorcycle Related Sales	**$6,158,000**	**100.0%**	**$ 1,884,600**	**100.0%**	**$8,042,600**	**100.0%**

Note: Comparisons cannot be made with prior or subsequent years due to revisions in new vehicle sales estimates and differences in dealer sources. ATV related sales are not included.

1998 Motorcycle Retail Outlet Profile Survey

	Average Franchised Motorcycle Outlet	Average Non-Franchised Motorcycle Outlet
Total Motorcycle Related Sales and Services	$1,522,400	$254,500
New Vehicle Sales	840,100	N/A
Used Vehicle Sales	281,600	48,100
Parts, Accessories & Riding Apparel	294,800	169,100
Service Labor	82,100	36,800
Other Related Sales	23,800	500
Number of Employees	13.2	3.6
Full-Time	11.2	2.5
Part-Time	2.0	1.1
Employee Payroll (Including owner's and mgr's salary and advances)	$ 351,300	$ 68,100
Years At Same Location (Under current & previous ownership)	17	13
Years Under Current Ownership (Whether or not at this location)	17	14
Advertising & Promotional Expenditures	$ 20,500	$ 1,000

Note: *Represents average distribution of sales by all non-franchised outlets combined and may not be typical of individual motorcycle parts, accessory or service outlets. ATV related sales are not included. See page 7 for outlet definitions.*

Source: *1998 Motorcycle Retail Outlet Audit, Motorcycle Industry Council, Inc., Irvine, California, August 1998.*
1999 Motorcycle Retail Outlet Profile Survey, Motorcycle Industry Council, Inc., Irvine, California, November 1999.

In 1998 there were $8.0 billion in retail sales generated by all franchised and non-franchised motorcycle retail outlets.

Sales by franchised outlets accounted for $6.1 billion of the total retail sales volume, compared to $1.9 billion for non-franchised outlets.

At $3.5 billion, sales of new motorcycles represented nearly half (44%) of total retail sales in 1998.

From the 1999 Retail Outlet Profile Survey, the estimated average motorcycle related sales and services for a franchised motorcycle outlet was $1,522,400 compared to $254,500 for a non-franchised outlet.

Franchised motorcycle outlets had been in business at the same location in 1998 for an average of 17 years. Non-franchised outlets had been at the same location an average of 13 years.

Profiles

Motorcycle Owner Profile

The 6.57 million motorcycles in use in 1998 were owned by approximately 5.70 million motorcycle owners.

Consumer research showed the average motorcycle owner was 38 years old, with a median household income of $44,250 in 1998.

In 1998, 92% of owners were male. Over half (59%) of motorcycle owners were married and 49% had achieved some college or post graduate education.

Of the owners employed in 1998, over one half (54%) held professional, managerial, technical, mechanic or craftsman positions.

Source:
1980 Survey of Motorcycle Ownership and Usage, conducted for the Motorcycle Industry Council by Burke Marketing Research, Inc., Cincinnati, Ohio, April 1981.
1985 Survey of Motorcycle Ownership and Usage, conducted for the Motorcycle Industry Council by Burke Marketing Research, Inc., Cincinnati, Ohio, February 1986.
1990 Survey of Motorcycle Ownership and Usage, conducted for the Motorcycle Industry Council by Burke Marketing Research, Inc., Cincinnati, Ohio, February 1991.
1998 Motorcycle Owner Survey, conducted for the Motorcycle Industry Council by Irwin Broh & Associates, Des Plaines, IL, October 1998.

Owner Profile by Age, Marital Status, Education, Occupation and Income: 1980-1998

	% OF TOTAL OWNERS			
	1998	1990	1985	1980
Age				
Under 18	4.1%	8.3%	14.9%	24.6%
18 - 24	10.6%	15.5%	20.7%	24.3%
25 - 29	10.9%	17.1%	18.7%	14.2%
30 - 34	11.5%	16.4%	13.8%	10.2%
35 - 39	16.0%	14.3%	8.7%	8.8%
40 - 49	24.6%	16.3%	13.2%	9.4%
50 and over	19.1%	10.1%	8.1%	5.7%
Not Stated	3.2%	2.0%	1.9%	2.8%
Median Age	38.0 yrs.	32.0 yrs.	27.1 yrs.	24.0 yrs.
Mean Age	38.1 yrs.	33.1 yrs.	28.5 yrs.	26.9 yrs.
Household Income for Prior Year				
Under $10,000	2.3%	3.4%	10.9%	9.1%
$10,000 - $14,999	2.3%	4.4%	9.3%	13.0%
$15,000 - $19,999	4.7%	7.8%	11.6%	13.9%
$20,000 - $24,999	6.1%	10.8%	8.4%	12.9%
$25,000 - $34,999	13.3%	21.4%	18.3%	12.5%
$35,000 - $49,999	19.1%	19.6%	14.4%	5.9%
$50,000 and Over	33.2%	19.9%	6.1%	2.4%
Don't Know	19.0%	12.7%	21.0%	30.3%
Median	$44,250	$33,100	$25,600	$17,500
Marital Status				
Single	40.0%	41.1%	47.6%	51.7%
Married	58.8%	56.6%	50.3%	44.3%
Not Stated	1.2%	2.3%	2.1%	4.0%
Highest Level of Education				
Grade School	3.3%	5.9%	7.5%	13.5%
Some High School	9.6%	9.5%	15.3%	18.9%
High School Graduate	36.0%	39.4%	36.5%	34.6%
Some College/Technical	26.5%	25.2%	21.6%	17.6%
College Graduate	16.0%	12.4%	12.2%	9.2%
Post Graduate	6.9%	5.2%	5.2%	3.1%
Not Stated	1.7%	2.4%	1.7%	3.1%
Occupation of Owner				
Professional/Technical	31.3%	20.3%	19.0%	18.8%
Mechanic/Craftsman	15.3%	13.1%	15.1%	23.3%
Laborer/Semi-Skilled	12.7%	24.1%	23.2%	20.7%
Manager/Proprietor	7.5%	9.3%	8.9%	8.6%
Service Worker	7.5%	6.6%	6.4%	7.1%
Clerical/Sales	3.6%	6.8%	7.8%	9.3%
Farmer/Farm Laborer	2.8%	2.1%	5.1%	4.6%
Military	2.6%	1.5%	1.6%	1.9%
Other	13.5%	13.1%	4.6%	0.0%
Not Stated	3.2%	3.1%	8.3%	5.7%

Note: Percentages based on owners employed.

Population # Motorcycle Usage

Motorcycle Usage by Model Type: 1998

OF THE 6.6 MILLION MOTORCYCLES IN USE, 5.1 MILLION MOTORCYCLES WERE USED ON PUBLIC ROADS AND HIGHWAYS, WHILE 2.0 MILLION WERE USED OFF-HIGHWAY.

	Total Vehicles	MODEL TYPE: On-Highway Motorcycles	Dual Motorcycles	Off-Highway Motorcycles
Total U.S. Motorcycle Population	6,570,000 (100%)	4,809,000 (100%)	565,000 (100%)	1,196,000 (100%)
Motorcycles Used On-Highway (% of Population)	5,069,600 (77%)	4,684,300 (97%)	265,500 (47%)	119,800 (10%)
Motorcycles Used Off-Highway (% of Population)	1,971,100 (30%)	341,700 (7%)	457,500 (81%)	1,171,900 (98%)

Motorcycle Usage by State: 1998

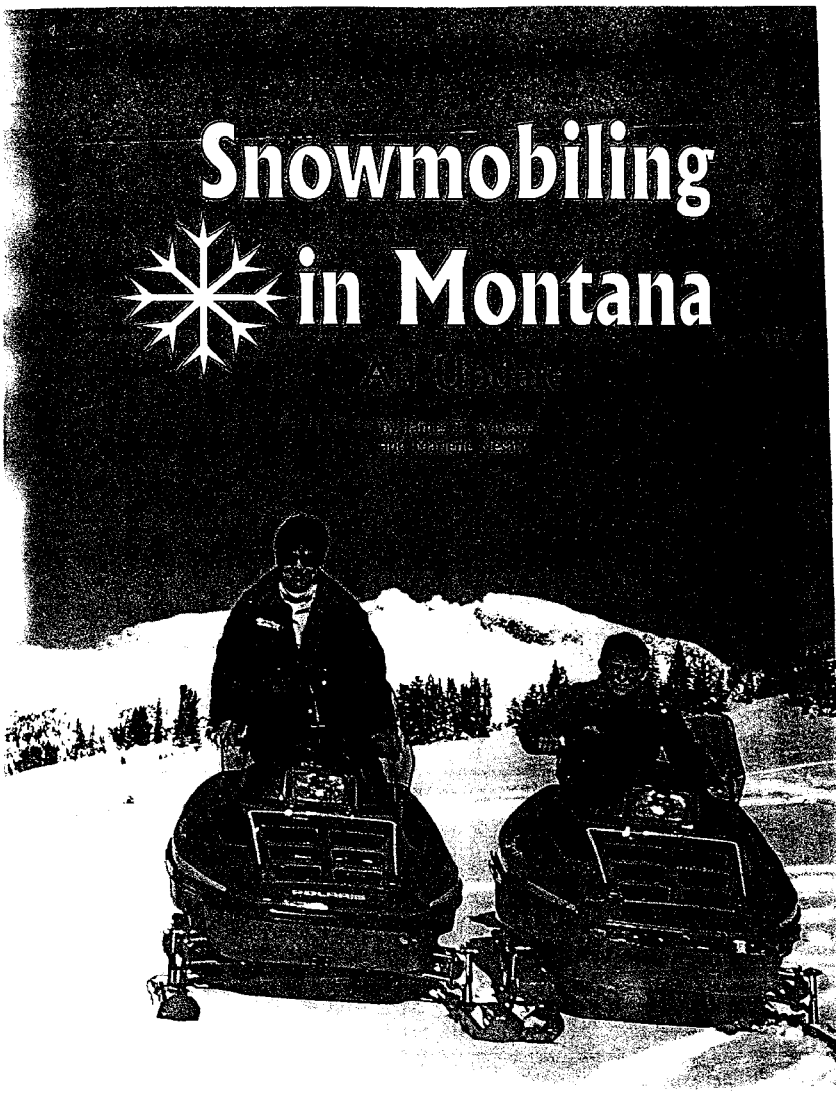
92% OF THE 5.1 MILLION MOTORCYCLES USED ON PUBLIC ROADS WERE ON-HIGHWAY MOTORCYCLES.

59% OF THE MOTORCYCLES USED OFF-HIGHWAY WERE OFF-HIGHWAY MOTORCYCLES, WHILE 23% WERE DUAL MOTORCYCLES.

State	Total Motorcycle Population	Motorcycles Used On-Highway (at some time)	Motorcycles Used Off-Highway (at some time)
Alabama	82,700	58,900	30,200
Alaska	21,800	14,800	9,100
Arizona	111,500	84,400	35,800
Arkansas	57,300	42,800	19,300
California	864,600	640,300	292,000
Colorado	139,100	101,000	49,200
Connecticut	97,200	79,500	23,800
Delaware	19,700	15,900	4,900
Dist. of Col.	5,000	4,100	1,400
Florida	357,000	289,200	92,700
Georgia	164,700	119,700	56,800
Hawaii	N/A	N/A	N/A
Idaho	49,300	24,800	30,200
Illinois	300,200	254,800	63,900
Indiana	176,600	146,200	41,200
Iowa	82,800	69,000	19,300
Kansas	54,100	43,000	14,900
Kentucky	68,900	46,900	27,000
Louisiana	73,100	55,800	22,200
Maine	40,400	33,300	10,000
Maryland	119,600	94,000	33,700
Massachusetts	148,300	122,500	35,000
Michigan	266,700	203,200	82,000
Minnesota	145,300	119,800	35,200
Mississippi	38,200	27,600	13,400
Missouri	101,500	77,400	31,100
Montana	30,400	18,500	15,000
Nebraska	27,800	21,900	7,900
Nevada	56,400	37,500	23,700
New Hampshire	66,800	55,800	14,200
New Jersey	193,800	156,300	50,400
New Mexico	48,700	35,300	17,600
New York	336,600	281,000	78,800
North Carolina	208,100	158,400	63,400
North Dakota	16,900	13,400	4,600
Ohio	300,400	236,800	82,700
Oklahoma	75,400	57,300	25,100
Oregon	92,600	58,800	41,900
Pennsylvania	300,300	232,000	89,400
Rhode Island	23,600	19,600	5,500
South Carolina	89,200	67,300	27,700
South Dakota	22,800	18,300	5,900
Tennessee	114,400	84,400	38,200
Texas	355,800	278,400	102,300
Utah	53,600	32,700	26,300
Vermont	17,800	14,100	4,900
Virginia	147,500	117,200	40,500
Washington	161,900	106,900	69,400
West Virginia	44,300	29,500	18,300
Wisconsin	178,900	155,200	34,900
Wyoming	19,400	13,100	8,000
Total	**6,570,000**	**5,069,600**	**1,971,100**

Note:
On-highway motorcycles include scooters and exclude mopeds with or without pedals. Off-highway motorcycles include competition motorcycles and exclude ATVs.

Source:
1998 Estimated Motorcycle Population, Motorcycle Industry Council, Inc., Irvine, California.


Snowmobiling
in Montana

Acknowledgements

This project was sponsored by the Montana Snowmobile Association, the Montana Department of Fish, Wildlife and Parks, the Montana Department of Commerce, and The University of Montana Institute for Travel and Tourism Research.

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Published by The University of Montana Bureau of Business and Economic Research.

Submitted for publication October, 1994

This report is available from:

Bureau of Business and Economic Research
School of Business Administration
The University of Montana
Missoula, Montana, 59812
(406) 243-5113

Snowmobiling in Montana

An Update

by James T. Sylvester
and Marlene Nesary

Our most recent research suggests that about 12 percent of the state's households include snowmobile recreationists. Nearly always, the whole family participates. With an average household size of about 2.5, perhaps as many as 95,000 Montanans participate in the sport each winter.

Virtually all winter visitors to Yellowstone, for instance, use snowmobiles. This is true in part because the park's internal roads are otherwise impassible to vehicles in winter. Perhaps more important, Yellowstone and environs have been successfully promoted as a world-class snowmobiling destination.

Our estimates suggest that nonresident snowmobilers spend about $40 million per year including food, lodging, and often, snowmobile rental costs. Resident snowmobilers have different spending patterns; we estimate they spend about $60 million per year. Resident and nonresident snowmobilers buy nearly 5 million gallons of gasoline per season. With a base tax of $.27 per gallon, we estimate that snowmobilers in Montana generate $1.3 million in revenue for the state highway trust fund.

In short, snowmobiling is a popular, revenue-generating winter recreation for Montana. It's popular with a solid share of households in the state, and increasingly popular with nonresident tourists.

Methodology

This project was sponsored by the Montana Fish, Wildlife, and Parks Department; the Montana Department of Commerce; and the Montana Snowmobile Association. Bureau staff conducted the research, using a three-pronged approach, described below.

1. Several questions regarding snowmobile ownership and use were appended to the Bureau's ongoing Montana Poll, and asked of a random sample of households in December 1993, and March and June, 1994. The results, averaged over the three polls, provide an overall estimate of snowmobile numbers in Montana, and of the proportion of Montana households participating in the sport.

2. From its records, the Montana Department of Justice generated a random sample of 500 registered snowmobile owners in the state. A questionnaire (Appendix 1) was mailed to these Montana snowmobile owners in January, 1994. Of these, 212 households returned usable surveys, providing the data base of snowmobile owner characteristics for state residents. Although these characteristics may not be representative of all resident snowmobilers, they do reflect a solid sample of those who register their snowmobiles.

3. Information on nonresident snowmobilers was

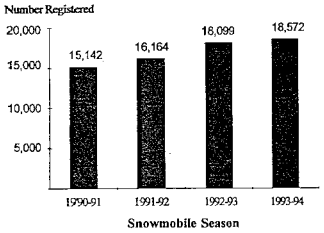
Snowmobile Update

Table 1
Number of Snowmobiles in Montana

Number of households		320,000
Proportion of households with snowmobiles	*times*	10.0%
Number of snowmobiles per household	*times*	1.7
Number of snowmobiles	*equals*	54,000

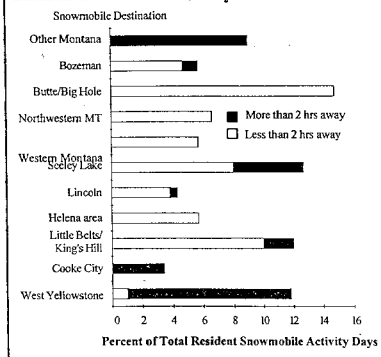
Sources: Bureau of Business and Economic Research, The University of Montana, Montana Poll; and U.S. Department of Commerce, Bureau of the Census.

Figure 1
Registered Snowmobiles, Montana



Source: Montana Department of Justice, Title and Registration Bureau.

Figure 2
Resident Snowmobile Activity



Source: Bureau of Business and Economic Research, The University of Montana.

gathered in another way. Between January and March of 1994, about 4,000 cards (Appendix 2) were distributed to out-of-state guests at lodging facilities near several major Montana snowmobile areas (primarily West Yellowstone, Cooke City, Seeley Lake, Lincoln). Of these 4000 cards, 360 were returned. The Bureau mailed questionnaires, and received back 153 usable surveys from nonresident snowmobilers. Though based on a relatively small sample, these responses were remarkably consistent among areas.

Assumptions

We used several basic assumptions to derive statewide impacts from our survey of Montana snowmobile activity. The following assumptions were applied to data from both resident and nonresident snowmobilers.

- Based on information from AAA Montana, we assumed an average gasoline price of $1.289 during the winter of 1993-94.

- Fuel usage depends on size and age of machines, but based on information from active snowmobilers, we assumed an average fuel consumption of 13 miles per gallon of gas.

- According to officials at Yellowstone National Park, about 70,000 visitors entered the Park from West Yellowstone between December, 1993 and March, 1994.

Other assumptions pertained to data analysis of impacts generated by resident snowmobilers only. Resident only assumptions include:

- According to a July 1, 1993 estimate by the U.S. Bureau of the Census, Montana has a total of 320,000 households with an average size of 2.5 persons each.

- About 10 percent of respondent households in recent Montana Polls said they owned one or more snowmobiles. The margin of error for this figure is plus or minus 5 percent.

- Again according to recent Montana Polls, snowmobiling households in Montana owned an average of 1.7 snowmobiles.

- During the 1993-94 season, slightly more Montana households participated in snowmobiling (12 percent) than owned snowmobiles (10 percent)—based on Montana Poll data.

- Based on questionnaires returned from Montanans, residents travel about 60 miles per activity day on their snowmobiles, and spend about $7.92 for snowmobile fuel.

Several important assumptions were made about nonresident patterns of snowmobile use and activity. All the following were derived from questionnaires returned by nonresident snowmobilers in Montana.

• Nonresident snowmobilers in Montana travel about 91 miles per activity day—more miles than residents because nonresidents tend to come for one purpose and want their monies' worth.

• Although they travel more miles, nonresidents spend less per day on fuel (about $6.42 on average) because gasoline costs are often covered in snowmobile rental packages.

• Nonresidents spend about 4.5 days per snowmobile vacation.

Snowmobile Numbers

One priority of this study was to estimate the total number of snowmobiles in Montana. This is somewhat problematic because anecdotal evidence from both within the state and from trail administrators in other states suggests that many snowmobiles in private hands are never registered. By utilizing Montana Poll responses on snowmobile ownership, we have arrived at an estimate of approximately 54,000 snowmobiles in Montana (Table 1).

Figure 1 shows the number of snowmobiles registered with the Montana Department of Justice, Title and Registration Bureau since 1990. Our estimate suggests about 66 percent of Montana snowmobiles are not registered. Many of these may not be actively used, used only on private lands where registration is not required, or they simply may not be complying with registration requirements.

Favorite Recreation Sites

Figure 2 shows state residents' favorite snowmobiling areas; the chart is based on survey data. In general, snowmobilers like to ride close to home. This is especially true for Montanans in western Montana living near major snowmobile centers like Lincoln or Seeley Lake.

Nonresident snowmobilers flock to West Yellowstone, an area with world class facilities and packaged tours. Our sample and results from the 1987-88 study suggest that over three-quarters of nonresidents snowmobiling in Montana spent time in or near West Yellowstone (Figure 3). Although these nonresidents spent about half their visit outside our state's boundaries, their economic impact was felt almost entirely in Montana because accommodations and services are here.

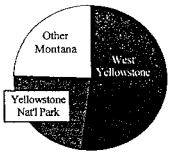
Dispersed snowmobiling occurs in the Big Hole Valley where nearby Idaho residents cross over; in and around Lookout Pass where Idaho and Washington state residents make day trips; and in northwestern Montana where Marias Pass and Eureka draw some limited Canadian visitation. Smaller numbers of nonresident snowmobilers also visit Cooke City, Lincoln, and Seeley Lake.

Activity Days

One measure of the sport's popularity and potential impact is the number of "activity days," a figure roughly defined by the estimated number of snowmobilers and their average number of outings per season. Keep in mind that snowmobiling is a dispersed outdoor activity, so precise counts are virtually impossible. However, we have derived an estimate.

Montana Poll data suggested that between 9 percent and 14 percent of state residents snowmobiled during the 1993-94 season. Among those who returned questionnaires, an average of 2.5 persons per household snowmobiled; the average number of outing days per season was 14.

Figure 3
Nonresident Snowmobile Destinations



Source: Bureau of Business and Economic Research, The University of Montana.

With, conservatively, 11 percent of Montana households participating in the sport and 2.5 enthusiasts per household, we estimate a total of about 1.23 million activity days per season for residents.

Calculations for nonresidents are more tenuous. We used the popular nonresident site, Yellowstone National Park, as a base, and more specifically, visitation through the West Gate.

About 70,000 visitors entered through the West Gate during the winter of 1992-93 (November through April), and 65,000 during 1993-94—a poor season overall for snow. On average, only about 2 percent of resident snowmobiling took place in Yellowstone Park. However, survey data tell us that about 25 percent of all nonresident snowmobile activity took place in the park. Using these proportions, we arrive at a total of 185,000 activity days for nonresident snowmobilers in Montana during the 1993-94 season.

Thus, combined resident and nonresident snowmobile activity days amounted to 1.42 million during Montana's 1993-94 winter season. By comparison, downhill ski areas counted only about 1 million activity days total for residents and nonresidents alike for the 1993-94 season.

Expenditures

We estimated snowmobile-related spending for both residents and nonresidents in our survey of the 1993-94 season. However, our major interest here is nonresident expenditures because they are part of Montana's increasingly important nonresident tourism industry. Like other basic industries, nonresident tourism brings new dollars into the state economy.

Our estimates for total activity days provided the basis for estimating expenditures per day. We used spending per day, rather than per outing, because outings generally take only one day (for residents), or occupy several days (for nonresidents using package deals). We also calculated gasoline usage estimates on a per day basis, even though for nonresidents gasoline may be part of a package price.

Snowmobile Update

Table 2
Average Daily Expenditures by Snowmobilers in Montana by Major Category, 1993-1994
(Dollars)

	Nonresident		Resident	
	Mean	Median	Mean	Median
Gas for snowmobiles	6.42	3.30	7.95	7.50
Gas for transportation	7.13	2.32	10.99	7.50
Lodging	45.50	31.46	9.80	0.00
Eating & drinking	31.27	23.54	12.31	7.08
Food, grocery, and convenience stores	6.61	3.33	5.21	2.75
Entertainment and recreation places	4.20	0.00	1.68	0.00
Snowmobile dealers	33.60	5.99	12.15	0.00
Other retail	11.07	5.00	5.86	0.00
Other expenditures	25.42	0.00	0.00	0.00
Total daily expenditures	140.60	125.00	53.95	25.00

Totals do not add because some questionnaires did not separate expenditures.
Median is that point where half are above and half below. In most expenditure categories, over half the resident respondents did not spend any money.

Source: Bureau of Business and Economic Research, The University of Montana.

Table 2 shows that the total mean expenditure for nonresidents was $140.60 per activity day. Table 3 breaks down total seasonal nonresident expenditures for each category. Daily personal expenditures included consumables such as food and lodging, while household expenditures included items used repeatedly over the course of a season (safety equipment, clothing).

Note that nonresident snowmobilers spent over $25 million in Montana during the 1993-94 season for daily personal expenses. Almost $8.5 million of this went for lodging, and another $5.8 million was spent in Montana restaurants and bars. They also spent another $15 million on items not directly connected to their trip.

On the other hand, residents typically don't incur lodging costs and spend less on eating and drinking, and other expenses. A majority of residents don't make expenditures in several of

Montana's Snowmobile Program

The program is aimed at providing and maintaining facilities for Montana's snowmobiling public. Promoting snowmobile safety and education are other goals of the program.

History - In 1977, two laws were passed which greatly enhanced Montana's Snowmobile Program. First, existing legislation was amended and expanded to permit use of snowmobile decal fees for snowmobile facility development, operation, maintenance, and enforcement.

Second, the Legislature set aside three-tenths of 1 percent of Montana's "distributors' gasoline tax" for development, operation and maintenance of public snowmobile facilities and for promoting snowmobile safety and education. In 1993, the percentage of the state's gasoline tax set aside was increased to 23/64 of 1 percent.

What Can It Do? - Examples of eligible operation and maintenance projects are trail grooming and plowing of roads and parking areas. Eligible development projects include clearing and marking trails and construction of snowmobile unloading areas with parking, shelters and sanitary facilities.

Funds earmarked for safety and education can be used for snowmobile safety instruction, the purchase of warning signs for groomed snowmobile trails, production of maps detailing trail systems, and publications discussing laws, safety tips, and safety equipment.

Funding - Approximately $462,000 will be available annually. Of this, about $402,000 will be available for operation, maintenance and development and approximately $60,000 will be available for enforcement, safety, and education.

Table 3
Nonresident Snowmobile Expenditures in Montana by Category, 1993-94

Gas for snowmobiles	$1,187,191
Gas for transportation	1,318,485
Lodging	8,413,893
Eating & drinking places	5,782,471
Food, grocery, and convenience stores	1,237,120
Entertainment and recreation stores	778,516
Other retail	2,047,072
Travel packages	4,700,685
Total daily personal expenditures	25,465,433
Safety equipment	1,262,440
Snowmobile clothing	2,882,711
Snowmobile dealers and repairs	6,213,336
Snowmobile club dues	174,311
Other snowmobile expenses	4,649,552
Total household expenditures	15,184,350
Total nonresident expenditures	$40,649,783

Source: The University of Montana Bureau of Business and Economic Research.

the spending categories. As table 3 shows, residents median expenditures were about $25.00 per day some 20 percent of the comparable figure for nonresidents.

The impact of snowmobile related spending can also be understood in terms of jobs and income. Approximately 25 percent of the nonresident spending becomes direct labor income for Montanans—income earned by people who work in lodging places, eating and drinking establishments, and other businesses that service tourists. The remaining percentage is spent on items that must be imported into Montana for sale such as film, groceries and clothing.

Overall, we estimate that nonresident snowmobilers generate over $10 million per year in labor income for Montanans—or about 750 full- and part-time jobs.

What is It Doing? - Over 3,200 miles of trails are now being groomed annually. Roads and parking areas are being maintained each winter to allow use by the snowmobiling public. Specific information as to the whereabouts of trails and parking areas can be obtained from local snowmobile clubs and snowmobile dealers or from the Montana Snowmobile Guide available at all Fish, Wildlife and Parks offices.

In an attempt to educate all snowmobilers, a statewide safety education program is offered. The home study safety manual, Snowmobile Safety and You, is available from any Fish, Wildlife and Parks office or snowmobile club safety officer. Additionally, brochures offering safety tips and listing snowmobile laws and regulations are provided. Films and videos concerning safe snowmobiling, avalanche awareness, and winter survival are available for viewing.

How Does It Work? - In Montana, the Department of Fish, Wildlife and Parks is responsible for administering the Montana Snowmobile Program.

Applications for grooming funds must be initiated or supported by a local snowmobile club. Support from land managing agencies, such as the U.S. Forest Service and the Bureau of Land Management, should also be obtained.

For more information contact:

Montana Department of Fish, Wildlife and Parks
Parks Division
Attention: Snowmobile Program Coordinator
1420 E. 6th Avenue
Helena, Montana 59620
Phone: (406) 444-4585 or

Snowmobile Update

Table 4
Gallons of Gasoline Consumption by Snowmobiles in Montana, 1993-94

Resident gasoline usage	
Estimates based on mileage	
Miles per year per machine	2,447,000
Miles per day	3,496,000
Estimates based on expenditures	
Gasoline per day	4,645,000
Gasoline per year per machine	4,850,000
Gasoline consumed by resident snowmobiles	3,859,000
Nonresident gasoline useage	
Estimate based on miles per day	1,296,000
Estimate based on expenditures per day	921,000
Gasoline consumed by nonresident snowmobiles	1,108,000
Total gasoline consumed by snowmobiles in Montana	4,967,000

Source: Bureau of Business and Economic Research, The University of Montana.

Table 5
Comparison of 1988 and 1994 Studies

	1987-88	1993-94
Nonresident comparisons		
Total number of visits to destination	1	2
Number of days at destination	4	5
Number of days snowmobiling	3	4
Number of nonresident activity days	108,000	185,000
Average daily expenditure per person (1994 $)	$132.84	$140.60
Median daily expenditure per person (1994 $)	$93.67	$125.00
Total expenditures (1994 dollars)	$19,418,000	$40,650,000
Labor income (1994 dollars)	$4,854,500	$10,162,250
Number of full- and part-time jobs	349	750

Source: Bureau of Business and Economic Research, The University of Montana.

Table 6
Snowmobiler Characteristics

Family Profile	Resident	Nonresident
Household income (percent)		
Less than $25,000	13.6	5.6
$25,000-$34,999	25.7	4.3
$35,000-$49,999	27.7	20.6
$50,000 or more	33.0	69.5
Median age of all snowmobilers	35.0	39.5
Males	36.0	41.0
Females	35.0	37.5
Gender of snowmobilers (percent)		
Males	57.3	46.7
Females	42.7	53.3

Source: Bureau of Business and Economic Research, The University of Montana.

Gas Usage

Gasoline usage estimates are important because they suggest tax amounts being paid into the state highway trust fund by snowmobilers. Under current legislation a portion of these revenues are returned to snowmobilers through the trail grooming program.

We used several items on the questionnaire to estimate and verify gas usage. One question asked respondents to estimate total miles snowmobiled during the 1993-94 season. Another part of the survey asked for estimated yearly and daily expenditures for gasoline. From these separate and individual estimates, we developed a combined average. Table 4 and Appendix 3 show the gasoline usage estimates for residents and nonresidents, and for the total consumed by snowmobiles in Montana. At nearly 5 million gallons and $.27 per gallon in tax, snowmobile recreationists contribute an estimated $1.3 million to Montana's highway trust fund per year.

A Growing Sport?

We wanted some estimate of the change, if any, in snowmobiling's popularity and impact over the past several years. We reanalyzed data from the 1987-88 survey, converting "per outing" to "per day expenditures" so we could compare the change over time.

Table 5 shows the change. Nonresident snowmobile activity increased by more than 70 percent over the period, from about 108,000 nonresident activity days in 1987-88 to 185,000 in 1993-94.

Given the rise in activity days, it's not surprising that nonresident spending also grew substantially. Even when adjusted for inflation, nonresident expenditures more than doubled, from about $19.4 million in 1987-88 to $40.6 million in 1993-94.

Snowmobilers' Characteristics and Motives

Table 6 compares resident and nonresident snowmobilers according to a few key characteristics. Note that almost 70 percent of nonresidents report household incomes of $50,000 or more, while only about a third of resident snowmobilers have incomes that high.

Montana snowmobilers in general are slightly younger than nonresident enthusiasts. Residents and nonresidents also differ in the kind of excursions they take. Table 7 shows that residents tend to ride fewer miles per activity day and spend less time on groomed trails. It may be that most of these differences reflect nonresidents on vacation vs. residents out for the day.

What draws snowmobilers to their sport? Our surveys explored that question in some detail, with some interesting results. Nearly all respondents agreed that having fun was a prime motivator. Also, similar proportions of resident and nonresident snowmobilers cited the adventure and excitement of exploring new places.

However, survey data also revealed some clear motivational differences between resident and nonresident snowmobilers. For instance, nonresidents placed more importance on the experience of being in nature and learning more about it. Residents were more likely to value the physical challenges and whole family possibilities of the sport, and the access to areas otherwise unavailable. (See Table 8.)

Wish List

Residents and nonresidents also differed when asked to rate the importance of various snowmobile facilities, enhancements, and regulatory controls of the sport in Montana. As Table 9 shows, nonresidents were far more interested than residents in additional snowmobile-related signage, including roadside directions to sites, trail markers, and nature interpretations. Most nonresidents also wished for heated shelters and outhouses. Residents, on the whole, placed much less emphasis on such facilities and enhancements. About equal proportions in each group wanted plowed parking areas and snowmobile ramps.

The two groups differed markedly in the importance each placed on regulatory and safety factors. A much greater share of nonresidents than residents wanted emergency help available at snowmobile sites, law enforcement, user fees, and limited entry.

In short, nonresidents seem more worried about safety and overcrowding, and are much more likely to accept certain controls on the sport. Residents, on the other hand, seem to want unregulated access, and are more willing to accept undeveloped sites.

Key Issues

Our survey also offered a space for respondents to write in what they thought was the most important issue facing snowmobilers. Nonresidents cited safety factors more frequently than any other category, about 32 percent. Only about 18 percent of residents thought safety a key issue. (See Table 10.) Nonresidents were also much more likely to be concerned about environmental impacts, while residents mostly worried about access to snowmobiling areas.

Overall, differences in resident and nonresident responses to this open-ended question seem to echo differences found elsewhere in the survey. That is, nonresident snowmobilers as a group seem more interested in and concerned about their sport's impact on and relation to the natural world, and more willing to accept some limits on their activity for the sake of safety or conservation. Residents as a group are widely concerned about access, and much less receptive to regulations, limits, and controls—for safety or any other reason.

In summary, snowmobiling is a significant sport in the state and has significant economic impacts. According to our data, it exceeds downhill skiing in terms of activity days per season—if not necessarily in total economic impact, given the different spending patterns for each sport.

We estimate that nonresident snowmobilers spent over $40

Table 7
A Typical Montana Snowmobile Outing

	Residents	Nonresidents
Total times visited destination	10	2
Group description		
Average number in group	5	6
Average number from household	2.5	2.5
How long		
Days at destination	1	5
Days snowmobiling	1	4
Average number of miles per day	60	91
Amount of time on groomed trails	43%	80%
Amount of time on private land	10%	18%

Source: Bureau of Business and Economic Research, The University of Montana.

Table 8
Important Reasons for Snowmobiling (Percentage of Respondents)

	Resident Snowmobilers	Nonresident Snowmobilers
Scenery and nature		
To observe the scenic beauty	81.5	87.7
So I can take in some natural surroundings	68.7	84.2
To enjoy the smells and sounds of nature	57.2	55.9
To understand the natural world better	21.1	30.3
To learn more about nature	22.6	33.8
Solitude		
To get away from other people	41.5	37.7
For the solitude and privacy	38.4	45.1
So my mind can move at a slower pace	18.9	24.6
Friends and family		
So I can be with friends	55.9	56.3
So I can do things with my family	73.4	66.7
Physical activity		
To develop my skills and ability	31.8	22.7
To help me keep in shape	38.0	19.7
To improve my physical health	36.5	22.4
So I can become better at it	32.5	29.1
Adventure		
For the challenge	49.2	42.1
For the adventure	73.9	74.0
To have fun	96.0	93.8
For the excitement	72.9	69.4
To explore new places	78.1	78.3
To access areas I can no longer travel to	57.8	41.8

Source: Bureau of Business and Economic Research, The University of Montana.

Table 9
Factors and Facilities Desirable to Snowmobilers

	Resident Snowmobilers	Nonresident Snowmobilers
Facilities		
Plowed parking areas	47.5	50.7
Road sign directions to snowmobile trails	50.0	83.1
Snowmobile loading ramps	17.3	19.7
Heated shelters at the parking areas	8.4	25.4
Groomed trails	53.7	85.3
Nature intrepretation along the trails	12.1	45.4
Trail markers and signs	68.7	87.3
Trail maps	71.3	94.4
Long trails	69.0	78.6
Loop trails	63.2	82.1
Shelters along trails	26.1	55.6
Outhouses along trails	27.5	63.6
Outhouses at parking area/trailhead	58.2	77.1
Regulation		
Rider certification	19.3	32.6
Emergency help	29.5	48.9
Law enforcement on trails	7.5	33.8
Limits on number of people	5.4	28.6
Entry permits to use an area	2.0	23.9
Volunteer assistants	24.0	38.7
Encouraging large groups	11.2	7.9
Discourage large groups	8.4	28.4
User fees for groomed trails	10.0	30.5

Source: Bureau of Business and Economic Research, The University of Montana.

million in Montana during the 1993-94 winter season. In addition, residents spend about $60 million during the same period.

We estimate that snowmobilers (resident and nonresident alike) paid about $1.3 million directly into the highway trust fund during the 1993-94 season via gasoline taxes. It's worth remembering, as policy makers and others eye this revenue stream, that residents and nonresident snowmobilers differ markedly in some ways—income profile, spending patterns, concerns, and desires.❑

Table 10
The Most Important Issue Facing Snowmobiling?

	Residents	Nonresidents
Access to snowmobiling areas	43.2	11.2
Impact on the environment	4.7	15.7
Noise, smoke	2.8	3.9
Number of people	1.9	11.8
Safety	17.6	32.2
Personal responsibility	5.2	5.9
Machine power and speed	2.4	7.2
Safety	10.0	19.1
Facilities and fees	7.1	8.6
Other	8.0	8.6
Environmentalists	2.4	3.3
Regulations	3.3	3.3
Other	2.3	2.0
No response	19.4	23.7

Source: Bureau of Business and Economic Research, The University of Montana.

Appendix 3
Gasoline Consumption by Snowmobiles in Montana

Resident gasoline usage			
Estimates based on mileage			
Miles per year per machine			
Number of snowmobiles owned by Montanans		54,000	
Number of miles per year per snowmobile	times	589	
Miles per gallon	divided by	13	
Number of gallons	equals		2,447,000
Miles per day			
Number of snowmobiles owned by Montanans		54,000	
Number of miles per day per snowmobile	times	60.12	
Number of days snowmobiled per year	times	14	
Miles per gallon	divided by	13	
Number of gallons	equals		3,496,000
Estimates based on expenditures			
Gasoline per day			
Number of snowmobiles owned by Montanans		54,000	
Number of days snowmobiled per year	times	14	
Expenditure for gasoline per day	times	$7.92	
Average cost per gallon	divided by	$1.289	
Number of gallons	equals		4,645,000
Gasoline per year per machine			
Number of snowmobiles owned by Montanans		54,000	
Expenditures for gasoline per year	times	$115.77	
Average cost per gallon	divided by	$1.289	
Number of gallons	equals		4,850,000
Gasoline consumed by resident snowmobiles (average of four methods)			3,859,000
Nonresident gasoline useage			
Estimate based on miles per day			
Number of nonresident snowmobile activity days		185,000	
Number of miles per day per snowmobile	times	91	
Miles per gallon	divided by	13	
Number of gallons	equals		1,296,000
Estimate based on expenditures per day			
Number of nonresident snowmobile activity days		185,000	
Expenditure for gasoline per day	times	$6.42	
Average cost per gallon	divided by	$1.289	
Number of gallons	equals		921,000
Gasoline consumed by nonresident snowmobiles (average of two methods)			1,108,000
Total gasoline consumed by snowmobiles in Montana			4,967,000

Source: Bureau of Business and Economic Research, The University of Montana, survey data.

The expenditures of nonresident snowmobilers are part of Montana's travel industry and a component of Montana's economic base. Nonresident snowmobilers spent over $40 million during the 1993-1994 snowmobile season and accounted for about 750 jobs.

Nonresident snowmobile activity increased nearly 75 percent between 1987 and 1994. Expenditures, labor income, and employment related to nonresident snowmobile activity more than doubled during the same period.

Nonresident Snowmobile Expenditures in Montana by Category
1993-1994

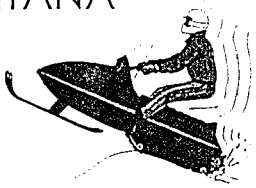
Gas for snowmobiles	$1,187,191
Gas for transportation	1,318,465
Lodging	8,413,893
Eating & drinking places	5,782,471
Food, grocery and convenience stores	1,237,120
Entertainment and recreation stores	778,516
Other retail	2,047,072
Travel packages	4,700,685
Total daily personal expenditures	$25,465,433
Safety equipment	$1,262,440
Snowmobile clothing	2,862,711
Snowmobile dealers and repairs	6,213,336
Snowmobile clubs dues	174,311
Other snowmobile expenses	4,649,552
Total household snowmobile expenditures	15,184,350
Total nonresident expenditures	$40,649,783

Source: The University of Montana Bureau of Business and Economic Research.

Nonresident Snowmobiler Comparison
1987-1988 and 1993-1994 Snowmobile Studies

	1987-88	1993-94
Total number of visits to destination	1	2
Number of days at destination	4	5
Number of days snowmobiling	3	4
Number of nonresident activity days	108,000	185,000
Average daily expenditure per person (1994 dollars)	$132.84	$140.60
Median daily expenditure per person (1994 dollars)	$93.67	$125.00
Total expenditures (1994 dollars)	$19,418,000	$40,649,000
Labor income (1994 dollars)	$ 4,854,500	$10,162,250
Number of full- and part-time jobs	349	750

SNOWMOBILING IN MONTANA



Prepared for

The Montana Snowmobile Association

The Montana Department of Fish, Wildlife and Parks

The Institute for Tourism and Recreation Research
The University of Montana

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September 1994

Snowmobiling in Montana

The popularity of snowmobiling in Montana is evidenced by the flurry and buzz of snowmobiles on trails across Montana. The Bureau of Business and Economic Research conducted a survey of resident and nonresident snowmobilers to obtain information about their activities and expenditures. This survey revealed the following:

Montana Snowmobile Numbers

Number of households		320,000
Proportion of households with snowmobiles	*times*	10%
Number of snowmobiles per household	*times*	1.7
Number of snowmobiles	*equals*	**54,000**
Snowmobiles registered in Montana during 1993-1994		18,572
Number of activity days per season per person		14
Number of activity days by Montanans during 1993-1994 season		**1,230,000**
Total gasoline consumed by snowmobiles in Montana		**4,967,000**
Gasoline consumed by resident snowmobiles		3,859,000
Gasoline consumed by nonresident snowmobiles		1,108,000
Gasoline taxes paid by snowmobilers in Montana ($0.27 per gallon)		**$1,341,000**
By resident snowmobilers		1,042,000
By nonresident snowmobilers		299,000
Resident expenditures		**$62,522,000**
Trip expenditures		30,750,000
Yearly expenditures on equipment		31,772,000

Profile of Montana Snowmobilers

	Resident	Nonresident
Household income (percent)		
Less than $25,000	13.6	5.6
$25,000-$34,999	25.7	4.3
$35,000- $49,999	27.7	20.6
$50,000 or more	33.0	69.5
Median age of all snowmobilers	35.0	39.5
Males	36.0	41.0
Females	35.0	37.5
Gender of snowmobilers (percent)		
Males	57.3	46.7
Females	42.7	53.3

Nonresident snowmobilers were relatively young, with above-average incomes.

Resident snowmobilers were more likely to be male.

A Typical Montana Snowmobile Outing
(Averages)

	Residents	Nonresidents
Total times visited destination	10	2
Group description		
Average number in group	5	6
Average number from household	2	2
How long		
Days at destination	1	5
Days snowmobiling	1	4
Average number of miles per day	60	91
Amount of time on groomed trails	43%	80%
Amount of time on private land	10%	18%

Snowmobiling is an activity enjoyed with family and friends.

Nonresidents took multiday trips, 80 percent on groomed trails.

Residents tended to take one-day trips to areas near their homes.

Daily Expenditures by Snowmobilers in Montana by Major Category
1993-1994

(Dollars)

	Nonresident		Resident	
	Mean	Median	Mean	Median
Gas for snowmobiles	6.42	3.30	7.95	7.50
Gas for transportation	7.13	2.32	10.99	7.50
Lodging	45.50	31.46	9.80	0.00
Eating & drinking	31.27	23.54	12.31	7.08
Food, grocery and convenience stores	6.61	3.33	5.21	2.75
Entertainment and recreation places	4.20	0.00	1.68	0.00
Snowmobile dealers	33.60	5.99	12.15	0.00
Other retail	11.07	5.00	5.86	0.00
Other expenditures	25.42	0.00	0.00	0.00
Total daily expenditures	140.60	125.00	53.95	25.00

Totals do not add because some questionnaires did not separate expenditures
Median is that point where half are above and half below. In most expenditure categories, over half the resident respondents did not spend any money.

1993-95 Wyoming Snowmobile Assessment

Final Report to:

Wyoming Department of Commerce,
Division of State Parks and Historic Sites

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July 1995

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1993-94 WYOMING SNOWMOBILE ASSESSMENT

Introduction

Snowmobiling is an important part of the tourism and recreation industry in Wyoming. Based on information from the 1990 Wyoming State Comprehensive Outdoor Recreation Plan (SCORP) (Buchanan and Kamby, 1990) it is estimated that resident snowmobiling accounted for 286,587 trips in 1993. According to the SCORP, snowmobiling ranks as the third most popular winter recreation activity for State residents, after downhill and cross-country skiing. It is also an important part of the winter tourism industry in Wyoming, attracting thousands of visitors each year.

In Wyoming, the State Snowmobile Trails Program is administered by the Department of Commerce through the Division of State Parks and Historic Sites. The program is primarily self-supporting through funding from snowmobile registration fees and gasoline tax revenues. Most of the State-sponsored trail system is located on federal land, so State/Federal interagency cooperation is required for development and maintenance of the system. Operation and maintenance is provided through local contractors and part-time seasonal employees. State Park employees are responsible for administration and quality control.

This study has been developed at the request of the Wyoming Department of Commerce, Division of State Parks and Historic Sites. The purpose of the study is to provide the Wyoming Department of Commerce with accurate and up-to-date information on the snowmobiling industry in Wyoming. It includes a discussion of the demographic, trip, and economic characteristics of both resident and nonresident snowmobilers in the State. This study is an update of an earlier study conducted in 1985-86 (Buchanan, 1986).

Procedures

Study data was collected during the 1993-94 and 1994-95 snowmobiling seasons. A sample of resident snowmobilers was randomly selected from the 1993 list of snowmobilers purchasing Wyoming snowmobile registrations. During the 1993-94 season, information was collected through a mail survey questionnaire (See Appendix 1) following Dillman's Total Design Method (1978). A total of 1,000 questionnaires were sent to resident snowmobilers. Four hundred and thirty four resident snowmobilers responded representing a 43.4 percent response rate. The results from the resident snowmobiler survey are presented in the next section of the report.

Nonresident snowmobilers were sampled during both the 1993-94 and 1994-95 winter seasons. Wyoming snowmobile club members and State Park's personnel contacted nonresident snowmobilers at trailheads and lodges throughout the State during the two winter seasons. Information from a total of 158 nonresident snowmobilers was collected during the study. Estimates of the economic impact of nonresident snowmobilers, based on the results from the nonresident surveys, are presented in the third section of this report. The information on the economic impact of nonresident snowmobiling was developed using expenditure estimates from the nonresident survey and an input-output model of the State of Wyoming developed by the authors. Regional economic impacts from resident snowmobiler expenditures were not considered in the analysis since they often represent a redistribution of current income rather than a net gain in sales by the State's economy.

In addition to collecting nonresident snowmobiler names and addresses at the trailheads, snowmobile club members and State Parks personnel also conducted parking lot counts during the 1993-94 winter season. A total of 3,100 vehicles

were surveyed. This information was used to develop estimates of the percentage of resident and nonresident snowmobile use in Wyoming.

In the fourth section of this report, the revenues and costs of the snowmobile program to Wyoming State Government are considered. Revenues include estimated sales tax revenues directly or indirectly associated with annual and trip expenditures by nonresident snowmobilers. Also included are estimated gas tax revenues associated with gasoline purchases by nonresident snowmobilers and nonresident snowmobile registration fees. Estimates of sales tax revenue are from the State input-output model. Estimates of gas tax revenues are based on average fuel expenditures by nonresident snowmobilers. Nonresident snowmobile registrations were obtained from the Division of State Parks and Historic Sites. Revenues from resident snowmobilers are not considered in the analysis since they often represent a redistribution of existing revenues from other sources rather than a net gain to State Government.

Results from Resident Snowmobiler Survey

Table 1 indicates the distribution of snowmobile use days on the State Trails System reported by respondents to the resident snowmobiler survey. This distribution may have been affected by a lack of snow in certain areas during the 1993-94 season. The most frequently used areas tended to be near or adjacent to larger population concentrations in Wyoming (i.e. Snowy Range - Cheyenne/Laramie, Casper Mountain - Casper, and Dubois - Riverton/Lander).

Table 1. Distribution of Snowmobile Use by Trail Area

Trail Area	Number of Days	Percent
65 - Snowy Range	1.438	18.6%
94 - Casper	905	11.7%
62 - Dubois	781	10.1%
77 - Upper Green River	651	8.4%
59 - Northern Big Horns	564	7.3%
61 - Lander/South Pass	501	6.5%
57 - Tensleep/Buffalo	492	6.4%
69 - Encampment	469	6.1%
74 - Togwotee	376	4.9%
51 - Pahaska Tepee	290	3.7%
52 - Bear Tooth	278	3.6%
80 - Smith & Hams Fork	197	2.5%
64 - Moskee	187	2.4%
68 - Continental Divide	168	2.2%
73 - Goosewing	132	1.7%
75 - Granite Hot Springs	87	1.1%
70 - Alpine/Greys River	70	0.9%
63 - Sundance	67	0.9%
76 - Big Piney	59	0.8%
95 - Esterbrook	32	0.4%
Total	7,744	100.0%

Table 2 presents the total number of use days on the State Trails System for resident snowmobilers. About 8 percent of the respondents reported no snowmobile use on the State Trails System during the last 12 months. At the other extreme, nearly 10 percent reported more than 40 days. The average for residents was about 18 days during the last year.

Table 2. Snowmobiling Use Days on State Trails System

Number of Days	Percent
10 or less	44.8%
11 to 20	22.9%
21 to 30	12.8%
31 to 40	10.5%
More than 40	9.0%
Median	12.0 days
Mean	17.9 days
Standard Error	0.868 days

Table 3 indicates the number of total snowmobile use days on all trail systems for resident snowmobilers during the last 12 months. On average, a resident snowmobiler spent about 18 days on the State Trails System, 2 days in Yellowstone and Grand Teton National Parks, and 1.5 days outside Wyoming during the last year. Seventy percent of the respondents indicated they snowmobiled exclusively in Wyoming last year.

Table 3. Total Snowmobiling Use Days

Area	Days	Percent
State Trails System	17.9	83.6%
Yellowstone National Park	1.7	7.9%
Grand Teton National Park	0.3	1.4%
Outside Wyoming	1.5	7.0%
Total	21.4	100.0%

Table 4 presents the maximum one-way distance residents traveled from home during the last year to snowmobile. The table indicates 42 percent of residents tended to snowmobile fairly close to home (100 miles or less). Another 26 percent sometimes visited neighboring areas to snowmobile (101 miles to 200 miles). Finally, 32 percent were willing to travel longer distances to snowmobile (more than 200 miles).

Table 4. Maximum One-way Distance Traveled to Snowmobile

Distance	Percent
Less than 50 miles	21.1%
50 to 100 miles	21.3%
101 to 150 miles	12.3%
151 to 200 miles	13.7%
201 to 250 miles	10.4%
251 to 300 miles	8.4%
Over 300 miles	12.8%

Table 5 compares the proportion of resident snowmobiling occurring on weekends with that occurring on weekdays. The results indicate that while most snowmobiling is on weekends, there is also a substantial amount that occurs

during the week. Nearly 80 percent of the respondents indicated they had snowmobiled at least once during the week last year.

Table 5. Comparison of Weekend and Weekday Snowmobiling

Weekends	Percent
Median	90.0%
Mean	77.0%
Standard Error	1.3%
Weekdays	**Percent**
Mean	23.0%
Median	10.0%
Standard Error	1.3%

Table 6 indicates what resident snowmobilers felt were the most important requirements to improve snowmobiling in Wyoming, if additional funding was available. The most important requirement was "better trail maintenance". The second most important requirement was "additional new trail development". The third most important requirement was "better trail signing". "Better sanitation facilities" and "more open areas" were also frequently indicated as important.

Table 6. Most Important for Improving Snowmobiling in Wyoming

Item	Most Important	Second Most Important	Third Most Important
Better trail maintenance	37.9%	18.6%	11.0%
Additional new trail development	15.5%	19.5%	15.5%
More open areas	8.5%	12.5%	7.5%
Better trail signing	7.5%	12.3%	17.8%
Better trailheads and parking	6.6%	5.5%	7.8%
Fuel at more trailheads	6.4%	4.6%	7.3%
Better info on trail conditions	5.4%	8.4%	7.0%
Better sanitation facilities	4.0%	8.2%	13.0%
Better trail maps	3.5%	6.3%	7.3%
Improve law enforcement	2.6%	3.6%	4.0%
Other	2.1%	0.5%	1.8%

Table 7 shows the average resident household annual expenditures for equipment and other fixed cost items such as registration and club dues. The average per household was $4,230 per year. Nearly 80 percent of these expenditures were for snowmobiles. The expenditure figures represent averages

for both households who purchased equipment last year as well as those who did not. For example, the average expenditure for snowmobiles by residents who actually purchased snowmobiles last year was $5,500. However, when individuals who did not purchase snowmobiles last year are included, the average declines to $3,280 for all snowmobilers. Over 90 percent of annual resident expenditures for snowmobiling are made in Wyoming. The survey results indicate these expenditures represent the annual expenditures for 2.4 people.

Table 7. Average Resident Household Annual Expenditures for Snowmobiling

	Total Spent	Spent in Wyoming
Snowmobile	$3,280	$3,036
Trailer	$272	$246
Safety Equipment	$117	$103
Clothing	$166	$155
Repairs/Parts	$323	$296
Reg/Lic/Tax	$56	$56
Club Dues	$10	$10
Other	$5	$5
Total	$4,230	$3,909
Standard Error	$231	$221

Table 8 summarizes trip characteristics for a typical snowmobile trip by Wyoming residents. Respondents were asked to report trip information for their most recent snowmobile outing in Wyoming. Based on the mean estimates, the results indicate that, on average, there were 2.2 people per vehicle and slightly over 1 person per snowmobile. In almost all cases, the primary purpose of the trip was to snowmobile. About 50 percent of the trips were day trips and 50 percent were overnight trips of various lengths.

Table 8. Snowmobile Trip Characteristics

Size of Traveling Party	Median	Mean	Standard Error
Number of People	4.0	6.6	.425
Number of Passenger Vehicles	2.0	3.0	.239
Number of Snowmobiles	4.0	6.3	.442

Primary Purpose of the Trip	Percent
Snowmobiling	92.4%
Other	7.6%

Length of Trip	Median	Mean	Standard Error
Number of Nights Away From Home	1.0	1.4	.104
Number of Days Snowmobiling	2.0	2.4	.192

Table 9 shows the average daily trip expenditures for resident snowmobilers based on the respondents' last snowmobile trip in Wyoming. The average was $54.80 per person for all trips. As would be expected, the average for day trips was lower at $33.90 and the average for overnight trips was higher at $62.43. Overall, nearly 80 percent of the trip expenditures were for Eating/Drinking, Gas/Oil, and Lodging. Lodging expenditures are the lowest of the three because two-thirds of the respondents did not have a lodging expense for the trip. The $54.80 per person amount is very comparable to estimated resident expenditures of $53.95 in Montana (Sylvester and Nesary, 1994).

Table 9. Average Resident Per Person Daily Trip Expenditures

	All Trips	Day Trips	Overnight Trips
Lodging	$11.46	$0.00	$15.78
Eating/Drinking	$16.67	$11.57	$19.01
Grocery/Liquor	$6.20	$5.38	$6.70
Gas/Oil	$15.22	$14.43	$15.21
Retail Items	$3.77	$0.94	$4.46
Snowmobile Rental	$0.84	$1.39	$0.68
Snowmobile Tours	$0.00	$0.00	$0.00
Other	$0.64	$0.19	$0.60
Total	$54.80	$33.90	$62.43
Standard Error	$5.44	$3.74	$5.32

Table 10 presents an estimate of the total yearly resident expenditures on snowmobiling including both annual and trip expenditures. This estimate is based on information from a number of sources including: State snowmobile registration records, the resident snowmobile survey, 1993 population estimates from the U.S. Bureau of Census, and the 1990 Wyoming State Comprehensive Outdoor Recreation Plan. Of the $66.1 million in expenditures, about 60 percent were trip-related expenditures and 40 percent were equipment or other fixed cost items. Estimated annual expenditure for fixed cost items is conservative since it only considers registered snowmobile ownership. A recent study in Montana found that 66 percent of that state's snowmobiles were not registered (Sylvester and Nesary, 1994). There is anecdotal evidence that a substantial number of snowmobiles in Wyoming are also not registered. Many of these snowmobiles may not be actively used, used only on private lands, or simply may not be in compliance with registration requirements. The exact number of unregistered snowmobiles in Wyoming and the annual expenditures associated with these snowmobiles is unknown.

Table 10. Estimated Annual Total Resident Expenditures on Snowmobiling

Item	Amount	Source
Registered Snowmobile Households	6,722	(Snowmobile Registration)
Fixed Expenditures	X $4,230	(Snowmobile Survey)
Total Fixed Cost Expenditures	$28,434,060	(1)
Wyoming Population - 1993	470,000	(U.S. Census)
Snowmobile Participation Rate	X 10.3%	(SCORP)
Resident Snowmobile Riders	48,410	
Number of Trips Per Year	X 5.92	(SCORP)
Total Trips	286,587	
Days Per Trip	X 2.4	(Snowmobile Survey)
Resident Snowmobiling Days	687,809	
Expenditures Per Trip	X $54.80	(Snowmobile Survey)
Total Trip Expenditures	$37,691,933	(2)
Total Snowmobile Expenditures	$66,125,993	(1+2)

Economic Impact of Nonresident Snowmobilers

Nonresident snowmobilers are an important part of the winter tourism industry in Wyoming attracting thousands of visitors each year. Survey results indicate that the average nonresident snowmobiler spends a total of 8.7 days snowmobiling in Wyoming annually. The results also indicate that the 8.7 days in Wyoming were 44 percent of their total days snowmobiling for the year.

Table 11 shows the average annual nonresident expenditures for equipment and other fixed cost items. The average per household was $6,375 per year. Approximately 15 percent ($956) of these expenditures were made in Wyoming. On a per person basis, this amounts to $443 annually for nonresidents or $50.92 per use day. As indicated by the standard error, there was substantial variation in average annual expenditures by nonresidents in Wyoming. This variation occurs because 16 percent of nonresidents indicated that they purchased a snowmobile in Wyoming. For these individuals, the average annual expenditure in Wyoming was $4,876. For the other 84 percent who didn't purchase a snowmobile in Wyoming, the average annual expenditure in Wyoming was only $143.

Table 11. Average Annual Nonresident Expenditures for Snowmobiling

	Total Spent	Spent in Wyoming
Snowmobile	$4,876	$736
Trailer	$627	$31
Safety Equipment	$173	$23
Clothing	$274	$37
Repairs/Parts	$271	$84
Reg/Lic/Tax	$83	$9
Club Dues	$14	$1
Other	$58	$35
Total Per Household	$6,375	$956
Standard Error	$466	$222
Per Person in WY		$443
Per Use Day in WY		$50.92

Table 12 presents the average daily trip expenditure by nonresident snowmobilers in Wyoming. The average nonresident expenditures per use day is

$91.48. Over 95 percent of the snowmobile trips to Wyoming reported by nonresidents involved an overnight stay. Per person daily expenditures for nonresidents were nearly 1.5 times higher than overnight trips for residents ($91.48 vs $62.43).

Table 12. Average Nonresident Per Person Daily Trip Expenditures

	Amount
Lodging	$25.39
Eating/Drinking	$22.57
Grocery/Liquor	$4.86
Gas/Oil	$14.27
Retail Items	$6.28
Snowmobile Rental	$4.50
Snowmobile Tours	$12.01
Other	$1.60
Total	$91.48
Standard Error	$5.25

Table 13 presents an estimate of the total expenditures by nonresident snowmobilers in Wyoming. Based on the parking lot survey conducted by the snowmobile clubs and State Park personnel, it is estimated that nonresident snowmobilers accounted for 766,332 use days in Wyoming during the 1993-94 season. This represents over 50 percent of all snowmobile use in the State. This may be a conservative estimate since State Parks personnel report the percentage of use by nonresidents may actually be closer to 60 percent. Combining the estimate of total nonresident snowmobile use with the estimated per day nonresident expenditure indicates that nonresident snowmobilers spend in excess of $70.1 million on trip expenses in Wyoming annually.

Dividing total nonresident snowmobiling days by the average snowmobiling days per visitor indicates that Wyoming had 88,084 nonresident snowmobile visitors during the 1993-94 season. Combining the estimate of nonresident visitors with estimated nonresident annual expenditures indicates that nonresidents spent $39.0 million on equipment and other fixed expenditures in

Wyoming. The combined total for trip and annual expenditures is $109.1 million or $142.40 per nonresident snowmobiling day. The $142.40 figure is very comparable to the $140.60 estimate for nonresidents snowmobiling in Montana (Sylvester and Nesary, 1994).

Table 13. Estimated Total Nonresident Expenditures

Item	Amount	Source
Total Resident Trips	286,587	(SCORP)
Days/Trip	X 2.4	(Snowmobile Survey)
Resident Snowmobiling Days	687,809	
Resident Vehicles/Total Vehicles	/ 47.3%	(Parking Lot Survey)
Total Snowmobiling Days	1,454,141	
Nonresident Vehicle Parking Count	X 52.7%	(Parking Lot Survey)
Nonresident Snowmobiling Days	766,332	
Expenditures Per Day in WY	X $91.48	(Snowmobile Survey)
Total Trip Expenditures	$70,104,051	(1)
Nonresident Snowmobiling Days	766,332	
Average Days Per Nonresident	/ 8.7	(Snowmobile Survey)
Nonresident Snowmobile Visitors	88,084	
Fixed Expenditures in WY	X $443	
Total Fixed Cost Expenditures	$39,021,212	(2)
Total Snowmobile Expenditures	$109,125,263	(1+2)
Total Per Use Day	$142.40	

Table 14 presents an estimate of the total economic impact of nonresident trip expenditures on the Wyoming economy. This table considers the multiplier effect of nonresident expenditures resulting from the economic linkages between sectors of the Wyoming economy on both a per day and total basis. As shown in Table 14, the $142.40 of daily expenditure by nonresidents generates an additional $101.23 in economic activity in the State for a total per day economic impact of $243.63. Of this total, $52.04 represents earned income for Wyoming

residents. This earned income supports the equivalent of .003996 full-time jobs in the State or the equivalent of one full-time job for every 250 nonresident snowmobiler days. Finally, this economic activity generates $6.16 of sales tax collections in Wyoming. Table 14 also indicates the distribution of this economic activity among the various sectors of Wyoming's economy.

Table 14. Economic Impact of Nonresident Snowmobilers, Per Day and Total

Sectors	Total Direct	Indirect Induced	Total Impact	Employment Total FTE's	Personal Income	Sales Tax
Agriculture	0.00	0.65	0.65	0.000012	0.17	0.00
Ag Services	0.00	0.15	0.15	0.000004	0.05	0.00
Timber	0.00	0.05	0.05	0.000001	0.01	0.00
O&G Services	0.00	0.33	0.33	0.000003	0.09	0.00
Oil & Gas	0.00	3.19	3.19	0.000004	0.15	0.02
Coal	0.00	1.41	1.41	0.000004	0.20	0.01
Mining	0.00	0.37	0.37	0.000002	0.06	0.00
Construction	0.00	1.53	1.53	0.000016	0.34	0.01
Manufacturing	0.00	5.81	5.81	0.000018	0.42	0.03
Transport\Comm	0.00	4.48	4.48	0.000070	1.97	0.07
Utilities	0.00	5.31	5.31	0.000021	0.70	0.08
Trade	17.71	10.66	28.37	0.001034	12.42	3.46
Eat/Drk/Lodg	43.88	1.70	45.58	0.001724	15.21	1.82
F.I.R.E.	0.00	7.30	7.30	0.000058	3.54	0.01
Services	24.47	4.17	28.64	0.000893	9.59	0.54
Health	0.00	2.39	2.39	0.000044	1.01	0.04
Local Gvt	0.00	3.77	3.77	0.000090	1.53	0.07
Households	4.08	47.96	52.04	0.000000	4.58	0.00
Other F.P.	.53	0.00	0.53	0.000000	0.00	0.00
Imports	51.73	0.00	51.73	0.000000	0.00	0.00
Totals	142.40	101.23	243.63	0.003996	52.04	6.16

Estimated impacts from 766,332 snowmobiler days

Estimated total direct sales	(dollars)	109,125,677
Estimated total economic activity	(dollars)	189,418,859
Estimated total personal income	(dollars)	39,876,501
Estimated total employment	(FTE)	3,063
Estimated total sales tax	(dollars)	4,720,385

Multiplying the per day estimates of economic impact by the estimated total nonresident snowmobiling days indicates nonresident snowmobilers spend a total of $109 million in Wyoming which generates $189 million of economic activity in the State. This economic activity results in $40 million in personal income and supports the equivalent of 3,063 full-time jobs for residents. In addition, this

economic activity generates a total of $4.7 million in sales tax revenues in Wyoming.

Revenues and Costs to State Government

In Wyoming, the State Snowmobile Trails Program is administered by the Department of Commerce through the Division of State Parks and Historic Sites. The program is primarily self-supporting through funding from snowmobile registration fees and gasoline tax revenues. Operation and maintenance is provided through local contractors and part-time employees. State Park employees are responsible for administration and quality control. The biennium budget for the snowmobile program is $852,000 or $426,000 per year. This expenditure is used to support snowmobiling in Wyoming by both residents and nonresidents.

As shown in Table 15, three types of Wyoming State Government revenues were considered in the analysis including: 1) gas tax revenues associated with nonresident snowmobiler gas purchases, 2) nonresident snowmobile registration fees and 3) sales tax revenues associated with nonresident snowmobiler expenditures. Only revenues associated with nonresident snowmobilers were considered in the analysis since these revenue are clearly new income for State Government. Revenues associated with resident snowmobiling would represent a net gain only to the extent that these expenditures would be made outside the state without the snowmobiling program.

Appendix Table 1 summarizes the assumptions and calculations used to estimate State gas tax revenues. Based on these assumptions, it is estimated that nonresident snowmobiling generated $274,000 of gas tax revenues for the State. Information from snowmobile registrations indicates that 1,078 nonresident snowmobiles were registered in Wyoming in 1993-94. While nonresident snowmobilers are not legally required to register their snowmobiles in Wyoming,

some do in order to support the State Trails Program. Since one dollar of the registration fee ($15.00 per snowmobile) is returned to the establishment where the registration is purchased, the net revenue to State Government is $14.00. Based on this information, the estimated total revenues from nonresident snowmobile registrations was $15,000.

In Table 14, expenditures by nonresident snowmobilers generated an estimated $4.7 million of total sales tax revenues annually in Wyoming. Since State Government retains 72.0 percent of total sales tax revenues, the net revenue to the State is $3.4 million. Total State Government revenue from nonresident snowmobilers is an estimated $3.7 million.

Comparison of revenues to costs indicates a revenue-cost ratio of 8.66 for the State Snowmobile Trails Program. This indicates that the snowmobiling program generates over $8.60 of State revenues from nonresident snowmobilers for each $1.00 of State expenditures on the snowmobile program. In addition to revenue generation, the snowmobile program provides considerable benefits to state residents who snowmobile.

Table 15. Estimated Revenues and Costs of Snowmobile Trails Program

Revenues:		
Nonresident Gas Tax Revenue	$274,494	(Appendix Table 1)
Nonresident Snowmobile Registration (1,078 snowmobiles @ $14.00)	$15,092	(Snowmobile Parks)
Nonresident Sales Tax Revenue ($4,720,385 X 72.0%)	$3,398,677	(Table 14)
Total Revenue	$3,688,263	
Costs:		
Annual Program Costs	$426,000	
Revenue-Cost Ratio:	8.66	

Summary and Conclusions

The results of this study indicate that resident snowmobilers spend, on average, about 18 days annually on the State Trails System. This represents over 80 percent of their total annual snowmobile use days for the year. Total snowmobiling by residents is estimated to have been 687,809 days in 1993. Resident snowmobilers felt that, if funding were available, the greatest needs for the improvement of snowmobiling in Wyoming were: 1) Better Trail Maintenance, 2) Additional New Trail Development, and 3) Better Trail Signing.

The average annual fixed cost expenditures by resident snowmobilers was $4,230 per household. Over 90 percent of these expenditures were made in Wyoming. The average resident daily trip expenditure was $54.80 per snowmobiler. The average expenditure for day trips was $33.90 per day and the average for overnight trips was $62.43 per day. The estimated annual total resident expenditure on snowmobiling was $66.1 million. This total includes both total annual fixed cost expenditures and total trip expenditures.

Total nonresident snowmobiling is estimated to have been 766,332 days during the 1993-94 winter season. This represents over 50 percent of total snowmobile use in Wyoming. The average expenditure for nonresidents was $142.40 per use day. Total annual expenditures by nonresidents are estimated to have been $109.1 million. This total includes both total annual fixed expenditures and total trip expenditures. With the multiplier effect, the expenditures by nonresident snowmobilers generated 189.4 million of economic activity in the State, created $39.9 million in earned income for State residents, and supported the equivalent of 3,063 full-time jobs. This economic activity also generated a total of $4.7 million in sales tax revenue in Wyoming.

From a State Government perspective, the Snowmobile Trails Program generate a total of $3.7 million in State revenue at an annual cost of $426,000. Comparing revenues to costs indicates that the snowmobile program generates over $8.60 of State revenue from nonresidents for every $1.00 of State expenditures for the program. In addition to revenue generation, the snowmobile program provides considerable benefits to state residents who snowmobile.

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Appendix Table 1. Calculation of Nonresident Gas Tax Revenue

Assumptions:

* Price Per Gallon of Gas = $1.50
* Price Per Quart of Oil = $3.00
* Ratio of Oil to Gas = 3 Quarts of Oil/30 Gallons of Gas
* Gas Tax Per Gallon of Gas = $0.08
* State's Share of Gas Tax Revenue = 56.5%

Calculations:

Nonresident Snowmobiling Days	766,332
Gas & Oil Expenditure Per Day	X $14.27
Total Gas & Oil Expenditure	$10,935,558
Percent Gas Expenditure	X 83.3%
Total Gas Expenditure	$9,109,320
Price Per Gallon of Gas	/ $1.50
Gallons of Gas	6,072,880
Gas Tax Per Gallon	X $0.08
Total Gas Tax Revenue	$485,830
State's Share of Revenue	X 56.5%
State Gas Tax Revenue	$274,494

Testimony before the

Committee on Small Business
Subcommittee on Rural Enterprises, Business Opportunities,
and Special Small Business Problems

U.S House of Representatives

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July 11, 2000

Testimony of Laura Skaer, Executive Director
of the Northwest Mining Association

before the

Committee on Small Business,
Subcommittee on Rural Enterprises, Business Opportunities,
and Special Small Business Problems

U.S. House of Representatives

I. Introduction

The Northwest Mining Association (NWMA) is a 105-year-old, non-profit, non-partisan trade association based in Spokane, Washington with a membership base of 2,500. NWMA's purpose is to support and advance the mineral resource and related industries. We do this by both representing and informing our members on technical, legislative and regulatory issues, and by disseminating educational materials related to mining. NWMA is committed to fostering sustainable economic opportunities and promoting environmentally responsible mining.

NWMA members reside in 42 states and are actively involved in exploration and mining operations on U. S. Forest Service (USFS) administered lands, especially in the West. Our diverse membership includes every facet of the mining industry including geology, exploration, mining, engineering, equipment manufacturing, technical services, and sales of equipment and supplies. NWMA's broad membership represents a true cross-section of the American mining community from small miners and exploration geologists to full-scale mining companies. We boast the highest individual membership of any mining association in the U. S., with more than 90% of our members being small businesses or working for small businesses.

The public lands, including National Forest Service lands, provide a major source of domestic mineral production, and allow the U.S. to be less dependent on uncertain foreign sources of raw materials. Mining on federal lands provides the nation's highest-paid, non-supervisory wage jobs. These jobs are one of the cornerstones of western rural economies and are the foundation for the creation of much non-mining service and support businesses found on or near federal lands in the West.

Mining on these federal lands provides substantial local and state tax revenues for infrastructure and services, as well as federal tax revenues. This is because development of fuel and non-fuel minerals creates new wealth, which is distributed throughout the U.S. economy and society.

II. The Proposed Rule on Roadless Areas Conservation Must be Considered in Context with Other Recent and Concurrent Rulemaking Initiatives

In recent months, President Clinton and the USFS have announced numerous major rulemaking initiatives and large-scale planned amendments, in addition to the Proposed Rule on Roadless Areas. These include efforts to revise forest planning regulations, the development of a national road management policy, a new policy on watershed approaches to land management, together with regional planning efforts for the Interior Columbia Basin and the Sierra Nevadas. Each one of these new initiatives is, in itself, damaging to small businesses and the economic health of rural communities. Taken together, the impact is devastating and will result in the demise of numerous small businesses and untold hardships on rural, resource-dependent communities.

It is our position that these rulemakings are merely subparts of a single, major federal action led by the USFS. Our view is strongly supported by the unprecedented degree of linkage and overlap among the various proposals. Ironically, Mike Dombeck, Chief of the Forest Service, shares our view. In a letter dated June 30, 2000 to USFS employees, he stated, "Both the roads and roadless proposals dovetail with the proposed planning rules ...," and, "These proposals and policies are reflected in our Strategic Plan and flow directly from the Forest Service Natural Resource Agenda." (This letter is attached to this testimony as Exhibit 1).

Thus, It is our contention that the USFS has purposely divided this very significant action into several parts to avoid its legal responsibilities under the National Environmental Policy Act (NEPA) and the Regulatory Flexibility Act (RFA)/Small Business Regulatory Enforcement Fairness Act (SBREFA). By separating what is, *de facto*, a single action into subparts and then refusing to properly document the resultant cumulative impacts in an adequately prepared Draft Environmental Impact Statement (DEIS), the USFS has made it impossible for the public to provide meaningful comments on either the overall proposal or any portion thereof. If the USFS proceeds to take final action under any of the referenced proposals without analyzing adequately the impacts on small entities, NWMA is prepared to challenge the final rule in court.

Throughout the Initial Regulatory Flexibility Analysis (IRFA) for the Proposed Rule, the Cost-Benefit Analysis and the Draft Environmental Impact Statement, references are made to the other recent or concurrent rulemaking initiatives described above. Again, the USFS is acknowledging the inter-relation of these initiatives and their cumulative impact.

III. The Regulatory Flexibility Act Applies to the Proposed Rule

It is interesting to note that in each of the rulemaking initiatives mentioned above, the USFS has taken the position that either the RFA does not apply "Because the proposed rule does not directly regulate small entities," or that the Forest Service is engaged in planning – not regulating, or that the proposed rule will not have a significant economic impact on a substantial number of

small entities. It appears that the USFS has spent its time thinking of reasons why they do not have to comply with the RFA rather than honestly analyzing the impacts of their proposed rules on small entities. This very attitude raises serious questions about the USFS's ability, or desire, to make a good-faith effort to inform the public about potential adverse impacts on small entities. It also is apparent from examining the IRFA that the USFS made little or no effort to identify less harmful alternatives.

The USFS either does not understand the requirements of the RFA and SBREFA, or is consciously ignoring those requirements. This is not surprising. The original RFA exempted an agency from these requirements if the agency certified that the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities. Note that this was the exception, not the rule. However, Congress found that many agencies simply ignored the RFA by relying on the certification of "no significant economic impact" in order to avoid a full regulatory flexibility analysis. Since agency compliance with the RFA was not judicially reviewable, agencies could not be held accountable for their non-compliance with the statute.

As a result, recognizing widespread agency indifference, Congress amended the RFA by enacting SBREFA in 1996. SBREFA requires agencies to provide a statement of the factual basis for a certification of "no significant economic impact." It is clear that Congress intended that the factual basis requirement would provide a record upon which a court may review the agency's actions. Thus, an analysis is required in order to provide a factual basis. The judicial review provisions of the RFA now include review by a court of the certification by the head of an agency that the final rule will not, if promulgated, have a significant impact on a substantial number of small entities. SBREFA also provides for judicial review of an agency's final decision under the RFA.

The RFA requires federal agencies to prepare and publish a regulatory flexibility analysis "whenever an agency is required by Section 553 of this title, or any other law, to publish general notice of proposed rulemaking for any proposed rule, ..." As mentioned above, the only exception the RFA provides to this general rule is where an agency head certifies that a proposed rule will not have a significant economic impact on a substantial number of small entities, and provides a factual basis supporting it. The RFA also requires a final regulatory flexibility analysis when issuing a final rule for each rule that will have a significant economic impact on a substantial number of small entities.

Thus, the "trigger" mandating an initial regulatory flexibility analysis is not, as the USFS asserts, whether the proposed rule directly regulates small entities. Rather, the question becomes: is it a federal rule that requires public comment under the Administrative Procedure Act, Section 553 or any other provision of law, that will have a significant economic impact on a substantial number of small entities? The answer in this case is a resounding *yes*.

Throughout the IRFA and Cost-Benefit Analysis, the Forest Service asserts that it does not directly regulate small entities. In fact, the Forest Service argues that an IRFA is not required in the instant case "Because the proposed rule does not directly regulate small entities...." Such assertions border on the absurd. If the Forest Service does not regulate small entities, then why

are so many of our members experiencing delays in obtaining permits to mine, approval of plans of operations, or amendments to plans of operations? Since the Forest Service does not believe they regulate small entities, does that mean we can tell our members that they no longer have to comply with the 228A regulations that regulate the surface impact of hardrock mining operations on national forest lands? Many would welcome this news, but we don't think the USFS is ready to relinquish their regulatory role. We bring this up to emphasize that the Forest Service has not made a good-faith effort to comply with the RFA.

Furthermore, the assertion that the proposed rule does not directly regulate small entities also flies in the face of the "plain language" of the proposed rule. By its very terms, the proposed rule applies to everyone, including small entities. As discussed later in our testimony, *a prohibition on road building is, in fact, a prohibition on mining*. The proposed rule directly regulates small entities by imposing new standards, and otherwise attempting to limit valid existing rights under the General Mining Law and authorized activities under relevant forest plans. Prohibiting road building on 43 million acres of National Forest lands, and hence prohibiting mining, is a very direct regulatory impact, particularly if your business is exploring for minerals and mining on National Forest lands. It strains the USFS's credibility to say that a rule of this nature will have no direct regulatory impact. The fact that the interim rule and the Notice of Intent to Prepare an Environmental Impact Statement have generated more than 119,000 comments belies the argument that the Proposed Rule does not regulate or affect small entities.

The Administrative Procedure Act (APA) defines "rule" as an "agency statement of general ... applicability and future effect designed to implement, interpret or prescribe law or policy." 5 USC § 551(4). A review of the Proposed Rule shows clearly that it meets the APA definition of a "rule" quoted above. It prescribes the manner or the policy of the USFS for managing all National Forest lands for the future. The various management prescriptions and land use designations (roadless, etc.), when read together, set out what type of activities may or may not occur in various sections of our National Forests. The Proposed Rule is clearly of general applicability for it affects many parties, both private and government, concerning the use of National Forest lands, has a future effect, and purports to implement, interpret and prescribe law and USFS policy.

In 1997, the USFS argued that an amendment to the Tongass National Forest Land and Resource Management Plan was not a "rule" that required an analysis under SBREFA. In a letter dated July 3, 1997 (attached as Exhibit 2), the Comptroller General reached the conclusion that Land Resource Management Plans and amendments to those plans were "rules" under SBREFA because it prescribed the manner of the policy for managing the Tongass National Forest for the next 10-15 years, set out what type of activities may occur in various sections of the forest, was of general applicability, future effect, and that it implemented, interpreted and prescribed law and policy.

Thus, despite the USFS's assertions to the contrary, there is no question that the Proposed Rule meets this standard and that the USFS must prepare an initial regulatory flexibility analysis and a final regulatory flexibility analysis.

IV. The USFS has no statutory authority to prevent access for mineral exploration and development

While the Proposed Rule gives "lip service" to the Mining Law's statutory right of access, it is clear that the USFS does not acknowledge that this right could result in the building of new roads in "roadless" areas that do not currently contain operating mines or staked claims. The proposed rule threatens to eliminate the possibility of any road construction or repair, materially interfering with a miner's statutory right to maintain and develop reasonable access necessary for current or future mining operations.

The USFS Organic Act (the Organic Administration Act of 1897) does not provide the agency with the authority to deny access of qualified persons to enter public lands open to the General Mining Law for exploration and development of locatable minerals. In the pertinent section, the Act provides that:

> nor shall anything herein prohibit any person from entering upon such national forests for all proper and lawful purposes, including that of prospecting, locating and developing the mineral resources thereof. Such persons must comply with the rules and regulations covering such national forests. 16 U.S.C. § 478.

The General Mining Law is, in effect, an invitation by the government for qualified persons to enter the open and unappropriated public lands – including National Forests – for the purpose of exploration and development of the mineral resources. There is no requirement in the Mining Law that a mining claim must be located prior to enjoyment of that invitation. Except where the USFS has legally withdrawn the lands pursuant to the limited withdrawal authority granted by the Federal Land Policy and Management Act (FLPMA), these lands remain open to mineral entry.

Modern methods of exploration require that a geologist have motor vehicle access to potentially mineralized areas for purposes of geological, geochemical and geophysical testing. Once a mineral target has been identified, mechanized drilling becomes necessary. The USFS has provided for mineral entry and drilling in Wilderness Areas, Wilderness Study Areas and Roadless Areas in the past, by approving limited road construction or improvements which included reclamation stipulations. Many of these projects have been completed and successfully reclaimed by NWMA members. In fact, one of our members supervised a drilling project in a designated Wilderness Area in the 1970's. Thus, the USFS has the experience and the means to provide for limited road construction in roadless areas while avoiding significant environmental impacts. The RFA requires that the USFS consider such an alternative and analyze adequately the impact on small entities.

The Proposed Rule is completely silent on how the USFS will preserve access for exploration and mineral development activities within the roadless areas affected. Without a clear and detailed approach to providing reasonable access to explore for minerals or to maintain mining claims, the Proposed Rule strongly implies that locatable minerals cannot be explored for or developed in inventoried roadless areas by current methods. This was confirmed recently when USFS staff indicated to several of our members that access to their mineral project development programs in

the Challis National Forest of Idaho would be delayed for the duration of the Interim Rule until 'clarification' can be provided by the final rule. Such confusion about how the USFS should treat entry pursuant to the General Mining Law demands immediate attention. Such events only serve to heighten NWMA concerns in regard to the Proposed Rule and its impacts on small businesses and resource-dependent rural communities. In light of such USFS attitudes, designated roadless areas under the final rule will take on the functional equivalent of wilderness withdrawals without congressional oversight or involvement.

V. The Initial Regulatory Flexibility Analysis for the Proposed Rule on Roadless Area Conservation Fails to Comply with the Requirements of the Regulatory Flexibility Act, as amended by the Small Business Regulatory Enforcement Fairness Act

NWMA has special expertise in the area of small business and the requirements of the Regulatory Flexibility Act (RFA) and the Small Business Regulatory and Enforcement Fairness Act (SBREFA). In addition to more than 90% of our members being small businesses or working for small businesses, the Association became very familiar with the requirements of the RFA/SBREFA when it successfully sued Secretary of Interior Bruce Babbitt and the BLM in 1997 to invalidate illegally promulgated bonding regulations. We became well schooled in the provisions and requirements of the two acts and studied the legislative history of both the RFA and SBREFA. Thus, we have particular knowledge with respect to the requirements of the law and their application to the Proposed Rule. *See Northwest Mining Association v. Babbitt, et al*, 5 F. Supp. 2d 9 (D.D.C. 1998).

The 43 million acres being addressed by the Proposed Rule contain numerous small entities that will be affected. With few exceptions, virtually every county, city, township, village, school district or special district within, or adjacent to, the inventoried roadless areas qualify as a small governmental jurisdiction. Furthermore, it is estimated that more than 90% of all of the businesses (including mining companies) affected by the Proposed Rule are "small businesses" as that term is defined by the Small Business Act (500 employees or less). Given the USFS's own admissions that several significant, access-related, beneficial uses of the lands are affected by the Proposed Rule, it is impossible for the Proposed Rule to not affect a significant and substantial number of small entities in or adjacent to roadless areas.

Mineral activities on the National Forest System produce, by the USFS's own accounts, between $2 billion and $4 billion annually. Analyses by USFS personnel also indicate that exploration for, and production of, minerals on National Forest lands directly and indirectly employ over 100,000 people. Clearly, promulgation of a rule that effectively reduces or eliminates road access to 43 million acres of the National Forest System, an area the size of the State of *Florida*, would have a dramatic negative effect on both minerals exploration and production as well as employment, small business viability, and rural communities.

Impacts on Small Business Engaged in Exploration and Mining

According to statistics provided by the Small Business Administration, 98% of all metal/non-metal mining companies, and 97% of all coal mining companies meet the SBA definition of small

business. These small businesses directly employ more than 300,000 men and women. Thus, there can be no dispute that many small entities currently mine on National Forest lands, and intend to do so in the future.

The IRFA, dated April 26, 2000, discusses the effects of the Proposed Rule on the energy and non-energy mineral sectors on pages 20 through 23. On page 23, the IRFA states,

> "A final rule, as proposed, would not deny reasonable access to holders of valid claims, or the option to pursue further development. The main effect of the proposed rule is the potential for increasing the cost of exploration and development in the future.
>
> Although the prohibition on road construction and re-construction would potentially increase exploration costs, little impact is expected on development of locatable minerals. Both exploration and development options could be affected, but reasonable access would be provided according to applicable statutes."

The preceding section is but one of the many egregious examples of the USFS refusal to acknowledge the devastating economic ramifications of this, and the other related rulemakings. The effect on exploration and development of locatable minerals would amount to a prohibition, regardless of how the USFS defines "reasonable access," because road building would not be allowed.

As discussed above, the General Mining Law guarantees access to the open and unappropriated federal lands for locating mining claims and exploring and developing those mining claims into a producing mine. Having a valid claim, per se, is irrelevant to this right of access. The USFS states that reasonable access would be provided according to applicable statutes, but nowhere do they define or describe "reasonable access." This is of great concern to our membership because, quite frankly, *it takes a road to build a mine.* Does the Forest Service intend to limit access to helicopters, or to walking? While walking and helicopter access may be appropriate in some areas for early reconnaissance exploration, it is clearly inappropriate to deny roaded access for trucks and other equipment required to develop a mineral deposit into a producing mine. Furthermore, helicopter access is cost prohibitive for most exploration geologists and small mining companies. The result will be very serious, and wholly adverse, economic consequences for these people, as well as their contractors and suppliers.

The Proposed Rule is so vague with respect to providing access to non-discretionary mineral activities that it is impossible to determine what the USFS considers "reasonable access." The Proposed Rule, DEIS, IRFA and Cost-Benefit Analysis taken as a whole indicate that the purpose of the Proposed Rule is to prohibit road construction and reconstruction in roadless areas. The Proposed Rule sends a strong message that the USFS will do everything it can to deny access for mineral exploration and development. This message directly contradicts the assertion that "valid existing rights" will be respected.

Furthermore, even though the Proposed Rule and supporting documentation exceeds 600 pages, there is a dearth of useful information describing the areas on which road construction and reconstruction will be prohibited. Repeated attempts by NWMA and its members to obtain lists and readable maps of areas where the proposal would apply have been unsuccessful. We are not the only ones experiencing this situation. Since the Forest Service apparently does not know how much area will be affected, or where those areas are, it is impossible for anyone to reasonably determine the full impact of the proposal on resource development.

On pages 26 through 30 of the Cost-Benefit Analysis for the Proposed Rule, the USFS Forest Service has attempted to estimate the economic effects of the Proposed Rule on energy and non-energy minerals. On page 27 the Forest Service states:

> "There is not enough information available to quantitatively estimate the degree to which jobs, income and U.S. Treasury receipts and payments to states would be affected by the proposed rule. Most likely, further reductions would occur."

Perhaps one of the reasons there is "not enough information available" is that the Forest Service cannot identify the areas impacted by the proposed rule. Furthermore, it is the obligation of the USFS, as the proponent of the Proposed Rule, to gather the applicable data necessary to analyze the impacts on small entities. And, the information is out there, if one cares enough to look.

For example, the USFS did, amazingly, attempt to estimate the effect of the proposed rule on the future development of resources that have yet to be discovered. Utilizing U.S. Geological Survey (USGS) data, USGS maps of undiscovered resources were overlaid with the location maps of inventoried roadless areas. The Forest Service used the quantity and value of undiscovered resources at the 50th percentile, meaning there was an equal chance that the actual quantity could be higher or lower. On page 28 of the Cost-Benefit Analysis, the Forest Service published a table estimating the *undiscovered* resources of gold, silver, copper, lead and zinc. The estimated gross value totals approximately $400 billion. The Forest Service also estimated the gross value of measured and indicated coal resources in the Powder River, Williston, Greater Green River and Hanna-Carbon basins of Montana, North Dakota and Wyoming to be in excess of $6.6 trillion. Using these estimates, more than $7 trillion of coal and metal resources will be placed off limits by the Proposed Rule. Obviously, this is a significant economic impact and these figures do not include all of the inventoried roadless areas affected by this proposal and do not include sand, gravel, crushed stone, dimension stone, phosphate, pumice or quartz crystal minerals.

The USFS then attempts to downplay the adverse economic effect of the Proposed Rule on future mineral development by citing low current prices and "current limited industry interest in leasable development." Commodity prices are cyclical and it is certain that values will again reach levels which will make exploration and development of these resources feasible and profitable.

While the Forest Service alleges that there is current limited industry interest in leasable development, the facts belie this statement. Currently, applications for coal leases in the Powder River Basin that have been filed with the BLM and are pending sales totaled nearly 2 billion tons of mineable reserves. The pending lease reserves represent 142% of the coal lease sales that occurred for the five years of very active coal leasing from April 1995 to June 2000. This is the strongest interest in coal leasing in the region since the initial establishment of extensive mining operations in the late 1970s and early 1980s. The pending lease reserves represent a volume equivalent to 81% of the total federal reserves of coal leased in the Power River Basin from 1991 through mid-2000. All of this points to an increased, not a diminished interest in leasable development.

This brings us to another major failing of the IRFA: It fails to consider mineral exploration and mining as distinctly different sectors of the mining industry. Among the most glaring of the omissions is the absence of any meaningful discussion of probable economic impacts to prospectors, exploration geologists, grassroots exploration companies, junior exploration companies, and industrial mineral operations in either the IRFA or the Draft Environmental Impact Statement (DEIS). While the DEIS touched upon these mineral industry sectors, its treatment was far from adequate.

In addition, beyond the incomplete review of direct effects, no mention is made of direct, indirect or induced impacts on small governmental entities, regional or local economies. For example, the lost business opportunities for motels, cafes, drugstores, hardware stores and other local businesses were not examined in the IRFA.

In addition, as previously mentioned above, closely-allied industry sectors that are expected to suffer adverse economic consequences, should the Proposed Rule be finalized, are virtually ignored for the most trivial of reasons. These sectors include major suppliers as well as the contract personnel employed by all sectors of the mining industry, such as exploration geologists, drillers, and geophysical specialists. Some of these individuals also own mining claims and pursue exploration activities on their own behalf with the hope of selling or leasing their claims to mining companies. These individuals comprise a significant portion of the exploration industry sector. The IRFA fails to quantify the impact of the Proposed Rule on any of these sectors of the mining industry.

It must be understood that exploration is the research and development arm of the mining industry, and it is critically important to the long-term future of domestic mining. A regulatory climate that restricts exploration will ultimately cause a significant downturn in future mineral production. Thus, the adverse economic impacts associated with the Proposed Rule have been substantially underestimated.

While the proposal would make the production of some minerals simply uneconomic, further development of most leasable minerals, including coal, potash and phosphates would essentially be disallowed on over 43 million acres of Forest Service lands. When combined with 43 million acres of Forest Service Wilderness areas already designated roadless, this proposal would essentially disallow coal, potash and phosphate production

on over 85 million acres of Forest Service administered lands. The proposition that one can explore for minerals and develop a mine without roads for ingress and egress defies common sense. *A prohibition on road building is a prohibition on mining.*

Impacts To Local Governments

As mentioned earlier, both the DEIS and the IRFA are devoid of any attempt to determine the effect of this rulemaking on state and local governments (and the schools and children in those jurisdictions) that receive 50% of the federal royalties received from the mining of federally-owned minerals leased from the Forest Service.

Mining is the leading employer in many rural western areas, which would otherwise have few or no other major sources of employment. Mining companies contribute substantially to the economic well being of their communities, with average yearly wages of approximately $49,995 – the highest wage of any industry segment of American workers. Mining's average annual wages exceed by a wide margin the average of approximately $30,053 for all U.S. industries. Furthermore, mining companies are important sources of revenue for the local communities in which they operate, in terms of employment, purchasing related directly and indirectly to mining, and payments of federal, state and local taxes. The economic impact of the substantial decrease in the contributions to state and local communities associated with mining has not been considered by the Forest Service. No mitigation measures are identified or discussed for either the proposed action or the alternatives. The DEIS and the IRFA vaguely discuss impacts to mining-dependent communities from the preferred alternative. Those impacts might be mitigated by a broader exemption for leasing activities, but the issue is not addressed.

Other Deficiencies

The IRFA is deficient in a number of other respects. The RFA requires "a succinct statement of the objectives of, and legal basis for, the proposed action; a description of and, where feasible, an estimate of the number of small entities to which the proposed action will apply." The IRFA is devoid of any attempt to satisfy either of these statutory requirements. The IRFA does not contain a statement of the legal basis for the proposed action. *The reason is simple: the agency lacks statutory authority for this rulemaking and is fully aware of this fact.* Again quoting from Chief Dombeck's June 30 letter, "We have changed the tenor of the debate. No longer is our agenda dictated by litigation, lawsuits, and *controversial appropriations riders*" (emphasis added). Apparently the USFS is not going to let court rulings or laws passed by Congress stand in their way as they attempt to turn our National Forest lands into museum dioramas without human visitors.

If Chief Dombeck truly wants to avoid having his agenda dictated by litigation, then he needs to ensure that his agency complies with the RFA, NEPA, APA and the Federal Advisory Committee Act (FACA) when it engages in rulemaking. The USFS's failure to

comply with these laws virtually guarantees that there will be litigation on the Proposed Rule.

Despite the USFS' attitude on such matters, the RFA further requires that each IRFA contain a description of any significant alternatives to the Proposed Rule which accomplish the stated objectives of applicable statutes and which minimize any significant economic impact of the Proposed Rule on small entities. Again, the IRFA prepared by the USFS is devoid of any attempt to satisfy this requirement.

The alternatives discussed in the preamble are not "alternatives that minimize any significant economic impact of the rule on small entities." Compliance with the RFA is not achieved by consideration of alternatives that do not meet the requirements of the Act. Accordingly, when the USFS considers alternatives that are more burdensome to small businesses, they are not valid for RFA purposes. In addition, the USFS did not consider several other obvious alternatives that would accomplish the objectives of the statute but would have protected small entities. These are temporary roads; well-maintained roads; privately maintained roads; and recognized RS 2477 roads.

One of the problems cited by the agency as a justification for this rule is the fact that the USFS does not have adequate resources to properly maintain existing roads. This problem also can be addressed by considering an alternative of requesting additional funding for roads from Congress, or allowing private road maintenance by the private sector which use them for resource development. One of these alternatives were considered by the agency.

The USFS could be crafted so that temporary (non-paved) roads may be permitted on an as-needed basis. Many such roads could then be allowed to reclaim naturally when the small businesses leave them unused for extended periods, or the rule could require affirmative reclamation by the user to speed up the process of revegetation in environmentally sensitive areas. In either case, such an alternative should be considered and published for public comment.

Is the USFS avoiding the RFA mandated economic impact analysis because it knows that the impact to small businesses and rural communities will be large and devastating? They have used an all-or-nothing approach in developing their roadless proposal, when experience and the laws written by Congress, and just plain common sense, dictate a middle ground.

One purpose of the RFA is to make sure reasonable alternatives are considered that avoid economic dislocation to small entities, while still accomplishing the stated regulatory goal. The technical and management capabilities exist to provide for continued judicious use of both new and existing roads on those tracts of land that remain largely unroaded. Middle-ground alternatives must be considered, and their economic impacts evaluated and compared to what amounts to a single alternative being proposed by the USFS. This nation has the means to avoid adverse environmental impacts to the land without

essentially having to stop all resource-based economic activities. Not only is the absence of other reasonable alternatives inconsistent with RFA, but NEPA requirements as well.

Improvements in managing the Forest Service road system, including how to logically determine where and how to build new roads, appear to be needed. But just saying "no" to all new roads is poor government policy and defies logic; unless, as we believe, the true purpose of USFS leadership is to expand the Wilderness system without the consent of Congress. The Proposed Rule is just the USFS' version of "instant national monuments" that is becoming so popular over at Interior.

Governors Marc Racicot of Montana and John Kitzhaber of Oregon recently stated that they believe the federal government has a special responsibility, both moral and legal, to rural communities of the American West. They observed that the policies of the federal government for nearly 140 years encouraged development of this nation's natural resources. As a result, small towns sprang up and people put down deep roots that allowed them to weather market fluctuations and whims of nature. The one thing they thought they could depend on was continued access to the National Forests and other public lands that are the source of their livelihoods. Now, the federal government is poised to put an end to that possibility.

The Proposed Rule, coupled with the roads the USFS is proposing to close under related initiatives, will ensure that there is no road to a viable economic future for the hundreds of small rural communities in or near our National Forests. If the federal government wishes to turn its forests into parks, then Governors Racicot and Kitzhaber believe that the people paying the economic and personal price for this policy "about-face" should be made whole. Are we, as a nation, prepared to fairly compensate these communities for pulling the economic rug out from under them? Or, are we going to just turn our back on them as the USFS wishes to do? We believe that the RFA and NEPA require that the USFS include the obligation to compensate these rural communities in the IRFA and Cost-Benefit Analysis.

Summary/Conclusion

Neither the Cost-Benefit Analysis nor the Initial Regulatory Flexibility Analysis meet the letter or intent of the RFA and SBRFA. While much of the IRFA is couched in the proper terms and tone expected of an objective analysis, a knowledgeable reviewer quickly perceives that the document is seriously flawed in many respects. The overall credibility of IRFA is seriously diminished by the notable absence of hard data or facts substantiating the many assumptions used throughout this and the other related documents, and blatant omissions.

The USFS has failed to analyze adequately the impact of the Proposed Rule on small entities and has not fairly considered regulatory alternatives that would minimize significant economic impacts to small entities. As the U.S. District court in Florida has keenly observed, agencies must be mindful that even commendable goals like preservation do not excuse violations of the RFA. "Although the preservation of Atlantic shark species is a benevolent, laudatory goal, conservation

does not justify government lawlessness." *Southern Offshore Fishing Association v. Daley*, 55F. Supp. 2d 1336 (D. FL 1999).

The USFS must re-propose the rule for comment after preparing an IRFA that meets the statutory requirements of the RFA. Failure to do so will subject the rule to reversal upon judicial review.

"Advancing small businesses and stable communities."

The Testimony

Of

Mr. Frank M. Gladics

President of Independent Forest Product Association

On Behalf of

His Members

Before

The House of Representatives

Small Business Subcommittee

On

Rural Enterprises, Business Opportunities, and Special Business Programs

Tuesday July 11, 2000

14780 S.W. Osprey Drive Suite 270 Beaverton, Oregon 97007 (503)590.5559 Fax (503)590.1555

Chairman LoBiondo and members of the House Small Business Subcommittee on Rural Enterprises Business Opportunities, and Special Projects. My name is Frank M. Gladics, President of the Independent Forest Products Association (IFPA) and I am here today to ask your help in getting the Small Business Office of Advocacy and the United States Forest Service to complete a competent Regulatory Flexibility economic analysis on a cluster of zero harvest regulations they have promulgated. I want to express the appreciation of our fifty-five member companies to you Mr. Chairman and to Representative Rick Hill for your willingness to hold this hearing.

Independent Forest Products Association represents 55 small family-owned forest products companies from the following states: Alaska, Washington, Oregon, California, Idaho, Utah, Arizona, Montana, Wyoming, South Dakota, Minnesota, Wisconsin, and Michigan. Most of our members are companies with a heavy dependence on federal timber sales. Some like Utah Forest Products Inc., who is represented here today by Mr. Stephen Steed are almost completely dependent on federal timber sales for their survival. IFPA represent well over 80% of the companies who purchase federal timber in the Western and upper mid-western United States.

I am here today because I believe the Small Business Administrations Office of Advocacy and the U.S. Forest Service are purposefully conspiring to avoid completing a regulatory flexibility economic impact statement on a series of Forest Service proposed regulations that will negatively impact small business. It is my hope that this Subcommittee, through its oversight authority, will direct the Small Business Administration to demand the Forest Service carryout detailed, county-by-county, economic analysis of these policies. Once these analyzes are complete, we believe they will show a need for the Forest Service to develop different alternatives to ensure their proposals do not adversely affect the small family-owned forest products companies who depend on federal timber for their survival.

I believe the U.S. Forest Service has devised a regulatory scheme to essentially end commercial timber harvesting through a series of major rulemakings that would force a Regulatory Flexibility analysis if considered as one policy. In fact, I believe at least two of the four proposals warrant a Regulatory Flexibility analysis on their own merit.

This bifurcated rulemaking scheme is further complicated by the Agency's plans to delay parts of the implementation process for a number of years, thus delaying potential impacts and spreading those impacts over the next decade.

Further, I believe the Forest Service is purposefully understating the impacts of their Proposed Roadless policy to avoid having to show that it will devastate small family-owned forest products companies who depend on federal timber for their very survival.

Finally, I believe the Forest Service has conspired to hide the real impacts of their proposals by comparing the new policy against their most recent economic results, rather than against the potential financial impacts of their legally mandated, existing, forest

plans. By utilizing only the last two years timber sale program economic results, rather than the potential revenues that would be generated if the existing forest plans were implemented, the Forest Service has avoided talking about $2.5 billion dollars a year worth of employment income. Small business companies would have enjoyed most of this potential economic activity. And the Forest Service expects the public and Congress to simply ignore these facts. Having pointed this information out to the SBA Office of Advocacy and seeing no Regulatory Flexibility analysis, I have to conclude that the SBA is willing to go along with this fundamentally dishonest, smarmy, underhanded, and perhaps illegal approach.

I. Components of the Scheme

The Forest Service has released four major rulemakings that influence the Agency's potential to sell future timber sales. Since Small Business qualified mills have purchased in excess of 60% of all Forest Service timber sale offerings in this decade it seems to us that the Forest Service must display the impacts of its proposal on small business and that the SBA needs to be much more aggressive in demanding such analysis. The four major rulemaking proposals are:

A. The Government Planning Results Act (GPRA) Strategic Plan

In November of 1999, the Forest Service released a draft of its Government Planning Results Act (GPRA) Forest Service Draft Strategic Plan Proposal. This proposal essentially walks away from the agency's century old multiple-use mandate and substitutes it with an agenda that directs the agency to focus on (1) restoring ecosystem health; (2) watershed protection; (3) recreation; (4) wilderness and (5) improve delivery of services to urban communities. The traditional commodity production aspects of multiple-use, such as grazing, mining, and timber harvesting are not even mentioned in the document. The Forest Service made no attempt in its draft proposal to make any economic analysis of the impacts of the proposal, nor did they include any Regulatory Flexibility Analysis. In fact, the cost-benefit and economic impact analyses (Appendix D) was not released. We only have the cryptic note "will be included in the final 2000 revision" to tell us they will let the public know how they've been economically ruined when the Forest Service releases the final document.

B. The NFMA Forest Planning Rule

On October 5, 1999 the Forest Service released a new proposed forest planning rule which builds on the GPRA proposal by laying out a new process for developing forest plans, which are the vehicle used by the agency to assign lands use classifications, and articulate production levels for the various uses of an individual National Forest. The difficulty is that this proposal also sets an entirely new agenda for the Forest Service. It makes ecosystem restoration the primary purpose of the Forest Service and relegates all other multiple-uses to a secondary or tertiary priority. In Sec. 219.19 the proposed rule states "*the first priority for management is the maintenance and restoration of ecological sustainability . . .*" it then directs the agency work within the historic range of variability.

But conditions that direction in Sec. 219.20 (b)(4) when it directs that *"(4) Estimates of the historic range of variability of ecological conditions, which should include an analysis of the differences over time in the occurrence of key attributes of ecological conditions, and should identify those conditions that occurred more frequently than others. . . .* ***Current conditions must be compared to the distribution of historic conditions prior to European settlement to develop insights about the current status and integrity of ecosystem components****."* (Emphasis added).

The rule also direct the following on the determination of what lands will be suitable for timber removal under Sec. 219.28:

"(a) For the purpose of land and resource management planning with respect to timber removal, there are two classifications of land – land not suited for timber production and land where timber harvest is permitted. . . .(c) The responsible official must identify lands within the plan area where timber harvesting is permitted, for these lands, the responsible office must identify: . . .(2) Lands where timber harvest is permitted to maintain or ***restore the ecological integrity of the land****, to protect multiple-use values, or to achieve the desired vegetation condition identified in planning documents."* (Emphasis added).

Most importantly, in relation to the agencies Proposed Roads and Transportation and Roadless regulatory proposals it defines for the first time the timber unroaded as:

> *"Any Area without the presence of a classified road (a road at least 50 inches wide and constructed or maintained for vehicle use). The size of the area must be sufficient and in a manageable configuration to protect the inherent values associated with the unroaded condition. Unroaded areas do not overlap with designated Roadless areas."* **(Note the use of the term "or maintained")**

This effectively will end timber management as a tool of the land manager and more importantly will significantly reduce the amount of timber to be offered by the Forest Service in the future. The proposed rule had no economic analysis or environmental impact statement, nor Regulatory Flexibility analysis. However, since it was only a draft rule the lack of a Regulatory Flexibility Analysis is not ripe for a lawsuit. The economic consequence of this rule is that local managers will develop forest plans that relegate commodity production to the lowest levels. The effect of the this rule combined with the other three components of the Forest Services proposal (GPRA, Roads and Transportation Plan, and the Roadless Plan) will force land managers to end most, if not all, timber harvesting.

C. Roads and Transportation Management Rules

On March 3, 2000 the agency released its draft proposal on Administration of the Forest Development Transportation System; Prohibitions; Use of Motor Vehicles Off Forest Service Roads in *Federal Register Vol. 65, No. 43, pages 11680 – 11683* and its Forest Transportation System Proposal in *Federal Register Vol. 65, No. 43, pages 11684*

– *11694*. The combined effect of these two proposals, in terms of future timber management, is that if the agency deems it can't afford to maintain a road, or believes an existing road needs to be obliterated to restore ecological process that the road will be obliterated. Further, the two rules restrict future construction and reconstruction of all roads if they do not help restore natural ecological processes. These rules are the vehicle the Agency will use to de-road large parts of the National Forest System. The effect on future timber management is that there will be less of it, and many acres of what is now designated suitable timber base (lands used to produce timber sales) will be converted to a non-roaded status.

D. Proposed Roadless EIS and Rule

On May 11, 2000, the Agency then released the final component of their four horsemen of the apocalypse proposals – the Roadless policy. This policy has two major sub-proposals and components. It first proposes to end all road building and road reconstruction in 43 to 53 million acres of National Forest Lands considered under RARE II. At least 9 million of these acres are currently open to timber harvesting under the existing NFMA National Forest plans. The second is to force each National Forest to address all the management of all unroaded areas and directs that the forests will consider these areas for non-commodity use management into the future. The real impact of this is described in an appendix of the DEIS, which says:

"The procedural provisions in the proposed rule do not directly implement or prohibit any ground disturbing activity. . . . The exact location and acreage of each potentially affected area is unknown. ***The procedural provisions would be applied to the 54 million acres of inventoried roadless areas, as well as up to 95 million acres of other National Forest System Lands."(Emphasis added)***

Here the Forest Service is apparently admitting that the combined effect of the Roadless proposal, when fully implemented could encompass a total of 149 million acres of the 192 million acre National Forest system. Keep in mind there are only 48 million acres of forestlands that are now considered suitable for timber harvesting (in the existing forest plans) and only approximately 75 million acres of National Forest lands that are considered to contain commercial forests. Thus, the admission that over 149 million acres of the National Forest System could be impacted by the Roadless proposal would mean that all of the lands designated for timber management could be put off limits.

To summarize the impact of the four rules on existing, and future, timber harvesting: (1) the GPRA Strategic Plan proposal directs the agency to move away from multiple-use management; (2) the NFMA Forest Planning rule directing ecosystem restoration, to pre-European Settlement conditions, will be the first priority for the Agency; (3) the Transportation and Roads Rule directs the closure of all roads that the Agency can't afford to maintain; and (4) the Roadless proposal directs that these unroaded areas will be managed in the same manner that the RARE II roadless area will be managed.

The real decisive factor to this four-part bundle of joy comes from the highest levels of this Administration. Twice in the last 45 days Administration, personnel have made it abundantly clear that there will be no timber harvesting, or commodity activities, in these Roadless areas. In early June, while on the campaign trail, Vice President Albert Gore pledged that if he is elected President there will be no timber harvesting in unroaded areas. Then two weeks ago the President's Press Secretary, Joe Lockhart, in an NPR interview told the interviewer that the Administration already had protected over 40 million acres from timber harvesting through the use of Executive Order and in National Monument designations. That being the case one has to wonder what these regulations and proposal are all about. It is clear that the decision has been made and it will end timber harvesting on most of the lands within our National Forests. But that doesn't mean this Congress shouldn't demand the protection of Small Business, nor a Regulatory Flexibility analysis.

II. The Agencies Have Refused to Pursue the Economic Analysis Required by the Regulatory Flexibility Act

Independent Forest Products Association has included comments requesting a Regulatory Flexibility Analysis on each of the first three proposals. We will include a similar request when we send our comments on the Roadless proposal next week.

Further, I called Ms. Jennifer Smith in the SBA Office of Advocacy in February and asked their assistance in getting the Forest Service to undertake a series of Regulatory Flexibility analyzes. Initially Ms. Smith was very cooperative and helpful. She set up a series of conference calls with Association Executives from Western forest resource groups to discuss the issue and have the Associations help her understand the issues. To that end, I prepared an in depth analysis of how the Roadless policy would affect small forest products companies which showed that these companies would be devastated. By the time we held our second conference call it was crystal clear that the SBA Office of Advocacy wanted nothing to do with demanding any economic analysis. Given the later Statements by the Vice President and the President's Press Secretary, I think I know why Ms. Smith and the Office of Advocacy suddenly lost interest.

But, I do not believe that relieves the Small Business Administration from its responsibility to look out for small business, nor the Office of Advocacy of its responsibility to demand technically competent economic analysis from the Forest Service.

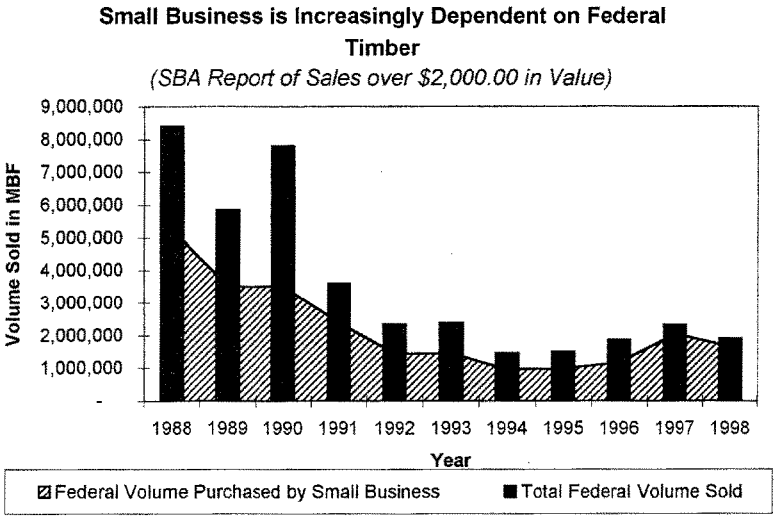
III. Does the Timber Industry Warrant A Regulatory Flexibility Analysis?

A. The Data Suggest That More than $100 Millions of Economic Impact Will be Suffered by Small Business

First question that must be asked is: What is Small Business dependence on Forest Service Timber Sales? The answer is very simple and it comes from the SBA's annual report on who purchased Forest Service commercial timber sales. The following

table shows that over the last 11 years small business has purchased on average 66% of all saw timber sales sold by the Forest Service. In 1997 and 1998 they purchased 88% and 87% of all the timber sales sold by the agency. Over the last several years small business qualified companies have become increasingly dependent on the sale of timber by the federal government.

Table 1



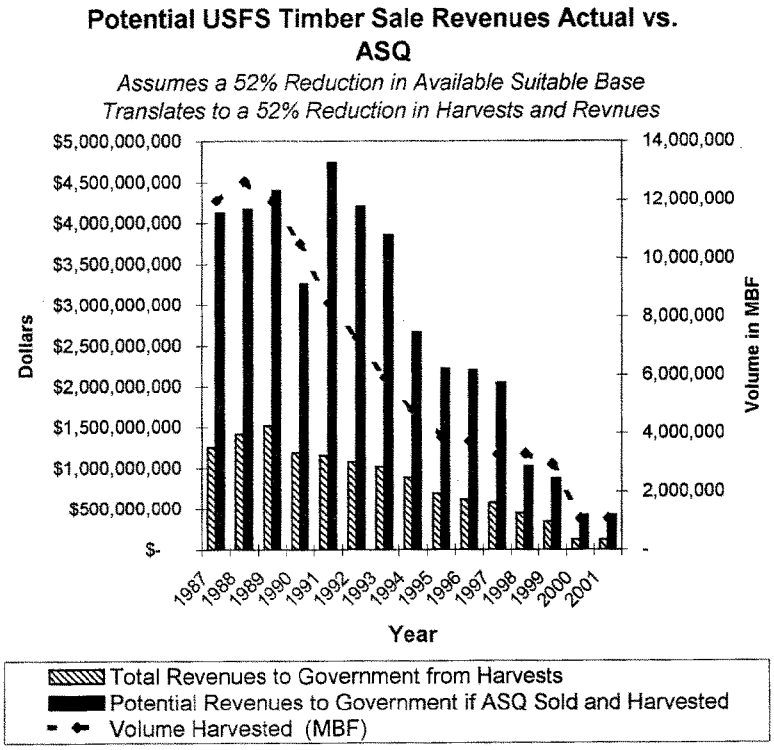
Data Source: SBA Forest Products Sales Report 1988 – 1998

Compiled by IFPA
Feb. 2000

The next questions that should be asked, is: Does the Forest Service Timber Sale Program generate enough economic activity to trigger a Regulatory Flexibility Analysis? Again, the answer is yes, and we can prove that in two different ways. First is the simple amount of timber sale revenues generated by the program. More importantly we can prove billions of dollars of potential economic impact through the direct, indirect, and induces timber employment income numbers that the Forest Service reports that its timber program generates. Forest Service data shows they have taken in as much as $1.76 billion in a year (FY 1992) and as little as $577 million in FY 1997 in timber sale revenues. Table 2 (below) shows both what the Forest Plans could have produced in timber sale revenues if fulfilled, and the projected drop in potential revenues if 52% of the suitable timber base is put off limits as a result of the roadless policy.

This table also shows how much revenue the Forest Service could have produced if they had offered and sold all the timber sales that are allowed under their current, existing, forest plans.

Table 2



Data Source: USFS Sold & Harvest Reports

Compiled by IFPA
Feb 2000

As you can see, the timber sale revenues from FY 1999 have fallen off by more than $1 billion from their actual high of $1.5 billion in FY 1989. Perhaps more troubling is the fall in receipts from what could have been, had the Forest Service fulfilled its current, existing, forest plans. The data shows the Agency's revenues are down to approximately $500,000 when the current forest plans could have generated over $4.75 Billion in receipts. Such a program would have kept a significant number of small businesses alive and well. This data alone points to the need for a Regulatory Flexibility analysis.

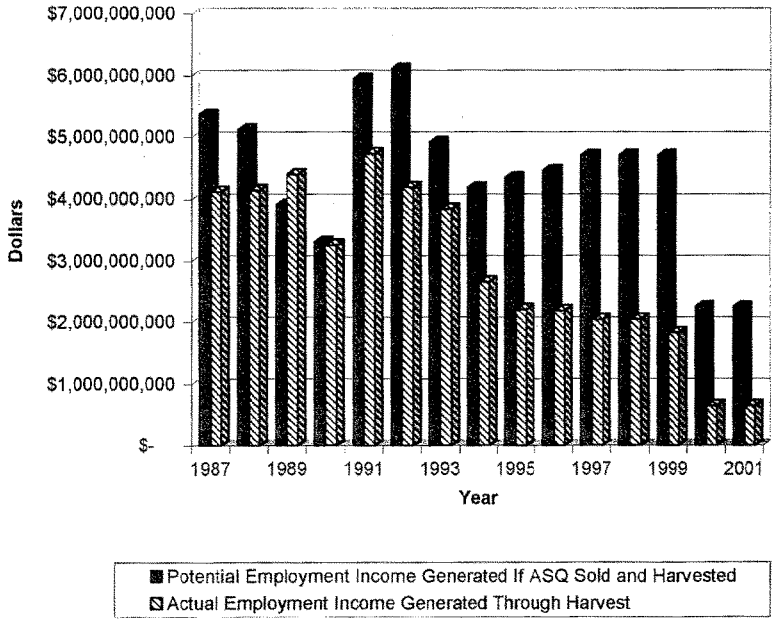
When one examines the potential impact of the Roadless policy on the direct, indirect, and induced employment income claimed by the Forest Service in their annual Timber Sale Program Information Reporting System (TSPIRS) reports it is clear that billions of dollars have been lost, and will be lost, if the roadless policy is implemented.

All evidence shows there is a direct relation to the number of acres available in the suitable timber base, with the amount of timber that can be allowed to be sold. And that the amount of volume sold is one of the principle factors in generating total receipts, as well as the amount of employment income generated because of the program.

Table 3

USFS TSPIRS Employment Income (Actual Vs. Potential if ASQ Sold)

1998 and 1999 Estimated Based on 1997 TSPIRS Rates
2000 and 2001 Estimated based on 52% Reduction in Suitable Timber Base and Timber Sale Program and 1997 TSPIRS Rates



Data Sources: USFS Annual TSPIRS reports FY 2000 & 2001 estimated

Compiled by IFPA Feb. 2000

As you can see in Table 3 employment income will fall to $600,000 per year from the high of nearly $4.8 billion in FY 1991. Had the existing forest plans been fulfilled we would be seeing a nearly $5 billion drop in employment income from the potential high, of over $6 billion in FY 1992. This is the true economic impact of the Roadless policy that the two Agencies are avoiding and expect the public to blissfully ignore.

The Forest Service Roadless EIS down plays these economic impacts in two ways. First, the agency compared its last five years program results against the program they hope Congress will accept over the next four years. Never mind it ignores the existing forest plans; it is the lowest timber sale program proposal the Forest Service has proposed since the late 1940's. The fundamental problem is the Agency's last five years performances represents theirs worst performances since 1950 and they've predicted what they want to sell in the next five years, not based on the current forest plans, but on some lowball estimate dreamed up to make their pathetic performance data of the last five years look good.

We believe Congress, and the public, deserve a much more honest analysis. And since small business has purchase over 66% of all federal timber sold over the last decade it is fair to assume that most of the negative impact will fall on small business.

B. Forest Service Mapping Suggests Small Business in Montana, Wyoming, and Utah will be devastated by the Proposal

The Forest Service has attempted to convince the public, and this Congress, that their Roadless proposal is benign. When one examines the maps of the impacts and how little private timber is available to small business in some intermountain States you will realize why organizations like Independent Forest Products Association are so upset with the Forest Service's slip-shod approach to economic analysis. And why we hope that the House Small Business Committee will demand, through its oversight responsibility, that the SBA Office of Advocacy and the Forest Service provide a Regulatory Flexibility Analysis before they finalize any of the four offending regulator proposals.

It is our understanding that a Regulatory Flexibility analysis is also called for if small businesses are more adversely impacted, by a policy, than are big business operations in the same area, and that the $100 million trigger level is not the only criteria for such an analysis. We have already established that small business purchases more than 65% of all federal timber sold. We will now discuss small business in three states to help you understand why we believe the Forest Service must do a State-by-State analysis to help local, State, Regional, and Federal Representative understand the true impacts of this draconian policy. Lets start with Montana.

Montana

Although the Forest Service controls only 52.3% of the land, they control 73.3% of the saw timber volume needed by small business to survive.[1] The Roadless Policy will immediately put off limits to timber harvesting over 56% of the National Forest lands in Montana, and could by the Forest Services afore mentioned admission in Appendix A of their EIS, put more than 77% of the total remaining National Forest land base off limits to logging. In the end less than 10% of the National Forest Lands in Montana could be available for timber harvesting.

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[1]. 1998 Western Wood Products Association Statistical Yearbook of the Western Lumber Industry.

We will present a map of the proposed RARE II areas with a display of were the large and small forest product companies are located in Montana. It shows that there are many small businesses that will cease to exist if the RARE II areas are closed to logging.

Wyoming

In Wyoming, the federal government controls 66.6% of the forested land base, but over 80.8% of the saw timber volume needed by small forest product companies to survive.[2] The Roadless Policy will immediately put off limits to timber harvesting over - 70% of the National Forest lands in Montana, and could by the Forest Service's afore mentioned admission in Appendix A of their EIS, put more than 77% of the total National Forest land base off limits to logging. In the end less than 6.9% of the National Forest Lands in Wyoming could be available for timber harvesting.

We will present a map of the proposed RARE II areas with a display of were the large and small forest product companies are located in Wyoming. It shows that most of the small businesses will cease to exist if the RARE II areas are closed to logging. We believe the Forest Service owes the small towns around the Bighorn and Shoshone National Forests a full explanation of just how hurtful this proposal will be.

Utah

In Utah, the Forest Service controls 68.5% of the forested land base, but over 85.4% of the saw timber volume needed by small forest product companies to survive.[3] The Roadless Policy will immediately put off limits to timber harvesting over 71% of the National Forest lands in Utah, and could by their afore mentioned admission in Appendix A of their EIS, put more than 77% of the total National Forest land base off limits to logging. In the end less than 6.7% of the National Forest Lands in Utah could be available for timber harvesting.

Mr. Stephen Steed of Utah Forest Products Inc. has told you that this Roadless Policy, if adopted, is the end of the road for the remaining small forest product companies in Utah. Don't the Governor and people of Utah deserve a quality economic analysis on this issue, before the policy is foisted on them? Shouldn't that analysis be made public while the public has a chance to comment on the proposal, rather than as an after-thought when the policy is released and being implemented?

IV. Other Ticks and Slights of Hand That Deserve Your Attention

We all know that county government and schools receive a portion of the gross receipts generation by the Forest Service (twenty-five percent payments). In the EIS the Forest Service has the audacity to ignore this impact by suggesting that the Administration and Congress are considering a bill to make counties whole through an entitlement scheme. The problem is two fold. First, Congress hasn't passed any such

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[2]. 1998 Western Wood Products Association Statistical Yearbook of the Western Lumber Industry.
[3]. 1998 Western Wood Products Association Statistical Yearbook of the Western Lumber Industry.

bill, S. 1608 languishes in the Senate. Moreover, the Administration has steadfastly opposed both of the bills that are moving through Congress. They threatened to veto the House version of the bill (H.R. 2389) up until the hour of its passage in the House last fall. And they have worked night-and-day since that time to kill the Senate version of the Bill (S. 1608).

For the Forest Service to cavalierly suggest they have no responsibility to analyze the potential impacts on County governments under this proposal, as they have, is morally reprehensible. It shows a blatant disregard for local government and rural interests. Moreover, is a clear indication of how reptilian and despicable this Administration's treatment of rural America is.

Conclusion

Mr. Chairman, and members of this Committee; I know it is not your responsibility to provide oversight on the relative merits of the Forest Service's proposals. I understand your discomfort in having this hearing. But, I hope that you now understand how the agencies have conspired to avoid having to perform the simple economic analysis required under the Regulatory Flexibility Act. As you can see, I believe small companies, in particular small forest products companies, are about to be drummed out of business through a series of interconnected regulatory proposals.

I hope you understand our frustration with the Small Business Administration and its Office of Advocacy. We count on them to serve as a watchdog over agencies like the Forest Service, to ensure these agencies do not undertake policies that are detrimental to small business. In this instance, we feel like the watchdog has joined the wolf pack and is aiding and abetting in our destruction.

Our hope, and request, is that this Committee and this Congress will not allow this attack on small business to go unanswered. We would like you to demand that the Director of the SBA and the Chief of the Forest Service complete and distribute a State-by-State economic impact statement, predicated on the combined, and individual, impacts of their Strategic Plan, their NFMA Forest Planning Regulations, their Roads and Transportation plan, and their Roadless proposal, before any of these proposals are finalized.

In its Roadless Proposal the Forest Service admits, on page S-46, that the issues **are interrelated**, when they said: *"The Forest Service recognizes that this proposed Roadless rule together with these other proposed rule might have a cumulative impact in final form. It is estimated that these rules and associated policies would provide a comprehensive and consistent strategy for managing NFS lands"*. Having said that, they seem to have concluded no real economic analysis is needed, give its absence in the document. We don't believe Congress should allow them to get away with this kind of behavior. There is no reason that these people can't honestly display the potential impacts of these proposals. Other than, they don't have the honesty and professional

integrity to face up to the pain they are preparing to rain-down on the small businessmen and businesswomen of the rural West.

I appreciate the opportunity you've so generously offered me to come and testify in this hearing, and I request that my written and oral testimony be included in the official record of this hearing. I would be happy to answer any questions that you might have.

Prepared Statement for the Record of Cheryl Larson

Before the
Committee on Small Business
of the United States House of Representatives

on July 11, 2000

July 3, 2000

Congressman Rick Hill
1609 Longworth HOB
Washington, D.C. 20515

Re: Testimony for SBA subcommittee hearing of July 11, 2000.

Honorable Members of the Panel:

I grew up in the Tobacco Valley of northwestern Montana. For a hundred years members of my family and community have farmed, ranched and logged the valleys, hills and mountains of our area; yet strangely enough, our air, water and scenic beauty are touted as some of the most pristine of the continental United States. Our small towns of Eureka, Rexford, Fortine and Trego are a microcosm of economic interdependence, much like the interdependence we see in the natural world around us.

We have observed our forests long enough to understand that trees are no more immortal than is man. Fortunately, trees that are dying of old age, disease, or natural events of blow-down and wildfire provide us with a remarkably versatile resource while making room for the next generation of healthy stands. Seventy-five percent of the land base in our county is taken up by the Kootenai National Forest, so policies which direct its management have an enormous impact, not only on my small business of L T Logging, but also on all of the small businesses in our area.

Our communities have become increasingly thrifty in utilizing every scrap of wood fiber we harvest. In addition to the manufacturing of traditional products of lumber, chipboard and paper, numerous small businesses have sprung up which produce log kit-homes, log furniture, garden compost, posts and poles for fencing, etc., etc. The planners of the Roadless DEIS ignore impacts to these many small businesses in Table 2, page A-21 of the Summary and Proposed Rule. They also overlook the many repair shops, machine shops, parts and supply houses, fuel stations, hardware shores, retail lumber and machine businesses, and construction firms, large and small, who depend a great deal on our patronage and products.

All of this, besides the final asset, representing most American's investment of the largest portion of their life's earnings in their *appreciating* homes. The planners, in so greatly underestimating the value of the commodity our forests provide, have grossly misjudged the potential impacts of reducing timber harvests more than they already have been. In their assessment of potential costs, they have not even paid it lip service. But we are not blind to the vital service we perform for this nation. We read about it in the economic pages of any newspaper published around the country. One of the most important indicators of the economic health of America is measured in the number of new single-family homes being constructed.

Today we are literally besieged by a flood of federal policies. They include the Roadless Area Conservation Rule and Planning Rule, the Long-term Road Management Rule, Interior Columbia River Basin Ecosystem Management Project (ICBEMP), Off-highway Vehicle EIS and Plan Amendments, as well as new and pending listings to the Endangered Species Act. All of these new proposals, in addition to the requirements of the ESA, Clean Water Act, Clean Air Act, and on, and on, and on, reduce the term "local management" to little more than myth.

The district managers of our forests are as frustrated and overwhelmed as we are. They can no longer perform their jobs; jobs they were trained to do and have years of experience in doing. The multi-layering of past policies, appeals and litigation have resulted in stymieing active forest management. These new proposals only add to the heap, culminating in the President's Roadless initiative. The prohibition of building new roads is of relative little consequence, when you take into account that the procedures of preserving "roadless characteristics" are to be applied to lands that presently have roads. We all know how

the ESA has become a tool to drastically reduce timber harvests on National Forest System lands over the last decade. So, too, these roadless characteristics will give environmental groups the loopholes they need to eliminate timber harvests, grazing, mining and most forms of motorized recreation from all NFS lands.

We know this is their goal, as Chad Hanson of the Sierra Club stated boldly in an opinion piece, recently published in a local paper (Daily Inter Lake, 2/18/00), that he has been working hard for the last ten years to *ban* all logging on our national forests. Of late, there have been numerous encounters and conflicts between multiple use advocates, and those who would prefer that all public lands be managed as wilderness. It appears to us that the President's initiative has provided them with the means to accomplish their desires; if not in the individual forest plans, then in the courts which they will not hesitate to make use of.

The biggest problem with the Roadless DEIS is in its language. On page A-20 of the Summary is the statement, "The exact location and acreage of each potentially affected area is *unknown*." Indeed. They can't quite decide even *how much* acreage is involved. It could be 43 million, 54.3 million, or 51.5 million, and might even include up to *another* 95 million acres. Because, you see, it's not the roads that count, but the *roadless characteristics,* and lands that have roads can and will be managed in this way, regardless of their existence. When I read this Summary, the picture that came to mind was Glacier National Park, and I dare say, that is the image the planners had in mind when they constructed this document. No resource extraction, period; a few roads providing the main arteries for motorized access to selected bodies of water and camping sites; severely restricted corridors for semi-primitive recreation; the bulk given over to the whim of nature (and hikers, of course).

The Roadless initiative is not about roads. Our Regional Forester, Dale Bosworth, was quoted recently as saying, "The policy calls for banning road building on lands where roads and road construction are already scarce." And also that, "Inventoried roadless areas are already protected by laws and policies, and the current proposal would simply add another layer of protection." ("USFS defends roadless plan", Daily Inter Lake, 6/20/00). If that is all this policy was truly intended to do, then there was really no reason to go to all the trouble write it, promote it, and gobble up a precious resource in the printing of it. The planners did not go to all these hassles only to be redundant.

Local Forest Service managers recognize as well as loggers the grave potential for the language of the document to essentially alter the way roaded areas are managed. Cathy Barbouletos, Supervisor of our neighboring Flathead National Forest, recently stated, "In today's litigating environment, we are concerned that the Transportation Proposed Policy and Rule, as written, will result in management very similar to that of wilderness." ("Policies could produce 'roaded roadless areas', Daily Inter Lake, 6/20/00). Some in her position have been in the embarrassing position of having to apologize for language in the Roadless DEIS that is insulting to a large segment of the public they live and work among.

On pages 3-189 and 3-190 under the subtitle, "Social Effects Related to Timber Harvest" from the Roadless DEIS, Volume 1, please note that the studies sited were all published in the last decade. I can attest to the validity of the second paragraph on page 3-189, which attributes characteristics such as independence, individualism, pride and courage to members of the logging communities I've grown up in. However, on the following page, the statement, "Timber communities have been noted for their instability for over a century, due to the migratory nature of the industry," is false. How could it be true, as well as the statement made two paragraphs above which states, "These problems are compounded if displaced workers must move away from the rural communities that are home to them..."

As I have said earlier, my family has logged the Kootenai Forest for a hundred years, and we've managed to stay in the same place. My husband and I will celebrate our 24th anniversary later this year, we have resided at the same address for twenty-one of those years, and are living in a home we helped build with our own hands only a few miles from the original homesteads of my great-grandparents. The majority of the loggers, and many others of our area have similar histories. The only migratory loggers I know of are those who have moved to our area from communities in Oregon and Washington State looking for work

because of litigation resulting in a drastic reduction of timber sales on national forests in their home state, and those who were forced to move from our home town for the same reason. Blaming these forced migrations and social ills on our industry only allows the Forest Service to turn a blind eye to its contribution, and to write new policies which take a bad situation and make it worse.

Perhaps the thing which causes our greatest sorrow, is to watch logs being shipped 500 miles down out of Canada to supply our local mill, while our friends and neighbors go without work. It isn't because there are no more trees to log, far from it. The planners of the ICBEMP rate our forest as requiring extensive measures to "restore" its health. Little wonder, as timber harvests on the Kootenai have dwindled to the point that in 1999 they were 63% under the Allowable Cut of 220mmbf. I found some of the remarks made by our Chief of the Forest Service, Michael Dombeck, in his May 22 address to the American Forest and Paper Association, excerpts of which were recently reported in a local newspaper, to be rather naïve for one who is in charge of our national forest. He apparently believes that fuels, left to build over the last decade and a half, can be dealt with in a mere five years and that then the threat of catastrophic wildfire will never again rear its ugly head.

On pages 3-150 and 3-151 of the Roadless DEIS, Volume 1, in Figures 3-25 and 3-26, are charts depicting the acres and incidences of fire on national forests since 1910. Has it not occurred to the planners that the dramatic increase of fire since 1984 directly correlates to the decrease of logging during that same period? In Figure 3-25 the number of acres burned are measured against the "granddaddy" of all fires, the one which occurred in 1910. That fire burned over a million acres of Idaho and northwestern Montana. My great-grandparents were witness to it, and the terrible destruction to land, air, water, and wildlife it inflicted.

Fortunately, few people lived in those areas at that time. The same is not true today. Without the responsible, on-going treatment of logging to continually remove trees that are susceptible to disease, insects and blow-down, our communities will once again be at the mercy of fire. In the event that you have come to believe the policy of "prescribed burns" alone can solve this problem, let me remind you of the disaster of Los Alamos, New Mexico. Without first mechanically removing the bulk of the fuels, such catastrophies will become the rule, rather than the exception.

Chief Dombeck also complained of over-harvesting on private lands in the Southeast. He blamed this on our industry, without even considering the role played by the Forest Service, in their inability to see to it that lumber from our national forests fulfills its fair share of our people's need for wood products. That contribution to the market has slumped in recent years to a paltry, shameful 5%. As I said earlier, we in the Northwest are witnesses to the increased dependence on *foreign* imports to help make up that loss.

The planners, themselves, seem to recognize that their reactionary measures could have such detrimental effects. On page A-20 of the Summary, they state, "Substitute production could result in adverse environmental effects on these other lands." However, it isn't lack of production from *unroaded* areas which is already having adverse environmental effects on other lands today, but the lack of production on lands where roads now exist; roads which this proposal will demolish, and lands which this proposal will insist be managed in a primitive, wasteful fashion.

American Timber Company, a family owned mill in operation for over 70 years near the small town of Olney, is closing its doors even as I speak, because it can no longer secure a steady supply of timber. Owen's and Hurst mill of Eureka is importing trees from Canada in a desperate attempt to keep its employees working. Not because there are no trees, and certainly not because there is no market for their products. The reason these businesses are struggling and failing, the reason we are suffering is because a small group of people, who hold political sway in the highest offices of this country, are working hard to turn "The Land of Many Uses" into a playground for the rich, elite and able-bodied.

It requires little more than a casual glance at the map printed on pages S-2 and S-3 of the Summary to see why this was turned into a "national" directive. The lion's share of the effected acreage lies in the West

where populations are sparse, but where there is little public support for this proposal. A recent poll added to the primary ballots of the three most northwestern counties of Montana proved that an overwhelming 80% of the voting public are against it. The greater populace of the Eastern U.S. outnumbers our voices. Unfortunately, these people have little understanding of forestry, the vast majority of them being urbanites. Therefore, they have been easily mislead by environmental groups, who themselves display a basic ignorance of forest dynamics and an antiquated perception of logging methods.

None of these people have a vested interest in how our national forests are managed. Aside from an occasional pleasure trip into the "wilds" most Americans prefer the comforts and convenience of city living. We certainly appreciate their enjoyment of the splendor we live amidst, but can't help being insulted by their ingratitude and ignorance of the hard and sometimes messy work necessary to provide them with the products they take so very much for granted. Pandering to their sensibilities of the aesthetic only allows them to export their need to other parts of our nation or other countries of the world where laws and regulations protecting the environment aren't in place.

We loggers in Montana have invested heavily in the future of our industry. We have developed Best Management Practices (BMPs) and the Logger's Accreditation Program, which are helping to bring methods of timber harvesting into the Twenty-First Century. Along with the innovative, value-added manufacturing of wood products by our businesses, large and small, from the raw materials we provide, our communities are working hard to increase the efficiency of extraction and utilization of a precious, natural, *renewable* resource. Our nation's need for this resource is not going to lessen in the years to come, as population experts warn us that we will have double the number of people to feed, clothe, and shelter in the next five to ten decades.

During this time of relative peace and prosperity American's are giddily celebrating, we are fighting to preserve our social, economic and cultural heritage, and attempting to prepare for the well being of our children and grandchildren. The proclamations emanating from the present administration, bent on redeeming its tarnished image for the history books can no longer be endured. The results of these shortsighted proposals can be seen most glaringly in the deterioration of our local public schools. Funds in the form of Payments In Lieu of Taxes, or PILTs, based on a percentage of timber sale receipts from the Kootenai Forest, have decreased as logging has decreased. The Roadless initiative ensures that they will decrease further, if not stop altogether.

My eldest son, who is handicapped, attends high school in a building that was constructed when my mother was a student. Due to the unfunded mandates of the American Disabilities Act, and the reduction of PILT funds, our school district cannot afford to make this outdated facility easily accessible. Planning for Darren's attendance to required classes is a logistical nightmare. It is only to his merit and the fine staff that he has maintained a B+ average through his junior year. Our ability to attract and keep qualified teachers and aides is in grave jeopardy, and students like Darren will be the first to suffer.

My youngest son attends junior high in a building that was built in 1919, and ironically was named for the very president Bill Clinton seeks to emulate. Sadly, however, the aging façade of the Roosevelt building stands as a silent witness in condemnation to President Clinton's latest folly. Its upper floor cannot be utilized as it would require an investment of over $1 million to bring it up to present safety codes, so only classrooms in the two lower stories are occupied. Our track, one of the finest in the state when I was a student, is in such disrepair; we can no longer host track-and-field meets. These aging and inadequate facilities present numerous difficulties in providing our students with extra-curricular activities, much less meet their needs for an adequate education.

Our county commissioners, school administrators, and concerned citizens have resisted the pressure to have PILT funds separated from timber sale receipts, with very good reason. We fear that these funds will often be the first to be cut when you, here in Washington, feel the need. We fear that some day our children's education may be viewed to be as extraneous as our livelihoods are viewed today. We find it

despicable that those who have repeatedly harped about "subsidized" logging, would suggest that we become dependent on funds our hard work and valuable products have not contributed to.

This policy, in my opinion, can be summed up best in the words of the planners themselves, in their statement on page A-18 of the Summary, which says in part, "The costs are primarily associated with *lost opportunities*." Lost opportunities resulting in lost skills, aggravating the dangerous trend away from self-reliance and an ever-increasing dependence on, and vulnerability to, foreign imports. Lost opportunities to prepare our children for the future. Lost opportunities to instill in following generations a *mature* relationship with the land; a relationship which recognizes our dependence on its ability to *sustain* us as well as its ability to provide pleasure.

I have not traveled all this distance to ask for handouts. I am here to ask your help in ensuring that we will not be further limited in our ability to help ourselves. I ask your help in insisting that the U.S. Forest Service withdraw the Roadless Policy and Proposed Rule changes.

I thank the Members of the Panel for your time, and Vice-Chairman Hill for this opportunity to testify on this matter. Thank you.

Respectfully,

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The Testimony

Of

Mr. Stephen Steed

Utah Forest Products Inc.

On Behalf of

Utah Forest Products Inc.

Before

The House of Representatives

Small Business Subcommittee

On

Rural Enterprises, Business Opportunities, and Special Business Programs

Tuesday July 11, 2000

Chairman LoBiondo and members of the House Small Business Subcommittee on Rural Enterprises, Business Opportunities, and Special Small Business Problems I am honored to testify before your Subcommittee and want to thank you for the opportunity.

My name is Stephen Steed and I am the manager of Utah Forest Products Company in Escalante, Utah. I am here to testify on behalf of my company, our employees, their families, and my small community of Escalante, Utah. I request that both my oral and written testimony be added to the record of this hearing.

It is my belief that if the Roadless Policy, piled on top of the proposed Forest Planning Regulations in combination with the proposed Transportation and Roads Policy, is implemented my company will be forced out of business. There is a very high likelihood that the Roadless Policy, alone, could force the closure of our business.

Utah Forest Products, Inc. employees 79 direct employees and 41 loggers (indirect) employees. At our mill we employ 13 Native Americans and 16 women. Our direct payroll is $1.4 million annually and we pay an additional $1.5 millions annually to contractors who log for our company. We operate on four National Forests. Three of which; the Dixie, Fish Lake, and Manti La Sal are heavily impacted by the proposed Roadless policy. The forth is in Northern Arizona, the Kaibab, which also has Wilderness and Roadless areas which reduce its capacity to supply our mill. We utilize approximately 13.5 million board feet of federal logs each year to keep our mill operating.

Our family has been involved in a number of sawmill operations in the Escalante and Southern Utah area for four generations, beginning in the 1832 when my Great-Great-Great-Grandfather moved down from Idaho. My Grandfather and Dad were also actively involved in several sawmills in the Escalante area. Before building the mill in Escalante my father managed a sawmill on the Dixie National Forest.

Our small forest products company has survived in Escalante for over 42 years. My father started our business in 1958. In 1961, my Dad added a planing mill onto our family's sawmill with the help of an SBA guaranteed loan. In 1973 my Mother took over the management of the mill when my Father died. In 1975, when our mill burned down, my mother again applied for an SBA loan and we rebuilt the mill. And I am proud to tell you both of those loans were paid off in full.

In 1977 Allied Forest Products Group of Portland, Oregon purchased our company. Allied is a family-owned forest products company that owned four family-run mills in four intermountain states. They were and still are small business qualified. In 1993 Kaibab Forest Industries purchased our operation from Allied Forest Products. As part of the purchase agreement Allied Forest Products closed our mill in Escalante to facilitate the continued existence of a Kaibab owned sawmill in Panguitch, Utah.

Sadly, the Kaibab Mill in Panguitch also closed shortly thereafter. At that point Dixie National Forest Supervisor Hugh Thompson wrote a letter encouraging forest

product companies to invest in building a facility near the Dixie to utilize insect killed timber off the forest. He told me that the Dixie could, and would produce a 60 million board foot per year program, as far into the future as he could see.

At that point my partners and I purchased a large Forest Service SBA set-aside timber sale and applied for a Department of Agriculture Rural Economic development grant. We received an $18,000 grant that was spent on the development and design work for our new sawmill.

At each step in my family's long sawmill history, we have received encouragement and at times financial help from both the Forest Service and the federal government. I believe this happened because the Federal government understood that they needed forest product companies in order to properly manage the forests, and because the Federal government wanted the rural economic development and stability our family provided to other members of the community.

In 1995, Bighorn Lumber of Laramie, Wyoming purchased our sawmill and kept me on as the manager of Utah Forest Products Inc. since that time. Our relationship with Bighorn is much the same as it had been with Allied Forest Products Company. We remain a small business qualified company which is family operated in a small rural community. As you can see we have weathered a number of financial challenges, but continue to operate in much the same manner as we have for over 42 years. Today, my family and our business, and my community, face an overwhelming challenge in the form of the National Forest Service and a cluster of rules they are proposing which will destroy everything four generations of my family has worked for.

I am here today to ask Congress to demand the Forest Service be more upfront with how they are carrying out their jihad on rural communities, and to get Congress to demand a full-blown economic impact assessment on the cluster of rules the Forest Service is now considering. It is my belief that the Forest Service has purposely segmented one policy into three or four sub-policies to avoid having to tell the public what the real impact of their no-harvest policy really is. I also have been saddened to realize that the Small Business Administration is going along for the ride, with little or no effort to advocate for small family-owned operations such as ours.

I understand it is not the job of this Committee to provide oversight on natural resource issues and I am not going to ask you to do that. But, I do believe it is your job to provide the oversight to ensure that the Small Business Administration, and the Forest Service, complete an accurate economic assessments of the policies that impact small business. I do not believe this is happening, and I am here to help you understand what this Administration's proposals will mean, to Utah Forest Products, our employees, and our community.

All I am really asking is for the Congress to provide oversight to ensure the true consequences of the Forest Service's proposals are articulated so that political and

community leaders can provide well reasoned and meaningful comments on the proposals.

I am convinced if the true impacts of the proposed Forest Planning Rule, and Transportation and Roads Rule, and the Roadless EIS are honestly articulated that the public and our political leaders will not allow the Forest Service to implement these wrongheaded policies. I also want to believe that Congress can and will make the SBA Office of Advocacy perform their job of advocating for Small Business. I also hope that you will provide sufficient oversight to learn why the Small Business Administration and the Forest Service are walking away from their Memorandum of Understanding on small business qualified forest products companies such as mine.

Let me begin by comparing what the Forest Service has said about its Roadless policy and its impacts on Southern Utah and what our experience has been. You can draw your own conclusions as to whether or not the SBA and the Forest Service are performing in a manner that truly sheds light on the impacts of their draconian proposal.

Forest Service Economic Impact Assessment in Draft EIS

Timber Dependency *(Forest Service Roadless Conservation Draft Environmental Impact Statement Chapter 3, page 210)* "Even if current managers could provide an even flow of timber sales volumes, the industry has changed to such an extent that it can no longer be assumed that local mills will be the successful bidder for agency timber sales, nor that local communities will receive logging and processing jobs as a result of those sales."

Potentially Affected Communities *(Forest Service Roadless Conservation Draft Environmental Impact Statement Chapter 3, pages 211 - 214)* "The selected units either were planning to offer 5 or more million board feet in the next five years (31 units), or the average annual planning offer was greater than 10% of the historic offer between 1996 and 1999 (an additional 4 units). The effects of the prohibitions on those 35 units are considered in more detail in this section." The detail is as follows:

Table 3-54 National Forest Administrative Units and Communities Potentially Affected by Prohibitions on Road Construction and Reconstruction and Timber Harvests During Fiscal Years 2000 to 2004. ***(Forest Service Roadless Conservation Draft Environmental Impact Statement Chapter 3, pages 213)***

Forest	Ave. Annual Planned Offer From Inventoried Roadless Areas (MMBF)	Percent of Average Volume Offered 1996-1998	Potentially Affected Communities
Dixie N.F.	8.32	44%	Escalante, UT & Panquitch, UT
Fishlake N.F.	2.82	31%	None Identified
Manti-Lasal	6.62	81%	Gunnison, UT & Wellington, UT

Table 3-55 Resilience of Counties Containing Communities Potentially Affected by Prohibitions on Road Construction and Reconstruction and Timber Harvesting During Fiscal Years 2000 and 2004. ***(Forest Service Roadless Conservation Draft Environmental Impact Statement Chapter 3, pages 218)***

Forest	Direct Jobs	Potentially Affected Communities	County	County Resilience
Dixie N.F.	19-20	Escalante, UT Panquitch, UT	Garfield	Low
Fishlake N.F.	10-11	None		
Manti-Lasal N.F.	17-28	Gunnison, UT Wellington, UT	Sanpete, UT Carbon, UT	Low Low

The above statements and data are the sum total of the Forest Service economic analysis, in the Draft Roadless EIS, related to our family's four generation old business. I find it incredibly disingenuous that a short statement about the potential loss of 45 to 60 jobs and the admission that the affected towns have a low resilience in terms of economic stability would be acceptable to the Small Business Administration, or Congress, or the American public. I know the 130 people who work for our company aren't considered important in the grand scheme, but I also have been lead to believe that the Regulatory Flexibility Act was passed by Congress to ensure the government does an honest job of displaying the consequences of their policies. So employees and families like those who toil everyday for small companies, like Utah Forest Products, Inc. are not unknowingly relegated to the trash-bin of history.

A More Accurate Assessment of the Forest Data and Impacts

I believe the Forest Service has purposefully understated the likely impact of its proposed Roadless Policy in an attempt to avoid having to tell the public just how draconian it is. First, Congress must understand what has been happening on these forests and how the Roadless Proposed Rule will affect our company and other small businesses in Utah.

There are fourteen small family-owned sawmills in Utah that depend almost completely on federal timber. These sawmills directly employ over 406 people and indirectly employ approximately 200 loggers and truckers. Unlike the data displayed in the Forest Service Draft Roadless EIS, history has shown more than half of the timber sold has been harvested from areas that are in RARE II Roadless Areas that were released for multiple-use management in the existing forest plans.

Forest Product Companies in Utah and Number of Employees

Company	Location	Forest	Direct Employees	Estimated Indirect Employees
Utah Forest Product Inc	Escalante	Dixie, Fish Lake, Manti - La Sal	79	41
K&D Lumber	Panguitch	Dixie, Fish Lake, Manti - La Sal	15	8
Anderson Lumber	Beaver	Fish Lake, Dixie	5	2
Mountain Valley Timber	Cedar City	Dixie, Fish Lake, Manti - La Sal	7	3
Stotlze Aspen Mill	Sigurd	Dixie, Fish Lake, Manti - La Sal	25	13
Satterwhite Log Homes	Gunnison	Fish Lake, Manti - La Sal, Dixie	25	13
Cascade Mtn. Resources	Wellington	Ashley, Manti - La Sal	110	55
West Slope Resources	La Point	Ashley and Manti - La Sal	20	10
Blazzard Lumber	Kamas	Unita, Ashley	20	10
Leavitt Lumber	Kamas	Unita, Ashley	12	6
Smith Lumber	Kamas	Unita, Ashley	12	6
Timber Products	La Sal	Manti – La Sal	15	7
Torgerson Timber	Bicknell	Dixie, Manti – La Sal and Fishlake	5	0
Dewey Woolsey & Sons	Bicknell	Dixie, Manti – La Sal and Fishlake	5	0

Forest Timber Sale Details
(Volumes in MBF)

	Allowable Sale Quantity	Average 10 Year Annual Timber Sale Program Level	FY 2000 Timber Sale Program	FY 2000 Sales in Roadless Areas	Percent of FY 2000 Program
Dixie N.F.	**24.0**	**15.6**	**9.3**	**8.32**	**89%**
Fish lake N.F.	**8.3**	**6.4**	**4.0**	**2.82**	**70%**
Manti La Sal N.F	**3.9**	**3.86**	**15.7**	**6.62**	**42%**
Kaibab N.F.	**32**	**10**	**5.0**	**0**	**0%**
Total	**68.20**	**36.36**	**34.00**	**17.76**	**52%**

Land Classifications and Harvestable Acres

Forest	Multiple-Use RARE II Areas	Percent of Total Forest Acreage	RARE II Areas in Wilderness or Reserves	Percent of Total Forest Acreage	Multiple Use Lands not in RARE II Areas	Percent of Total Forest Acreage
Dixie N.F.	773,000	**41%**	86,000	**5%**	1,025,000	**54%**
Fish lake N.F	713,000	**50%**	4,000	**<1%**	715,000	**50%**
Manti-La Sal N.F.	537,000	**40%**	110,000	**9%**	695,000	**52%**
Utah Total	3,587,000	**44%**	1,316,000	**17%**	3,230,000	**40%**

First, the Forest Service utilizes data for the last two years rather than a ten-year average. Then they short-changed the economic analysis by comparing what they have sold recently, against what they think they will sell in the next four years, rather than looking at how the policy impacts land allocations and sale levels into the future. Finally, they never state what the impact on economic activity in the county could be if the existing forest plans were fully implemented. Thus, they would have the public and political leaders believe there will be a 30 to 80% drop in planned sale levels (depending on forests) for only the next four years. Insinuating that the negative impact will somehow end in four years. In reality, there will be a 40 to 50%, or more* permanent reduction in timber sales from the year 2000 until the policy is rescinded.

Buried in Appendix A on page A-20 the agency admits: *"The procedural provisions in the proposed rule do not directly implement or prohibit any ground disturbing activity.*

. . . The exact location and acreage of each potentially affected area is unknown. ***The procedural provisions would be applied to the 54 million acres of inventoried roadless areas, as well as up to 95 million acres of other National Forest System Lands."(Emphasis added)***

Thus, by the agencies own admission, because of the Roadless Rule, up to 77% of the 192 million acre National Forest System will off limits to timber harvesting and other commodity activities.

Now, lets consider that in terms of the three forests, in Utah, that our company relies upon, and what that could mean to the economic activities in my town and my county. Let's just say that 77% of the total suitable timber base is put off limits. When that occurs the agency will have to amend its forest plans. If the suitable timber base is reduced by 77%, then the Allowable Sale quantity will also have to be reduced by a similar amount.

* The part of this proposal that the Agency is not displaying, for which it has done no economic analysis, is the unroaded areas under 1,000 acres in size which can be put off limits to multiple-use management.

Potential Forest Timber Sale Impacts if 77% of Suitable Timber Base is Placed Off Limits to Logging (Volume in MBF)

Forest	Allowable Sale Quantity	Ten Year Average Timber Sale Program	Effect of 77% Reduction in ASQ	Effect of 77% Reduction in 10 Year Average Timber Sale Program (Volume Available)
Dixie N.F.	24.0	15.6	7.92	5.14
Fish lake N.F.	8.3	6.4	2.73	2.11
Manti La Sal N.F	3.9	3.86	1.28	1.27
Kaibab N.F.	32	10	10.56	3.30
Total	68.20	36.36	22.50	11.19

Thus, you could see 11 of the 14 mills, in Utah, that operate on the Dixie, Manti La Sal, or Fish Lake National Forests will be forced out of business. Remember, that our mill alone utilizes 13.5 million board feet annually. While many might believe that sawmills managers have the ability to shrink and expand their operations to fit the timber supply that is simply not true. We designed our mill to run on 13 million board feet of logs a year on a one-shift basis. If we cannot find at least 13 million board feet of logs to run the mill our operational costs become so high that we are no longer competitive. When you are not competitive, you close your doors. No mill can economically afford to run on 7/8th of its design capacity and stay in business for any length of time.

The remaining three mills that operate on the Unita and Ashley National Forests were the RARE II Roadless Areas encumber 91% (Ashley) and 73% (Unita) of the total land base on those forests are in big trouble. There is no way in God's green earth that any of these mills will survive the Roadless Initiative.

The bottom line is that the agency's estimates are severely understated and the Forest Service has avoided addressing the true impacts of their proposal by only examining the RARE II Roadless Areas and not the unroaded areas they plan to address in the forest plans. They then further lessen the potential impact by examining only the most recent years timber sale histories against their estimate impact over the next four years.

After reading the Roadless EIS, I am struck by the audacity of this Administration. They seem to believe that they can say anything, and get away with any act. Moreover, they may, unless Congress calls them to task.

They have suggested to you that there are alternative sources of timber supply, which can be gained by our business and those of the 13 other companies who struggle to survive in Utah. The 1998 edition of the *Western Wood Products Statistical Yearbook of the Western Lumber Industry* shows the National Forest Service controls over 68.5% of the 3.07 million acres of timberland in Utah. The State and BLM controls about 12.2% and other private landowners control 19.3% of the forestland in the State. However, it also states that the Forest Service controls over 85.4% of the saw timber volume in the State.

More importantly, this same report estimates there are approximately 4,858 direct, indirect and induced timber industry jobs in Utah. A significantly larger number of jobs than reported by the Forest Service in their bogus EIS. Clearly, our politicians and the public deserve a more in depth economic analysis than that displayed in the Roadless EIS. Clearly, the Small Business Administration owes the small forest products companies in Utah a better showing then they've made so far in their dealing with the Forest Service. I hope that this Committee, and this Congress, will have higher expectations of the agencies than to let this slip-shod work go unnoticed.

In closing I want to provide just two more bits of data to help you understand that this is not just about the jobs of mill workers which the Draft Roadless EIS describe in this manner: *"Logging and lumber millwork are not an inter-generational way of life for all participants in the wood products industry. ...Even reasonably prosperous timber-dependent communities are among the least prosperous rural communities, having high seasonal unemployment, high rates of population turn over, high divorce rates, and poor housing, social services, and community infrastructures . . . Many people enter the wood products industry because it provides opportunities to earn high wages without having a high level of education." (Chapter 3, page 190).*

It is clear that this Administration, and the leaders of the Forest Service, have a powerful dislike and udder disregard for the citizens of rural America and the people who

provided the building materials to house the 260 million Americans who live in homes made of wood. How can you expect rational decision making from this Administration when they are willing to include such vitriol in a document such as this? Had they substituted the word "black" or "Hispanic" for "logging and mill workers" they would have been immediately run out of office. But, I guess that taking cheap shots at the people of rural America, who have not enjoyed the economic boom of the 1990's, is fair game?

Mr. Chairman, the Agency's repeated lame apologizes concerning this statement have not, and will not, heal the offence they heaped on the timber and lumber workers of this country. I do not see a time in my life when my employees or neighbors will ever look on the federal workers in the Forest Service with the respect we have displayed in the past. This policy and statements like those made on page 190 of the EIS clearly indicate the Forest Service leadership does not care about our future. I cannot convince my neighbors, or my employees to care about the welfare of the employees of an Agency that displays such disrespect.

In my small town of Escalante 63 of the 248 students in pre-school and K – 12 are children of employees at Utah Forest Products, Inc. In addition, over the last 6 years our County has received an average of $247,531 annually to help support schools and road maintenance from 25% Payments generated from the sale of Dixie National Forest timber. Our payments have declined from $532,336.00 in FY 1994 down to only $114,786 in FY 1999.

I know that doesn't sound like much to many of you, but it is critical to the continued operation of the schools in my town. If the families of the 63 students who's parents work at Utah Forest Products Inc., are forced to leave Escalante to find work, our schools will lose an additional $157,500 of State School funding. The loss of the timber sale program could reduce the number of students in our schools by 25%.

Conclusion

Mr. Chairman, member of this Subcommittee, I know it isn't your job to tell the agencies whether or not this proposed policy is good or bad. However, I do hope that I have shown you enough that you will conclude that the Forest Service and the Small Business Administration are knowingly shirking their responsibility to accurately display the impacts of the Roadless proposal, as well as the other cluster of regulatory proposal they are jamming down the collective throats of rural America.

I have been to see our District Ranger, and our Forest Supervisor and the Regional Forester. In each instance, I simply asked them what amount of timber they expect to offer if the Proposed Roadless Policy is adopted. In each instance I got a very similar answer. A shrug of the shoulders, a compassionate look, and the answer that they have no idea, but suspect that little or no timber volume would be offered in Utah if these regulations are implemented. That being the case, I trust you will demand that the SBA and the Forest Service do an honest economic assessment to facilitate a discussion

between our political leaders about the wisdom, and desirability of this cockamamie Roadless policy.

Mr. Chairman, I am told that the Regulatory Flexibility Act was amended by the Republican lead Congress in 1995 to force agencies to honestly assess the economic impact of proposed policies, so that the public, political leaders (such as yourselves), and Congress could respond to regulations in a sane and rational manner.

I can only conclude that the SBA Office of Advocacy is in league with the Forest Service and the Administration on this policy. I have been told by Mr. Frank Gladics of the Independent Forest Products Association that he personally brought this issue to the attention of a Ms. Jennifer Smith in the SBA Office of Advocacy in February of this year, yet I see no evidence in the Draft EIS that the SBA has demanded any economic analysis.

Mr. Chairman, I can understand that my government might conclude that these areas should be locked away from human use. I do not think it is wise policy, but I have watched our government make other similar mistakes. I can understand that in an election year, where the make-up of Congress is at stake, that the majority would shy away from controversial issues such as this. But, I cannot understand why Congress would allow these Agencies to minimize the potential impacts of any policy to avoid telling the truth.

All I am asking Mr. Chairman, and members of this Committee, is that you utilize your oversight authority to force these bureaucrats to give an honest accounting of these policies. The 120 employees of my company, and our contractors, deserve the truth. But more importantly, the 243 school children in our schools and their parents deserve better treatment than that which is being dolled out by Chief of the Forest Service Mike Dombeck and his employees.

For all of my life my Grandparents and my Mother and Father taught me that the federal government, including the Small Business Administration, has been a "good" neighbor. I was brought up to believe that the SBA really is interested in helping small businessmen, and women succeed. After reading the quote in the EIS about loggers and mill workers and the rest of the EIS, and then hearing that the SBA Office of Advocacy could not be bothered enough to demand an honest economic analysis, I have been forced to change my views. Mr. Chairman, that is not only troubling, but it is incredibly sad. It is sad for hundreds of small communities like Escalante, Utah. It is sad for thousands of families who work in these small forest product companies in the west. Moreover, it is sad for the Congressional Representatives in these States who cannot even muster the will to stand up to a rogue agency bent on the destruction of rural America.

I will be happy to answer any questions you or the other members of this Subcommittee might have and I thank you for the opportunity and honor to testify before this Subcommittee.

U. S. House of Representatives

Committee on Small Business
Subcommittee on Rural Enterprises, Business Opportunities, and Special Business Problems

"Roadless Area Conservation Draft EIS Impact on Small Business"

July 11, 2000

Testimony of Bruce Vincent
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U. S. House of Representatives
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"Roadless Area Conservation Draft EIS Impact on Small Business"

Testimony of Bruce Vincent, Communities for a Great Northwest, July 11, 2000

Mr. Chairman and members of the Committee: I am honored and sincerely appreciate the opportunity to testify before you today.

I am a fourth generation Montanan and a third generation practical applicator of academic forest management theory, a logger. I am co-owner of Vincent Logging, a small family business in Libby, Montana. I serve as the volunteer President of Communities for a Great Northwest (CGNW), a non-profit group dedicated to educating it's members and the public about the difficult choices we face in trying to provide for humankind while protecting the environment. CGNW membership includes hundreds of farming, ranching, mining, and logging families and rural main street businesses and elected bodies that live in the area that would be impacted by the proposed Clinton/Gore Administration Roadless Initiative, the Transportation policy and the proposed planning guidelines.

I am very pleased that you have taken the time to scrutinize these issues Initiative to their impact on small businesses. I will focus most of my remarks on just one portion of the discussion – the Clinton/Gore Roadless Initiative. This subject has been very, very difficult to get our arms around for one simple reason: except in rare instances, the Forest Service personnel at the ground level have been unable to adequately answer questions about impact.

When we ask if current forest management activities are going to be impacted, we are told that on many forests, such as the Flathead and Helena in Montana, there will be sales that have been planned but will not go foreward. On others, such as the Kootenai, there are no immediate sales being offered in inventoried areas and, therefore, the agency claims that there will be no immediate impact. This claim of no impact assumes that timber managers put out of work in one area by this unnecessary, top-down, command and control decision from the Oval Office will not attempt to relocate to our area and impact the small business marketplace here.

The Forest Service has made it clear that the inventoried roadless areas being discussed include hundreds of thousands of acres in Montana that would have been managed for forest health and commodity output in the future. With this Initiative implemented, local

Forest Service employees know that the economics of management without roaded access will preclude such management. How much will this impact future management options and local jobs? The underlying theme of answers given us is 'we just don't know.' This lack of information on impact may well be part of the reason that the largest representative body of forest service personnel (the 14,000 member National Federation of Federal Employees Forest Service Council) is opposed to the initiative. These Forest Service employees do not enjoy shrugging their shoulders any more than the public likes getting a shrug for an answer.

In a few specific instances, we are certain of the impact on small businesses. In Libby, for instance, we have been working for over a decade on the Treasure Mountain Recreational Area. Our area has known for some time that we need to diversify our economy and broaden our tax base beyond natural resource management jobs. We have been told by experts that we have a chance to become an attractive setting for new businesses and tourists if we offer amenities built upon our abundant natural beauty and terrain. We isolated a mountain near town, Treasure Mountain that has world class snow qualities for a winter recreation area and world class splendor for an accessed summer recreation area. With the help of tens of thousands of local volunteer hours, a local Sustainability Task Force, and our local Economic Development Council, we began to identify a project that would have minimal impact on the natural terrain. All but absolutely required facilities would be located in the town of Libby instead of on Treasure Mountain. As a complete recreation area we could encourage year round activities that would help bolster the incredibly short 3-month tourist season of our area. Further, the Recreation Area would hold great potential for attracting not just seasonal recreationists, but broaden the local community appeal for start-up businesses or light manufacturing or technology businesses looking for a place to expand or relocate. Our local Economic Development Council's subcommittee, Treasure Mountain Recreation Association, has spent over $226,000 preparing for an EIS on the community project.

You can only imagine the hollow pit in our stomachs when the Kootenai National forest confirmed at their public meeting that Treasure Mountain Recreation Area is exactly the type of project that will be killed by the Roadless Initiative. It is being proposed in an inventoried roadless area, it is not yet beyond the EIS stage, and, we are told, there will be no exceptions.

To compound the insult, there is horrendous language in the Roadless Initiative that discusses our areas greatest small business asset – our hard working, innovative, entrepreneurial people. Chapter 3, pages 189 and 190 of the Roadless Area Conservation Draft EIS contains disparaging commentary toward the men and women who make their living in natural resource businesses and the communities, such as Libby, that they helped to build and call their home:

> Logging and lumber millwork are not an inter-generational way of life for all participants in the wood products industry. In 1991, median tenure of employment in the wood products industry was 5.3 years (Power 1996). Timber communities have been noted for their instability for over a century, due to the

> migratory nature of the industry (Kaufman & Kaufman 1990). Timber jobs migrate in response to the expansion and contraction of the industry in local areas, with boom and bust cycles caused in large part by unsustainable harvest levels (Power 1996). Even reasonably prosperous timber-dependent communities are among the least prosperous rural communities, having high seasonal unemployment, high rates of population turnover, high divorce rates, and poor housing, social services, and community infrastructures (Drielsma and others, 1990, Power 1996). Moreover, timber industry jobs are dangerous, having high injury and mortality rates. Many people enter the wood products industry because it provides opportunities to earn high wages without having a high level of education. For these people what is at stake is not a traditional lifestyle and occupational culture, but rather an accessible route to a middle-class lifestyle. If equivalent jobs were readily available, these individuals would be happy to take advantage of them.

As a logger, it's of little consolation to me that the Forest Service Chief has apologized for these condescending remarks that paint our communities as full of culturally ignorant trailer trash who'll do anything for a buck and a new woman. This discussion denigrates a whole segment of society - rural resource providers and does not provide a conducive atmosphere for enticing new business development in our communities. It concludes that if other jobs were available we loggers would snap them up – but who wants to hire an overpaid, undereducated social misfit who holds down a job just long enough to migrate to the next ramshackle town?

Clearly, the Clinton/Gore Roadless Initiative is going to have an impact on our rural community. It will impact some timber harvest now, some later. Uncertainty over access to the 2.5 million acre National forest that consumes nearly 80% of our county will severely limit our ability to bring in new industries that would add value to the raw product that grows on that land base. Uncertainty over access will severely limit our ability to provide a recreational business base other than those few operations built upon elitist hiking experiences. Currently, 93% of the recreational visitor use days on the Kootenai Forest are road access required activities such as sightseeing, wildlife viewing and berry picking. Limiting the option to build road into some areas is being proposed at the same time as the Clinton/Gore Administration is considering implementing their new national Road Management Plan. This plan, as currently written, calls for the elimination of some 6,000 miles of forest service road per year. The Forest Service has told us locally that with the elimination of roads in an area, the newly 'created' roadless area could very well be considered as an area to be protected under the Roadless Initiative. How will this impact local businesses is uncertain.

The Roadless Initiative will impact our ability to access the forest to manage it for fuel hazard reduction. This limitation on access will hinder our attempts to protect our forest resources from catastrophic wildfires. The threat to our forests has been clearly outlined in the April 1999 GAO report to congress on the health of the forest in the interior west. Catastrophic loss of the forest resource will have a ripple effect in the forest management

community, our tourism potential and all of the main street businesses that rely upon these business sectors.

How much impact? Except for killing the potential of the Treasure Mountain Recreation Area, the Forest Service has said they simply do not know. That, ladies and gentleman, makes it a bit difficult for us to comment on this initiative with certainty.

In closing, I'd like to suggest to this committee that a new look at the impact of Federal actions on our rural communities be considered. The forest service is not proposing this initiative in a vacuum: there is a simultaneous revision of the entire Forest Service Road Management Plan under way. Further, while this discussion taking place we have continuing impact to forest management options from the yet to be completed Interior Columbia Basin Ecosystem Management Project, continuing impacts from endangered species such as the grizzly bear, lynx, wolf, white sturgeon, bull trout, and a host of others. We also have air quality issues because of our high mountain valley location and a continuing nightmare being handled by the EPA concerning asbestos related illness detected in the 1970's and 1980's but not acted upon until 1999. No single issue stands alone in impacting the struggling small businesses of our area. Taken together, however, the cumulative effects of all of the state and federal actions and the lost jobs of our area during the last decade have yielded a county that leads our state in unemployment – and our state is 50th in the nation in per family, per capita income.

I'd like to suggest that Federal agencies be required to complete not just an action specific report on impact (which they have been woefully short on with this Roadless Initiative), but a cumulative effects analysis. Such an analysis should consider how actions such as this proposal impact our community businesses with all other regulatory actions taken into consideration. Cumulative effects analysis is widely regarded as a requirement in discussing resource management options that have the potential to impact endangered species but has, sadly, never been required for socio-economic impacts.

Our local grizzly bear recovery collaborative group has asked for a socio-economic cumulative effect analysis on grizzly bear recovery. The US Fish and Wildlife Agency claims that there has been no impact on our area due to grizzly recovery while the US Forest Service claims there has been substantial impact. Our area thought that a cumulative effect analysis would answer the question for the public. When the federal agencies turned down our request, we were told that they were not required by law to do the analysis, a model to make such an analysis did not exist and would be incredibly complex. We do have such a model for the grizzly bear, however, because law requires it. We should give the same consideration to those humans and enterprises that commune in the same forest as our protected natural friends.

Since 1990, my community has seen a 75% reduction in commodity return from the Kootenai National Forest. My family business has shrunk from one that employed 65 families ten years ago to one that now employs 5. We are not the exception, we are the rule in our area. Lincoln County has a population of 17,000 and has seen over 1700 manufacturing jobs lost within the last decade. We are told that tourism is our future, but

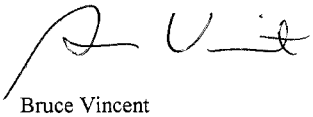
efforts to expand tourism are threatened by the same. We are told to expand our value added manufacturing base, but efforts to do so are threatened by the same regulatory actions of the federal government that have dismantled our basic industries. We are told to encourage new forms of business into our area, but denigration of our custom and culture within Federal managing agencies planning documents threatens our ability to do so.

No single action has accomplished this sad situation. The roads to the closed saw mills and stud mills and mines and main street businesses in our town are paved with incremental impacts. Individually the impact may have been small. Collectively, the impacts closed businesses and cost families their jobs.

The Roadless Initiative is one more proposed action that will have impact, has been woefully understudied, and should be further studied as a specific action under the requirements of the Small Business Regulatory Flexibility Act and within the concept of cumulative effects.

Thank you for allowing me the opportunity to testify. I look forward to answering your questions.

Very Truly Yours,



Bruce Vincent
President, Communities for a Great Northwest
Secretary/Treasurer, Vincent Logging Inc.

Testimony of Carl E. Fiedler, Research Associate Professor
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Chairman LoBiondo, Vice-Chairman Hill, Committee members, I appreciate the opportunity to testify to you about the portentous problems posed by existing forest conditions in the western U.S., but also about the opportunities they present and the benefits that would accrue from silvicultural treatment of these conditions in terms of ecological function, forest sustainability, timber production, and ultimately employment. This will provide the context for the companion testimony of Professor Keegan that will follow immediately.

Over the past decade, federal land management agencies have largely adopted an ecosystem-based approach to managing forest lands. Restoring and sustaining wildland ecosystems has become a broad management goal on tens of millions of acres of federally-owned land in the West. Maintaining or restoring wildland ecosystems in turn requires management approaches quite different from those used in the intensively-managed plantations that are the focus of forestry operations in many areas of the country. In particular, the composition and structure of most forests in the West were shaped by the historic role of fire. Fire history data from the past two millennia show that fire regimes varied from frequent, low-intensity fires (underburns) in drier forests, to infrequent, high-intensity (stand-replacement) fires in moister forests and at higher elevations.

An "out by 10:00 am" fire suppression policy followed for years by federal agencies, while generally effective, has fundamentally altered the structure and composition of many western forests. The most dramatic changes have occurred in the ponderosa pine forests that historically experienced frequent, low-intensity fires. Stands today are much denser, often with twice the cross-sectional stem area as pre-fire suppression stands. Previously open stands have filled in with small and medium-sized trees, sometimes ponderosa pine, but more often shade-tolerant species such as Douglas-fir, true firs, or incense cedar. Small trees serve as "ladder" fuels, allowing normally low-intensity surface fires to torch into the overstory and become intense crown fires. These gradual but directional changes in forest conditions since the early 1900s have created a regional tinderbox -- catastrophic fire potential over millions of acres of the western landscape, with associated threats to human life and property. Hazardous conditions in pine forests have gained national attention because ponderosa pine and pine/fir forests are the most extensive forest type in the West, occupying nearly 40 million acres.

Widespread perceptions of the hazardous conditions in ponderosa pine forests are that it is solely a problem of too many small trees, and that restoration treatments are expensive. Recently, officials in the U.S. Departments of Agriculture and Interior have urged broadscale hazard-reduction treatments in ponderosa pine forests to reduce the risk of catastrophic fires, and associated threats to soil, water, wildlife, people, and property. Their recommended approach is "thinning-from-below," which typically involves cutting most or all small trees up to 6 inches diameter (or 8 inches or 10 inches), followed by prescribed underburning.

I would like to report on an analysis conducted jointly with Professor Keegan, in which we compared the widely recommended thinning-from-below prescription aimed at removing the ladder fuel component in high-hazard forests, with a more comprehensive treatment regime aimed at addressing the full range of problems that threaten their sustainability. The comprehensive approach removes ladder fuels, reduces composition of late-successional species (if present), and lowers overall stand density enough to induce regeneration of ponderosa pine and spur development of large-diameter trees. A fundamental difference between the two approaches becomes clear during prescription implementation. Rather than focus on the trees to be cut -- as is the case with the thin-from-below prescription, the approach we recommend is to mark the trees to be left in the number, species, size, and juxtaposition that best approximate (or set the stage for) the desired sustainable stand of the future. All trees not designated for leave are cut, which is a diametrically different way of approaching long-term sustainable management than the thin-from-below approach.

Specific objectives of our analysis were to design a comprehensive prescription for restoring degraded pine stands, and to evaluate the potential for timber product values to offset treatment costs for both the thin-from-below and comprehensive treatment prescriptions. These prescriptions were applied to an "average" or composite stand representing an average forest condition based on inventory information from over 500 stands in western Montana. The thin-from-below treatment produced a small volume of timber products and cost more to implement than the value of products removed, whereas the comprehensive treatment produced an average of about 4,000 board feet per acre, nearly a third of the amount of wood needed to build the average-sized American home. The volumes and values of wood associated with each prescription will be provided by Professor Keegan.

Broadscale implementation of comprehensive restoration cutting treatments is a compelling need for several reasons:

1) The ecological function and long-term sustainability of huge acreages of pine forest are at risk. Ponderosa pine forests historically sustained themselves in place under a low-intensity fire regime. Ponderosa pine trees have deep roots, thick bark,

large fleshy buds, and exceptionally long needles arrayed so as to deflect rising heat away from lateral and terminal buds -- adaptations which are admirably suited to minimize damage from surface fires, but which afford this species little protection from intense crown fires. Ponderosa pine is also a heavy-seeded species, with seed dispersal distances of little more than the width of a football field, an adaptation which is a decided disadvantage following large, stand-replacement fires. Catastrophic fires in pine forests may result in virtual deforestation (e.g., 120,000-acre Hawk Creek fire in Montana) or conversion to a different forest type, with associated impacts on wildlife species that have co-evolved with pine forests and are dependent on them.

2) The landscape-scale, catastrophic fires that have charred pine forests in recent years (Cerro Grande - New Mexico, Hawk Creek and Early Bird - Montana, Lowman Complex - Idaho) are harbingers of things to come. Whether the next event will be in the Tahoe Basin, Williams, Arizona, or Ruidoso, New Mexico is unknown. That such events will occur under existing conditions is not a question of if, but when. Will the next event claim human life? Will property damage become exorbitant? Will we wait to find out?

3) Proactive hazard-reduction treatments can limit severe damage from wildfire, which has substantial value in terms of wildland resources and amenities retained, and fire-fighting costs avoided. Treated stands are resistant to insects, disease, and fire, produce substantial volumes of timber products, and are visually appealing. They are also sustainable because they provide the open conditions needed for ponderosa pine to regenerate, and to develop the large-diameter trees that are especially resistant to fire and extreme weather events. An additional benefit of treatment is that development of extensive areas of pine forest that are highly fire resistant can protect ecologically-important "islands" of late-successional species within them from catastrophic fire.

4) The fuels buildup in the interior West is not going away. Densification of existing stands with live trees will continue. This factor is compounded by slow decomposition rates in the arid climate of pine country, and continued accumulation of dead fuels in the absence of surface fire - the historic recycling agent. However, the opportunity to use prescribed fire as a means of either reducing hazard or restoring sustainable conditions in today's dense stands is largely past. The extensive areas of pine forest that burned in an average year prior to Euro-American settlement vastly exceeds the amount that could reasonably be burned today, given the hazardous stand conditions described previously, strict air quality regulations, limited personnel and funding levels to carry out burning, restricted burning windows in terms of weather and fuel conditions, and residential and commercial developments within some of these forests.

The ecological benefits that derive from comprehensively treating high-hazard western forests are varied and many. Equally important byproducts of the comprehensive restoration treatments we recommend are employment of woods workers in rural communities, production of substantial volumes of timber products to help offset increasing domestic dependence on imported wood, and generation of revenues to help pay for other restoration treatments, such as tree planting and prescribed burning.

So what are the longer-term implications of current conditions in ponderosa pine and pine/fir forests of the West? While the term ecosystem health means different things to different people, Aldo Leopold defined this term as the ability of a system to recover after disturbance. Based on this definition, many pine and pine/fir forests in the West are neither healthy nor sustainable. The good news is that we have silvicultural treatments available to address the density, structural, and species compositional problems that leave pine forests vulnerable to catastrophic fire. What is needed is timely, strategic-level implementation of comprehensive treatment prescriptions based on location, extent, and relative severity of hazardous conditions. However, given that forest inventory data are either incomplete or not yet analyzed, particularly for roadless areas, this is currently not possible across all national forest system lands. Therefore it seems imprudent to make irreversible decisions now that may affect the long-term sustainability of some of these areas, when inventory information on ecological conditions will be forthcoming in the next several years. We are not well-served by making decisions absent such information, and certainly our forests deserve better.

Dr. Carl Fiedler is Research Associate Professor of Silviculture at the University of Montana, Missoula, MT. He teaches multiresource silviculture in the School of Forestry at UM. In 1993, he received the Forest Service Chief's Sustainable Forestry Award for implementing a selection cutting-prescribed burning demonstration site on the Bitterroot National Forest in Montana. He is currently collaborating with the BIA-National Interagency Fire Center in conducting professional training courses aimed at improving forest management/prescribed fire applications on Indian reservations throughout the country. He and Professor Charles Keegan have recently initiated a two-year research project funded by the National Joint Fire Science Program to develop state-level estimates of fire hazard in Montana and New Mexico from Forest Inventory Analysis (FIA) data. He is also the principal investigator at the Lubrecht Forest site within the national Fire/Fire Surrogates study network.

Testimony of
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July 11, 2000

Chairman LoBiondo, Vice Chairman Hill, distinguished committee members, it is a privilege to testify before this committee.

Timber harvest and utilization of forest products is an important source of jobs and employment in rural communities in the western United States. Numerous small rural communities in the West have historically been positively impacted by the output of timber products from national forests, and more recently, have been negatively impacted by precipitous declines in federal timber programs. Further, the level and direction of harvest in the future will influence the economic well-being of many of these communities.

My testimony today will not focus directly on the decline or directions of the federal timber sale program per se but rather on what I think is developing as an enormous missed opportunity to:

- dramatically increase forest ecosystem health on federal lands and at the same time,
- sustain and even increase high paying jobs in rural communities throughout the West.

The missed opportunity specifically relates to the well documented need –outlined in the testimony by my colleague Dr. Carl Fiedler - to treat literally millions of acres of timber stands to restore and sustain desirable forest ecosystem conditions. Associated with this ecological treatment need is a very substantial economic opportunity, which our research indicates would result in positive revenue flow to the federal treasury and increased employment opportunities in rural areas. The roadless issue is related to this need, but it is only a part of it.

Dr. Fiedler in his presentation demonstrated that fire exclusion has resulted in ecologically unsustainable conditions on millions of acres of forest lands in the western United States. Further, he showed that treatments aimed at restoring these stands to more sustainable conditions are commonly being misprescribed. This has led to the widespread belief that implementation of restoration treatments would require substantial taxpayer subsidies. However, our work indicates that projects to restore and sustain desired forest conditions in the Inland West – if properly designed to fully address ecological problems and focused on areas most truly in need of treatment- often produce timber products with substantial positive value. The revenue can be used to underwrite treatment costs, saving the taxpayers money and allowing these ecological problems to be dealt with more rapidly and efficiently.

More pertinent to this committee's official concerns is the fact that the treatment's revenues result from timber removed to accomplish the treatment. Employment would be generated in the actual implementation of these treatments- including the harvesting of the timber - and in its processing at mills in the region.

Dr. Fiedler illustrated the forest condition and potential treatment on the ponderosa pine forest type, which in one form or another covers tens of million of acres in the Interior West. Using Dr. Fiedler's illustration of a moderately high-density ponderosa pine/fir stand condition, I will contrast the financial aspects of two alternative prescriptions for restoring sustainable stand conditions dominated by large ponderosa pine once common throughout much of Montana.

The first prescription is a comprehensive treatment approach aimed at addressing ecological problems of high stand density, excessive numbers of sapling- and pole-sized trees, and undesirable species, in this case Douglas-fir. The second prescription involves the often recommended thin-from-below approach, designed primarily to reduce fire hazard by removing the sapling/pole understory layer. These understory trees can serve as "ladder" fuels, allowing surface fires to torch into the overstory.

Alternative Restoration Prescriptions

Dr. Fiedler analyzed Forest Service records from hundreds of stands that were historically dominated by ponderosa pine and evaluated the potential of timber products to underwrite the costs of restoration treatments. Stands that were selected to be included in the evaluation had to meet the following criteria:

1) stand density levels high enough to cause unnatural stress to the stand causing increased susceptibility to insects and disease, and
2) a ladder fuel component significant enough to threaten even the largest, most fire resistant trees should a fire enter the stand.

He then developed a comprehensive restoration treatment prescription for the average (composite) stand condition in the mature pine/fir type that met the previously defined criteria. This "consensus" prescription was developed in consultation with silviculturists and ecologists from various federal, state, and tribal organizations. The comprehensive prescription includes the following sivicultural treatments:

1) low thinning, in which nearly all of the trees up to 9 inches in diameter are cut,
2) modified selection cutting, to reduce density and promote regeneration of ponderosa pine, and
3) improvement cutting, to remove most Douglas-fir/true firs and low-quality trees of all species not reserved for other purposes.

The prescriptions were designed to reduce stand density by about 60 percent to a more natural and sustainable level. Cut trees over 7 inches in diameter would be removed from the site to afford protection to the remaining stand from wildfire or prescribed burning.

The thin-from-below prescription evaluated for the mature pine/fir condition is aimed at cutting most (or nearly all) of the trees ≤9 inches in diameter. Trees <5 inches are cut and slashed, while trees from 5 - 9 inches in diameter are removed and available for products. I developed the potential value of timber products generated from these prescriptions based on their value delivered to mills in the region, less removal and haul costs. The potential timber products were based strictly on trees to be eliminated as parts of treatments to reduce hazard and restore ecological conditions; they were not designated for removal based on their value as commercial timber products.

Financial Aspects of Alternative Restoration Prescriptions

As Dr. Fiedler describes, the comprehensive restoration treatment is clearly superior in terms of ecological effects. In addition, its financial aspects, as well as its potential to positively impact employment and wages in rural communities in the Inland Northwest are much superior to the often prescribed thin-from-below approach.

Besides moving the stand more rapidly to an ecologically desirable and sustainable condition, the comprehensive restoration approach generates positive revenues from timber products ranging from a few hundred dollars to over $1000/acre, depending on stand conditions, terrain and logging systems, and market conditions (Figure 1). Our analysis indicates that the thin-from-below prescription fails to fully accomplish key ecological goals and also commonly requires a subsidy of hundreds of dollars per acre. The difference in value between the comprehensive treatment and the thin-from-below approach, which at best offers a partial and temporary ecological solution, is generally over $1000 per acre.

Dr. Fiedler and I have looked at a number of forest types and potential prescriptions and found the timber products produced in ecosystem restoration treatments often have a substantial positive value that can be used to underwrite treatment costs. Further, we have found that there is often a synergy between economic opportunity and ecosystem restoration. That is, implementing comprehensive restoration treatments in the stands most in need of treatment often results in increased timber product values and less need to subsidize the restoration activities.

Increased Employment Opportunities in Rural Areas

The fact that the comprehensive treatments not only put the stand in a far better ecological condition but also generate a positive cash flow should allow for broad-scale application of comprehensive ecosystem treatments. This broad-scale implementation of treatments designed to restore and sustain desired forest conditions has large potential to sustain, and even increase, employment, especially in rural areas where per capita incomes are nearly 30 percent below those of urban areas. This is, of course, of particular interest in Montana, which ranks 50th in average wages per worker.

Jobs in forest management and timber harvesting and processing are among the highest paying components of the economy in much of the rural West. Harvesting timber with commercial value, in addition to underwriting treatment costs, supports employment in processing of the removed material. Treatments that employ silvicultural cutting to reduce hazard are more labor-intensive than traditional harvesting because they are

designed to produce a desired forest condition -- not just remove timber at a low cost. The forest products industry in Montana has become more labor intensive in the last decade in part because of changes in harvest operations to address social and biological concerns (Figure 2) and labor intensity should be even greater in restoration prescriptions.

Roadless Area Considerations

In the immediate future, it makes sense to focus treatments on those portions of the national forests that are roaded. These lands are already accessed, and can be treated most economically. The roaded lands also contain the most immediate threats to human life and property from wildfire. However, given the scale of the forest ecosystem health problems in the West, roadless lands certainly have forest conditions that are ecologically out of balance and need active management to restore. Inventory data on many of these lands are either incomplete or have not been analyzed; this is certainly the case for much of the area under consideration in Idaho and Montana – the two states with the largest acreage under consideration. Resolution of the roadless issue is grossly premature before we have adequately analyzed these lands in terms of their ecological condition or even for commercial timber potential.

Finally, even if we had perfect inventory information, we do not today know how society will value the various outputs from these lands in the future; the wisest course would be to make careful periodic reviews of the roadless lands and make decisions about relatively small portions of these lands after each set of reviews.

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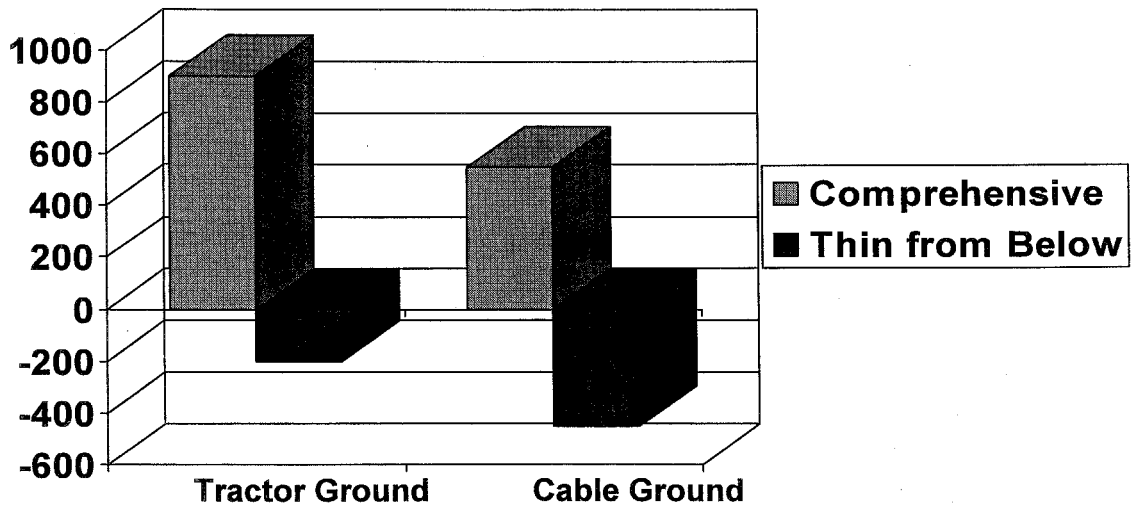
Figure 1

Net Value/acre of PP Alternative Treatments

(W/o Pulpwood Market)



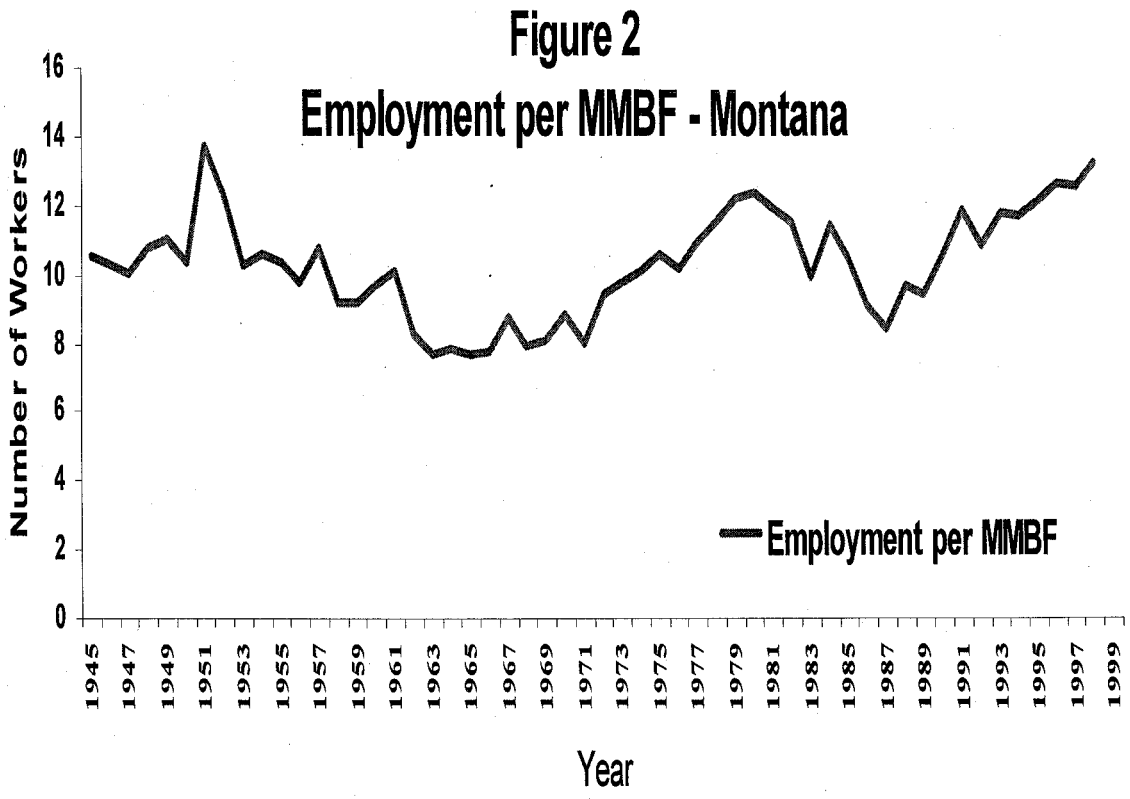


Figure 2
Employment per MMBF - Montana
Number of Workers
16
14
12
10
8
6
4
2
0
1945
1947
1949
1951
1953
1955
1957
1959
1961
1963
1965
1967
1969
1971
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
Year
Employment per MMBF

The Economic Impact of Setting National Forest Roadless Areas Off Limits to Roading and Logging

Testimony Prepared for the
Committee on Small Business
US House of Representatives

by

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July, 2000

I. Introduction

I am a Professor of Economics and Chairman of the Economics Department at the University of Montana. I received my Ph. D. from Princeton University. I have been on the faculty of the University of Montana for 33 years and Chairman of the Department for 23 years. I have written five books and hundreds of chapters, articles, and reports. My research focuses on natural resource economics and regional economic development.

Since 1993 I have conducted several research projects that studied the alternative economic role that the remaining National Forest roadless areas could play for adjacent communities in the Northern Rockies and the Pacific Northwest. The public policy choice I focused on was continued management for the natural amenity values these areas already provide versus roading and commercial logging. The economic contribution that these roadless areas can make through commercial logging has always turned out to be quite small. The reasons for this are straightforward.

First, as a result of the ongoing development of the economies adjacent to National Forest lands (despite plummeting National Forest timber harvests), the timber industry provides a continuously declining share of jobs and income. Even in "timber dependent" areas, lumber and wood products are usually the direct source of less than five percent of economic activity, often much less.

Second, because of the decade long decline in National Forest timber harvests, the mills in the region no longer primarily rely on the National Forests for their raw materials. More and more of that wood fiber is coming from non-federal, largely private, lands. Although the percentage varies from one region to another, the National Forests are now the source of only about 20 percent of Montana's harvest, 17 percent of Idaho's harvest, and less than 3 percent of Washington's harvest.

Third, there is a reason why after over a century of logging these roadless areas have not been entered for commercial timber: They are isolate, low timber productivity, and costly areas in which to harvest trees. Noncommercial forest values have always dominated the commercial timber values. The Forest Service has not been harvesting substantial timber in these areas and does not plan to in the foreseeable future. Most of these areas can be harvested only at a financial loss subsidized by US taxpayers. The contribution these areas can make to the total National Forest timber harvest is quite small, one to five percent in most timber supply areas.

All one has to do to calculate the contribution these roadless areas can directly make to local economies through timber harvest is multiply these three fractions together: (% of the economy directly tied to wood products) X (% of timber supply coming from National Forests) X (% of National Forest timber supply coming from roadless areas).

Of course, multiplying three small fractions together produces a truly small fraction: e.g. 5% X 15% X 2.5% = 0.019% or about **two hundredths of one percent.** That is the order of magnitude of the direct economic impact of eliminating commercial logging in National Forest roadless areas. You can apply any multipliers you wish, focus on the areas that are most dependent on National Forest timber, or focus on those areas where the roadless areas have the greatest potential to contribute to total timber supply, but the result will always be the same: The economic impact will we very, very small.

II. The Economic Impact of Setting All of Montana's Unprotected Roadless Areas Off Limits to Timber Harvests and Roads

There is no plausible economic argument to be made against fully protecting the remaining unprotected roadless areas in Montana. Doing so will have an almost immeasurably small negative impact on the wood products industry while enhancing the primary source of the ongoing growth in the Montana economy, our high quality of life. In addition, it will reduce the economic costs associated with protecting endangered species.

Almost no timber harvests have taken place in Montana's unprotected roadless areas during the 1990s and almost none are planned during the next five years. Past and future planned timber harvests from these areas have been between 3 and 4 million board feet a year out of a total National Forest harvest of 200 million board feet and a total state harvest of 800 million board feet. Thus, the impact of closing these areas to timber harvest will be a fraction of one percent; an impact small enough to be lost in the noise of normal annual variations in harvest. The direct job losses associated with this tiny harvest reduction would about 50 jobs. During the 1990s the National Forest counties of Western Montana have been adding about 10,000 jobs a year. **Every two days** of this ongoing economic vitality generates 50 jobs.

This small impact on timber harvests and timber jobs many startle some since about a third of Montana's National Forest lands are unprotected roadless areas. Not allowing timber harvesting in so large a part of our public forests might be assumed to have an avoidably huge impact on future harvests. But that assumes that these roadless areas have remained roadless in the past for no reason at all. In fact, these lands have not been roaded and harvested because of the high costs of both getting into them and then harvesting trees. In addition many have very low timber productivity. The combination of these has rendered the roadless areas uneconomic for commercial timber management. That is why back in the 1980s when the US Forest Service developed their overly ambitious timber harvest plans for Montana's National Forests **over 80 percent** of these roadless areas were found unsuitable for commercial timber harvest and why to this day they have not be subject to significant timber harvests.

Let me state this as bluntly as possible: The economic cost to Montana of protecting 5.8 million acres of our wildland heritage is nearly zero: a two day pause in ongoing job creation, a fraction of one percent reduction in total timber harvest. Should we sacrifice the sprawling natural magnificence of these lands that define Western Montana in the greedy pursuit of so insignificant an economic prize as this? For those who might eagerly respond "Yes!" because "Something is better than nothing," let me mention two other obvious economic points.

First, if we want to avoid the economic "train wreck" that resulted from ignoring the habitat needs of the Spotted Owl in western Washington and Oregon and that now looms for the salmon in Idaho, Washington, and Oregon, we had better begin protecting the habitat on which endangered species depend. Entering the remaining unprotected roadless areas now in the pursuit of massively below cost timber sales will not only cost taxpayers money to implement the invasion, it will also cost us hugely down the road when we are forced by the courts to undo the damage we have done to crucial wildlife habitat. Preserving this habitat **now** will save us much economic grief later.

Finally, if Western Montana had only its timber harvests and mines to depend upon, this region would be simply a string of ghost towns constantly losing jobs and population. Instead we have been gaining population and creating jobs at a rate that has led unemployment rates to fall to levels not seen since the 1970s. This job growth and low unemployment is obviously not tied to National Forest timber harvests that have plummeted since the late 1980s.

Consider the towns that the timber industry uses as symbols of timber dependent communities. Darby at the south end of the Bitterroot Valley has seen timber harvests on the Bitterroot National Forest plummet almost 90 percent since 1987. Has Darby been "shut down"? During the 1990s its population rose 51%, five times the state average rate of growth. Or consider Columbia Falls in the Flathead. Harvest from that National Forest also plunged almost 90 percent while Columbia Falls boomed with a 44 percent increase in population. Or consider Thompson Falls and Plains in Sanders County. The Lolo havest fell 70 percent, but Thompson Falls and Plains did not wither and die; instead they gained 18 and 23 percent in population, respectively. Alberton in Mineral County, also dependent on the Lolo, grew at as fast a rate as Missoula County, 13 percent. In Missoula County itself, the relatively isolated town of Seeley Lake also saw ongoing growth and vitality despite the collapse of timber harvests on both the Lolo and Flathead National Forests. The story is the same in the small towns adjacent to the Helena, Gallatin, and Lewis and Clark National Forests: growth and vitality, not shutdown and depression. Even in the isolated towns in extreme northwestern Montana, Libby, Troy, and Eureka, there has been modest growth, 5 to 7 percent, between 1990 and 1998 despite the loss of 70 percent of the 1987 National Forest timber harvest and the shutdown of two large mining operations.

Our small communities adjacent to National Forest lands are not being "shut down" by the dramatic declines in National Forest timber harvest, quite the contrary. How can one explain this economic vitality despite the loss of access to these raw materials? The answer is straightforward. Just ask those who continue to live there and those who are moving in. Protecting our forests does ***not*** lock up resources and restrict residents' access to the benefits of the forests. Protecting our forests protects clean water and fisheries; it protects habitat and wildlife; it protects recreational opportunities; it protects open space and scenic beauty. All of these are continuously available to residents of our small towns and rural areas when our natural forests are protected.

We have been able to hold and attract economic activity because the valleys of Western Montana offer spectacular natural living environments. It is the protected landscapes associated with our public lands that form the core of those attractive living environments that are the source of our economic vitality. Extending ongoing protection to the remaining unprotected roadless areas in Montana will guard that crucial part of our economic base at almost no cost. To do otherwise is to waste a valuable and irreplaceable economic, as well as cultural and environmental, asset.

Restricting the clearcutting and commercial removal of the trees is simply a sign that we all have increasingly begun to see more clearly the whole of the forest and not just the commercially valuable trees. This does not damage our communities; it protects their future by protecting an important part of their economic base: the forested mountains and all of the benefits that those forests can provide to us and future generations. Other areas of the nation, in other periods of our history, have been stripped of their forests and abandoned to out-migration and the poverty that a degraded natural environment assures. The effort to protect Montana's roadless areas seeks to assure that that never happens here.

III. The Economic Impact of Setting Eastern and Southwestern Washington's National Forest Roadless Areas Off Limits to Roading and Logging

This is a summary of a study I carried out during this last spring entitled **The Economic Impact of Preserving Washington's Roadless National Forests.** It is available in electronic form at http://www.ems.org/roadless_areas/wa_economic_impact.html.

For over a century, the economic value placed on forested landscapes has been derived almost entirely from the commercial revenue associated with them: lumber, forage, minerals, and the commercial recreation business. The non-commercial values of natural intact forests were rarely incorporated into the economic dialogue. This was a serious and unfortunate oversight. Those non-commercial forest values – clean drinking water, healthy watersheds for fish and wildlife, recreational opportunities, scenic beauty, open space, and climate stabilization – are critical to the economic well-being of families in counties with substantial tracts of National Forest land. The Clinton Administration's initiative to protect the remaining roadless land in National Forests from any new road-building, development or logging recognizes that these attributes are under increasing pressure and will only be more important in the new economy of the 21st century.

This study evaluated the likely economic impacts of protecting all of the inventoried roadless areas in Washington's National Forests from logging and commercial development on rural areas, isolated communities, and small towns that have a relatively high dependence on logging or forest products manufacturing for their employment and income. The study's conclusions are both surprising and very positive for the health of Washington's economy and forests.

The study focused on four areas of the state that contain, or are adjacent to, substantial National Forest land: five counties in the northeast, four counties in the southeast, five central Washington counties, and four counties in the southwest, generally along the Columbia River. We did not analyze the forested lands on the west slopes of the Cascade Range or on the Olympic Peninsula because roadless area protection would represent, at most, one to two tenths of one percent of the regional timber supply. Such small timber supply reductions would have almost no measurable economic effect at the community level. [Chapter 1]

The bulk of this study researched three relevant factors, including, 1) the place of logging and the forest products industry in the overall economy in Washington, 2) the relationship between federally-mandated timber harvest reductions and the economic vitality of rural counties traditionally connected to National Forest lands, and 3) the potential impacts on those communities of protecting additional National Forest lands as roadless. It found that, based on the evidence, formerly timber-dependent communities in Washington stand to benefit far more, economically, if roadless National Forest lands in their community are left intact and protected than if these areas are opened to new roads and timber harvests.

A. Logging on Federal Lands Go Down, Washington's Economic Vitality Goes Up

Given the assumption that logging, and the forest products industry, are pillars in the economic foundation of many rural Washington counties, one might expect the dramatic restrictions on logging on federal lands instituted during the 1990s to protect habitat for endangered species to have crippled the economic vitality of those communities. However, such effects are not evident on the state or regional level. As federal timber harvests plummeted during the 1990s, employment actually expanded by almost 18 percent statewide. The southwestern and eastern counties saw employment grow even faster, by a fifth to a quarter. The total aggregate income received by residents, after adjusting for inflation, grew even faster, allowing real income per person to rise steadily. Population also expanded, with many counties outside the Puget Sound area leading the state. Contrary to conventional wisdom, in the southwest counties where the decline in federal harvests were the greatest, employment, population and income growth were the highest. [See Figure S1 and Table S1.]

Figure S.1: Economic Vitality and Federal Timber Harvests: State of Washington

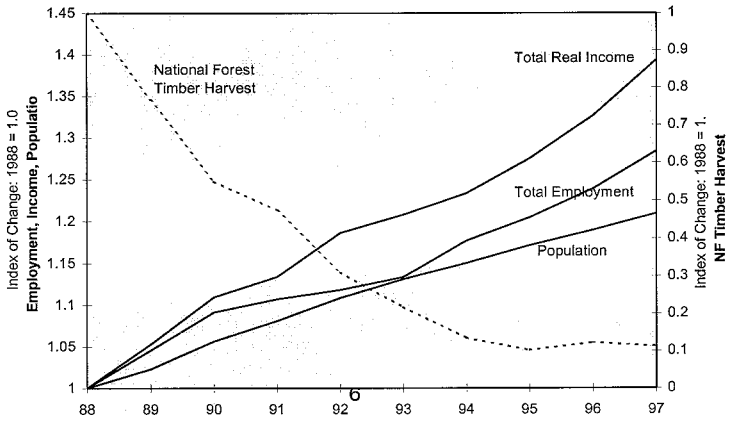

Table S.1
The Decline in National Forest Timber Harvests and Regional Economic Vitality

Region	Change in NF Timber Harvest 86-90 to 94-98	Change in Total Jobs 1990-97	Change in Total Real Income 1990-97	Change in Average Real Income 1990-97	Change in Population 1990-97
Washington State	-86.8%	17.6%	25.5%	9.7%	14.5%
Southwest (7 cnty)	-88.6%	25.6%	32.5%	7.6%	23.1%
Central (9 cnty)	-80.9%	17.3%	21.2%	3.3%	17.3%
Eastern (11 cnty)	-68.0%	19.3%	20.1%	7.1%	12.1%

Source: US BEA REIS and Washington Department of Natural Resources
SW = Skamania, Clark, Cowlitz, Wahkiakum, Pacific, Lewis, Thurston
Central = Okanogan, Chelan, Kittitas, Yakima, Douglas, Klickitat, Benton, Franklin, Grant.
East = Pend Oreille, Stevens, Ferry, Lincoln, Spokane, Asotin, Columbia, Garfield, Walla Walla, Adams, Whitman

The relationship between timber harvest and the overall economic health of Washington communities assumed to be most dependent on logging and forest products runs counter to commonly held assumptions. The following are highlights of this study's findings:

- Despite a 93 percent decline in National Forest timber harvests and the loss of 7,300 forest products jobs statewide between 1988 and 1998, the number of people employed outside of forest products expanded by 726,000 (total employment rose 33 percent), total real income expanded by almost 50 percent, and population rose by 23 percent.

- Economic vitality was especially evident in the largely non-metropolitan counties adjacent to National Forest lands in eastern and southwestern Washington. Although 3,000 forest products jobs were lost, more than 500,000 jobs were added outside that sector. The counties adjacent to the National Forests were not driven into economic depression as a result of 70 to 90 percent declines in federal harvests. Instead, average real income, employment, and population expanded significantly.

- Even within relatively isolated areas, such as the northeastern tier of counties, there was considerable economic vitality despite the declines in federal timber harvests. Only two very small, isolated "timber dependent" towns lost population. In general, all areas gained population at rates above the national average. Some areas, such as Okanogan County, did almost as well as the state's metropolitan areas despite the decline in federal harvests.

- The relatively high unemployment rates in many of the eastern Washington counties adjacent to National Forests cannot be attributed to the decline in federal harvests. Those counties had even higher unemployment rates at the time of peak harvests in the late 1980s. The unemployment rates in excess of the state average did not rise as federal harvests fell dramatically from these peak levels.

- While its true that average real pay is low in the eastern and southwest Washington counties adjacent to National Forests, this low pay is not the result of the decline in federal harvests. Average real pay plunged during the 1980s while federal harvests were rising to peak levels. In fact, while federal harvests fell in the 1990s, average pay stabilized or increased.

- Federal payments to local governments from revenue generated in local National Forest lands declined with federal harvests during the 1990s. This, however, did not cause an overall decline in the revenues available to local governments. Local and state economic vitality allowed local government revenues to double in the 1990's despite the reduction of the National Forest contributions.

B. Why Local Jobs Won't Suffer If Timber Harvests in National Forests Are Restricted

Declines in National Forest timber harvests during the 1990s had a relatively modest impact on Washington's "timber dependent" communities. These communities have shown impressive economic vitality, continuously generating new sources of employment and income. This has allowed them to accommodate displaced forest products workers, diversify their economies, and productively adjust to a new economic reality. [Chapter 3]

The reasons for this include:

- Most of these roadless areas were never part of the commercial timber base. Very little harvest is planned for them.

- National Forests are the source of only a small minority of total state timber harvests, about 4 percent statewide, 10 percent in eastern Washington, and 3 percent in the southwest.

- Other sources of timber supply adjust to increases and decreases in federal timber supply, partially offsetting those federal changes.

- Forest products employment is not necessarily tied to the level of timber harvest. When timber prices are high, additional labor is employed to enhance wood fiber utilization. On the other hand, ongoing technological change tends to systematically reduce the employment associated with each million board feet (mmbf) harvested.

- Fluctuation in the *demand* for wood products, not timber *supply*, is a primary determinant of the overall level of production and employment in the timber industry.

- Local harvests do not often flow to local mills because logs are often exported or hauled hundreds of miles to be processed. As a result, any employment impact may well not be local.

- Forest products workers do not necessarily live where forest products production facilities are located. Workers are mobile and take advantage of economic opportunities in the surrounding regional economy by commuting to work.

C. Protecting Roadless National Forests Will Mean Gain, Not Pain for Economy

If Washington's remaining roadless areas are protected, the impact on National Forest timber harvests here would be very small, especially when compared to the reductions in federal harvest already experienced in the 1990s. If all of the inventoried roadless areas are put off limits to logging, the projected National Forest harvest declines over the next five years would be negligible compared with the impacts that Washington communities have already digested. [See Table S2].

Table S.2
National Forest Timber Harvest Changes in the 1990s and the Near Term Impact of Roadless Area Protection

National Forest	1986-1990 Average Harvest (mmbf)	1994-1998 Average Harvest (mmbf)	1990s Reduction In NF Harvest (mmbf)	Impact of Roadless Area Protection Max. Past/Future Harvests (mmbf)	Relative Size of Roadless Area Impact Compared to 1990s NF Harvest Decline
Gifford Pinchot	391.7	44.3	-347.4	-0.6	0.2%
Okanogan	89.7	16.3	-73.4	-2.5	3.4%
Wenatchee	134.8	36.8	-98	-2.5	2.6%
Colville	106.3	32.5	-73.8	-0.5	0.7%
Umatilla	20.9	8.1	-12.8	-0.8	6.3%

Source: Timber Harvest by County Aggregated by National Forest; Washington Department of Natural Resources; US Forest Service Roadless Area Initiative Web Site.

Protecting roadless areas would protect a wide range of forest values that would otherwise be damaged or destroyed by new roads and logging. In economic terms, there are significant benefits to protecting the remaining roadless areas. That benefit is the continuing availability, indefinitely into the future, of the irreplaceable services those roadless areas provide: sources of clean water, trees that absorb climate damaging carbon dioxide and clean our air, healthy watersheds for fish and wildlife, recreational opportunities, open space, scenic beauty, and a legacy for future generations.

It is clear that quality of life is a critical asset for communities with strong economic vitality. Just recently, a Seattle Times/NW Cable News Poll found that people in the Northwest have a very high degree of job satisfaction and affinity for living here. Those polled often cited their connection with the land, and recreational opportunities as unique qualities they valued. Because people care where they live and act on those preferences, higher quality living environments tend to attract both people and economic activity. Changes in our economy and in transportation and communication technologies are enabling individuals and businesses to locate wherever they find the high quality of life they are looking for, often in the rural, small towns formerly known for their resource extraction industries.

Protecting Washington's remaining roadless areas protects one of the sources of the state's ongoing economic vitality, including the economic vitality of its forested eastern and southwest counties. Roadless area protection preserves the types of recreation settings that are most scarce now and that will be even more scarce relative to demand in the future. About 80 percent of Washington's land base is already open to motorized activity. There is no shortage of roaded landscapes in Washington. In that economic context, roadless area protection is not an economic loss, it is an integral part of Washington's economic growth. Rather than impoverishing Washington's National Forest counties, roadless area protection strengthens their current and future economic base and the sectors of the economy that will be the source of additional jobs and income in the future. [Chapters 1 and 4]

Appendix
The Facts and Figures on the Economic Impact of Prohibiting Logging in the Roadless Areas of Montana's National Forests

1. The Relative Importance of Forest Products in the Economy: Most of Montana's forest products industry is located in the western and southwestern Montana. In the counties adjacent to the National Forests 3.4 percent of all jobs were directly related to forest products activity (11,000 forest products jobs out of 340,000 total jobs).

2. The Change in National Forest Timber Harvests and Local Economic Impacts: The peak year of harvest off of both federal and other lands was 1988. Since then the harvest from the National Forests has fallen by 76 percent or 473 million board feet (mmbf). During that same period the Montana counties adjacent to the National Forests added about 91,000 new jobs.

3. The Impact of Prohibiting Logging in Roadless Areas on the Local Economy: Between 1993 and 1999 the National Forest timber harvest that came from the inventoried roadless areas on the Montana NFs was 4 million board feet (mmbf). For the 2000-2004 period, the Montana NFs plan to harvest about 3 mmbf in the roadless areas. Thus, the "loss" to this part of the west central Montana economy of putting all roadless areas off limits to roading and timber harvest would be a small reduction in NF timber harvests, at most 4 mmbf or about 2 percent. If these NF counties in Montana were able to digest a 473 mmbf reduction during the 1990s without serious economic consequences, they should be able to digest a 4 mmbf reduction with ease.

After a century of logging in Montana, there is a reason there are still areas that have not been roaded and logged: They are remote, high cost, low productivity areas where other forest values dominate. In the forest plans drawn up in the 1980s by the US Forest Service 70 to 90 percent of the roadless areas on Montana's NFs were not included in the suitable timber base.

The direct employment impact of a 4 mmbf reduction in NF timber harvest would be about 40 jobs, Each year during the 1988-1997 period about 10,000 jobs have been added in these counties. The 40 job reduction represents about 1 job out of every 8,500 jobs in the Montana NF counties. Less than two days of normal job growth would replace them. Thus, ignoring any economic benefits of protecting these areas, the economic cost of permanent protection would be a less than a one-hundreth of one percent reduction in employment or a 2 day pause in the region's ongoing economic vitality.

Data sources: US BEA REIS CD-ROM for income; Region One US Forest Service timber sale reports for timber harvests; US Forest Service Roadless Initiative website for past and planned harvest in IRAs.