

REPEAL OF THE ALASKA ROADLESS RULE
REGULATORY FLEXIBILITY ANALYSIS
OPPORTUNITIES FOR SMALL ENTITIES

SUMMARY

The United States Department of Agriculture (USDA) is proposing to repeal the Alaska Roadless Rule (part 294 of Title 36 of the Code of Federal Regulations subpart E) (Subpart E) that exempted the Tongass National Forest from the 2001 Roadless Area Conservation Rule. The 2001 Roadless Rule prohibited timber harvest and road construction or reconstruction within inventoried roadless areas. Repealing the Subpart E exemption would reinstate application of the 2001 Roadless Rule to the Tongass National Forest (as provided for in the U.S. District Court for the District of Alaska’s Judgment in *Organized Village of Kake v. USDA*, 1:09-cv-00023 JWS (D. Alaska filed May 24, 2011)).

In January 2018, the State of Alaska submitted a petition requesting that the Secretary of Agriculture consider exempting the Tongass National Forest from the 2001 Roadless Rule, in accordance with the Administrative Procedures Act (APA), section 553(e) and USDA’s rulemaking procedures in 7 Code of Federal Regulations (CFR) 1.28. In June 2018, the Secretary of Agriculture directed the Forest Service to begin working to develop an Alaska state-specific roadless rule under the APA. The Secretary of Agriculture has broad authority to protect and administer the National Forest System (NFS) through regulation as provided by the Organic Administration Act of 1897 (the Organic Act), the Multiple-Use Sustained Yield Act of 1960, and the National Forest Management Act of 1976. These statutes provide the Secretary with discretion to determine the proper uses within any area, including the appropriate resource emphasis and mix of uses. Since the 2001 Roadless Area Conservation Rule was promulgated it has been the subject of uncertainty, due to litigation, on the Tongass National Forest. In August 2018, the Forest Service granted cooperating agency status to the State of Alaska. Originally six Alaska Native Tribes became cooperating agencies. However, one Alaska Native Tribe withdrew as a cooperating agency after the publication of the proposed rule. Additionally, prior to promulgation of the final rule, the remaining five Alaska Native Tribes withdrew as cooperating agencies in protest of the final rule.

On August 30, 2018, the Forest Service published a Notice of Intent (NOI) to prepare an environmental impact statement and initiate a public rulemaking process to address the management of inventoried roadless areas on the Tongass National Forest on August 30, 2018 (83 Federal Register [FR] 44252). As stated in that NOI, USDA proposed to develop a durable and long-lasting regulation for the conservation and management of roadless areas on the Tongass National Forest. On October 29, 2020 (85 FR 68688) the Alaska Roadless Rule became effective and discontinued the 2001 Roadless Rule regulation’s prohibitions on timber harvest and road construction or reconstruction within inventoried roadless areas. With the 2020 Alaska Roadless rule in effect, existing statutory and forest plan direction, under the 2016 Tongass Forest Plan (USDA Forest Service 2016), manage roadless area characteristics for the Tongass National Forest.

The rationale for the rule proposed today is based on an evaluation of the importance of roadless area conservation for a combination of cultural, social, ecologic and economic values. On January 20, 2021, President Biden ordered all executive departments and agencies to immediately review and, as appropriate and consistent with applicable law, take action to address the promulgation of Federal regulations during the previous 4 years that may conflict with protecting the environment and to immediately commence work to confront the climate crisis (Executive Order 13990). In addition, on January 26, 2021, President Biden issued a Memorandum on Tribal Consultation and Strengthening Nation-to-Nation Relationships that directs executive departments and Federal agencies to make the following cornerstones of Federal Indian policy¹: respect for Tribal sovereignty and self-governance, commitment to fulfilling Federal trust and treaty responsibilities to Tribal Nations, and engaging in regular, meaningful, and robust consultation with Tribal Nations.

On July 21, 2020, then Secretary of Agriculture Sonny Perdue received a petition from nine Southeast Alaska Tribal governments, requesting that the United States government commence a new rulemaking in collaboration with Tribal signatories to create a Traditional Homelands Conservation Rule to identify and protect traditional and customary uses of the Tlingit, Haida, and Tsimshian peoples in the Tongass National Forest. Since the initial submission of the Traditional Homelands petition, three additional tribes joined as signatories. This petition also requested that USDA create a new process for engaging in consultation with Tribes based on the principle of “mutual concurrence.” The petition states that it was submitted in response to the Tribes’ experience in the Alaska Roadless Rulemaking process and their belief that their contributions were not adequately considered. The Department and the Forest Service have initiated a consultation process with Tribes on the proposed repeal of the 2020 Alaska Roadless Rule. On May 24, 2021, Secretary Vilsack acknowledged the petition, expressing a commitment to engaging and learning more and inviting formal consultation with Tribal governments. In July 2021, the Department and the Forest Service held a consultation with 10 Tribes in Juneau, Alaska. Topics included the petition, the Alaska Roadless Rule and the Southeast Alaska Sustainability Strategy. The Tribes represented at this consultation expressed their desire to return to the 2001 Roadless Rule as quickly and expeditiously as administratively possible. USDA committed to continuing meaningful consultation throughout the rulemaking. A second consultation session took place on August 16, 2021 during which the Tribes represented continued to express their interest in seeing action from the Administration to quickly reinstate the 2001 Roadless Rule protections on the Tongass. The Department and the Forest Service will continue to consult with Tribal Governments and will consult with Alaska Native Corporations on this proposed rule.

This proposed rule is Alternative 1 in the Final Environmental Impact Statement for the 2020 Alaska Roadless Rule (USDA Forest Service 2020) and would revert the Tongass back to the 2001 Roadless Rule.

None of the regulatory alternatives propose changes to the projected timber sale quantity or timber demand projections guided by the Tongass Land and Resource Management Plan. The Tongass National Forest, in compliance with the Tongass Timber Reform Act (1990), seeks to

¹ <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/26/memorandum-on-tribal-consultation-and-strengthening-nation-to-nation-relationships/>

provide an annual supply of timber to meet market demand to the extent consistent with also providing for multiple use and sustained use of all renewable forest resources, and other requirements, including the National Forest Management Act of 1976 (NFMA). While projected harvest levels are not expected to be materially different under any of the alternatives under consideration, the roadless rule can influence the potential location or likelihood of future timber harvesting between the various alternatives. In other words, the alternatives examine different mixes of land areas and timber restrictions that would incrementally increase management flexibility for how the forest plan's timber harvest goals can be better achieved but does not alter the plan's underlying goals or projected outcomes. In addition to timber related impacts, this report includes discussion of recreation and tourism, commercial fisheries, mining related industries, and impacts to non-market or non-use benefit categories.

The Alternative 1 proposed rule has been considered in light of Executive Order 13272 (E.O. 13272) regarding proper consideration of small entities and the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), which amended the Regulatory Flexibility Act (5 U.S.C. 601 et. seq.). The Forest Service has determined that this action will not have a significant economic impact on a substantial number of small entities as defined by the E.O. 13272 and SBREFA, because the proposed rule does not directly subject small entities to regulatory requirements. Therefore, a regulatory flexibility analysis is not required for the proposed rule. A number of small and large entities may experience regulatory assurance provided by the proposed rule, or otherwise benefit from roadless protection under the proposed rule. As such, the proposed rule as a whole is not expected to result in direct or indirect beneficial impacts to small entities (businesses, governments, and organizations). The agency has therefore determined that the Alternative 1 proposed rule would not have a significant economic impact on a substantial number of small entities. However, given public and agency interest in the effects of the proposed rule on small entities, including rural counties and economies, and efforts to be consistent with related rule making analysis in the past, this document characterizes the adverse effects or reasonably foreseeable losses in potential small entity opportunities associated with the regulatory alternatives.

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INTRODUCTION

The Roadless Area Conservation Rule (2001 Roadless Rule) was adopted into regulations at Title 36 of the CFR Part 294 (36 CFR 294), Subpart B (66 FR 3244) in January 2001. About 9.4 million acres (56 percent) of the Tongass National Forest are managed as “inventoried roadless areas” (IRAs) prior to the 2020 regulatory exemption. IRAs contain generally undeveloped areas that are typically 5,000 acres or greater in size. The 2001 Roadless Rule applies nationwide (except Idaho and Colorado, and on the Tongass National Forest within Alaska), and currently provides management direction for IRAs on 35.3 million acres of National Forests (approximately 19 percent of total National Forest System (NFS) lands) by prohibiting road construction and reconstruction and timber cutting, sale, or removal in those IRAs, with certain exceptions. Currently, there are no designated IRAs within the Tongass National Forest.

Since its promulgation, the 2001 Roadless Rule has been the subject of litigation. In 2001, the State of Alaska filed a complaint challenging USDA’s promulgation of the 2001 Roadless Rule and its application in Alaska. USDA and the State of Alaska reached a settlement in 2003, and USDA subsequently issued a rule temporarily exempting the Tongass National Forest from the 2001 Roadless Rule. In 2011, a federal court (District of Alaska) set aside the Tongass National Forest’s exemption and reinstated the 2001 Roadless Rule on the Tongass National Forest (with special instructions). The Alaska District Court’s ruling was initially reversed by a three-judge panel of the Ninth Circuit, but the District Court’s ruling was ultimately upheld in a 6–5 en banc ruling of the Ninth Circuit in 2015. Consequently, the 2001 National Rule was reinstated on the Tongass National Forest.

In January 2018, the State of Alaska submitted a petition requesting that the Secretary of Agriculture consider exempting the Tongass National Forest from the 2001 Roadless Rule, pursuant to the APA and USDA’s petition procedures in 7 CFR 1.28. In June 2018, the Secretary of Agriculture directed the Forest Service to begin working to develop an Alaska state-specific roadless rule. In August 2018, the Forest Service granted cooperating agency status to the State of Alaska. The Forest Service published a NOI to prepare an environmental impact statement (EIS) and initiate a public rulemaking process to address the management of IRAs on the Tongass National Forest on August 30, 2018 (83 FR 44252). Originally six Alaska Native Tribes became cooperating agencies. However, one Alaska Native Tribe withdrew as cooperating agency after the publication of the proposed rule. Additionally, the remaining five Alaska Native Tribes withdrew as cooperating agencies in protest over the identification of Alternative 6, the full exemption, as the preferred alternative in the Final EIS (FEIS) for the 2020 Alaska Roadless rule.

On July 21, 2020, then Secretary of Agriculture Sonny Perdue received a petition from nine Southeast Alaska Tribal governments, requesting the United States government commence a new rulemaking in collaboration with Tribal signatories to create a Traditional Homelands Conservation Rule to identify and protect traditional and customary uses of the Tlingit, Haida, and Tsimshian peoples in the Tongass National Forest. Since the initial submission of the Traditional Homelands petition, three additional tribes joined as signatories. This petition also requested USDA create a new process for engaging in consultation with Tribes based on the principle of “mutual concurrence.” The petition states that it was submitted in response to the Tribes’ experience in the Alaska Roadless Rulemaking process and their belief that their contributions were not adequately considered. The Department and the Forest Service have initiated a consultation process with Tribes

on the proposed repeal of the 2020 Alaska Roadless Rule. On May 24, 2021, Secretary Vilsack responded to the petition and initiated consultation with Tribal governments. In July 2021, the Department and the Forest Service held a consultation with 10 Tribes in Juneau, Alaska. Topics included the petition, the Alaska Roadless Rule and the Southeast Alaska Sustainability Strategy. The Tribes represented at this consultation expressed their desire to return to the 2001 Roadless Rule as quickly and expeditiously as administratively possible. USDA committed to continuing meaningful consultation throughout the rulemaking process. A second consultation session took place on August 16, 2021, during which the Tribes represented continued to express their interest in seeing action from the Administration to quickly reinstate the 2001 Roadless Rule protections on the Tongass. The Department and the Forest Service will continue to consult with Tribal Governments and will consult with Alaska Native Corporations on this proposed rule.

Consistent with this Presidential Direction, the Department proposes to repeal the roadless area rule for the Tongass National Forest, or 2020 Alaska Roadless Rule, (part 294 of Title 36 of the Code of Federal Regulations Subpart E) (Subpart E), which would return the Tongass National Forest to management under the provisions of the 2001 Roadless Rule, as reinstated by the U.S. District Court of Alaska.

The rationale for the rule proposed today is based on an evaluation of the importance of roadless area conservation for a combination of cultural, social, ecologic and economic values. The decision rationale for applying the roadless rule to the Tongass National Forest in 2001 as described in the response to comments on the final rule on January 12, 2001 which stated “the agency has considered the alternatives of exempting and not exempting the Tongass National Forest, as well as deferring a decision per the proposed rule. Social and economic considerations were key factors in analyzing those alternatives, along with the unique and sensitive ecological character of the Tongass National Forest, the abundance of roadless areas where road construction and reconstruction are limited, and the high degree of ecological health.”

The proposed rule does not maximize net present value relative to the other regulatory alternatives as measured in quantitative terms (Alternative 2 is higher) in the Regulatory Impact Analysis (USDA Forest Service 2021); as the rule proposed is an exercise of discretionary policy judgment and includes qualitative considerations similar to the decision rationale for applying the roadless rule to the Tongass National Forest in 2001. Then, and again now, in proposing this action, the agency considered the extraordinary ecological values of the Tongass National Forest and the cultural, social and economic needs of the local forest dependent communities in Southeast Alaska. USDA believes that this proposed management approach best reflects those multiple values. From an ecologic perspective, restoring the 2001 Roadless Rule protections on the Tongass National Forest would help conserve natural resources by restoring roadless management on 9.34 million acres which protects 188,000 acres of forest from potential roadbuilding, and would support retention of the largest and most extensive tracts of undeveloped land for the roadless values, watershed protection, and ecosystem health those lands provide. Roadless areas on the Tongass National Forest represent the world’s largest remaining, intact, old growth temperate rainforest, which supports biodiversity and sequesters carbon. The proposed rule would reflect the Administration’s priority on protecting those values while continuing to build on the region’s primary private sector economic drivers of tourism and fishing without significant adverse impacts to the timber and mining industries.

Restoring the 2001 Roadless Rule protections also reflects the Administration's priorities to build on the region's primary private-sector economic drivers of tourism and fishing, and is consistent with the Department's *Southeast Alaska Sustainability Strategy* (more about the strategy is available at <https://go.usa.gov/xMNzF>), announced on July 15, 2021, to serve the broader economy of Southeast Alaska, support community resiliency, and conserve the social, cultural, and ecologic values supported by the Tongass National Forest. Roadless areas on the Tongass National Forest include watersheds and areas important for fishing, hunting, outdoor recreation and tourism, which support revenue and jobs in Southeast Alaska as well as local community well-being.

As outlined below, restoring the 2001 Roadless Rule protections also responds to the January 26, 2021, Memorandum on Tribal Consultation and Strengthening Nation-to-Nation Relationships (www.govinfo.gov/app/details/DCPD-202100091). The proposed rule is directly responsive to unanimous input from Tribal Nations during government-to-government consultation sessions conducted in 2021. Roadless areas on the Tongass National Forest are of immense cultural significance for Alaska Native peoples. Restoring application of the 2001 Roadless Rule to the Tongass National Forest would reflect the Administration's commitment to strengthening nation-to-nation relationships, and incorporating indigenous knowledge, stewardship and priorities into land management decision-making.

The Administration acknowledges the continued importance of forest products from the Tongass National Forest. A number of small businesses rely on timber for local community consumption, and wood from the forest also supports cultural uses such as totem poles, canoes and tribal artisan use. Timber harvest and forest products from the Tongass National Forest would continue to be provided with the proposed rule's prohibitions in place.

In addition, the Tongass National Forest has processed 40 mineral, energy and recreation requests in inventoried roadless areas since the roadless rule was established in 2001, while it has been in effect on the Tongass National Forest. This further demonstrates that the 2001 Roadless Rule's exceptions allowing access for existing rights and leases are effective, and that roadless rule prohibitions can coexist with these industries and allow the Forest Service to continue to fulfill its multiple use mission.

This proposed rule is Alternative 1 in the Final Environmental Impact Statement for the 2020 Alaska Roadless Rule (USDA Forest Service 2020) and would revert the Tongass National Forest back to the 2001 Roadless Rule. The Alternative 1 proposed rule will restore 2001 Roadless Rule protections on the Tongass National Forest in order to help advance economic, ecologic, and cultural sustainability in Southeast Alaska in a manner that is guided by local voices and which builds on the region's private-sector economic drivers of tourism, fishing, and recreation. Because the proposed rule does not directly subject small entities to regulatory requirements, the Forest Service does not believe that the Regulatory Flexibility Act and subsequent amendments (SBREFA) apply to the proposed rule. However, given public and agency interest in the effects of the proposed rule on small entities, including rural counties and economies, and efforts to be consistent with related rule making analysis in the past, this document characterizes the adverse effects or reasonably foreseeable losses in potential small entity opportunities associated with the regulatory alternatives.

This report provides small entity effects of the proposed rule (Alternative 1) in comparison to baseline conditions represented as a continuation of land management pursuant to the Alaska Roadless Rule, presented as “the baseline exemption” in the discussion below. The analysis in this report relies on data and information in the Final Environmental Impact Statement for the 2020 Alaska Roadless Rule (USDA Forest Service 2020) and has been adjusted to incorporate the new baseline (current exemption under the 2020 Alaska Roadless Rule) thus analysis now reflects losses that were gains prior, and vice versa. The new baseline is used to quantitatively compare the alternatives in terms of stumpage value decreases, agency road maintenance cost savings, old growth conservation benefits, avoided lost revenue to outfitters and guides, and value of access by recreationists not using outfitter and guides. This analysis utilizes the FEIS data in the same way as the previous rule given the identical scope, scale and time period of analysis.

Alternative 1 is the proposed rule and provides maximum additional roadless area protection, returning the Tongass National Forest to management under the provisions of the 2001 Roadless Rule. Under the proposed rule, roadless protection would be added for all roadless areas identified in the 2001 Roadless Rule on the Tongass National Forest, resulting in an increase of 9.4 million acres of IRAs (Table 1). Large-scale color maps showing roadless areas by IRA or Alaska Roadless Area (Map 1 to 6) are included in the map packet that accompanies the FEIS paper copy, and on the project’s website: <https://www.fs.usda.gov/project/?project=54511> (click on the Analysis Tab then on Final EIS). Additional maps showing the lands that would be suitable for timber production (Maps 7 to 12) and the lands that would be suitable for timber production by certain outfitter/guide use areas (Maps 13 to 18) are included on the website. In addition, maps showing suitable lands by community use area are for each alternative are included in Appendix D on the thumb drive and website. The proposed rule would prohibit timber harvest and road construction or reconstruction within designated inventoried roadless areas with limited exceptions (including to protect public health and safety, provide access to existing rights or leases, prevent or repair natural resource damage, maintain or restore ecosystem characteristics, or improve habitat for certain species). Roadless area designation under the proposed rule would provide protection for about 168,000 additional acres of old growth, including 59,000 acres of high-volume old growth currently designated as suitable under the baseline exemption (Table 1). Under the proposed rule the provisions of the 2001 Roadless Rule would remain intact across the 110 IRAs, encompassing approximately 56 percent of the Tongass National Forest. Under the proposed rule, a total of about 230,000 acres of old growth and 334,000 total acres of young growth would be suitable for timber production on the Tongass National Forest.

Alternative 2 provides limited additional timber harvest opportunity while maximizing roadless area designations. It adds approximately 142,000 acres to roadless designation that were substantially altered as identified by known prior road construction or timber harvest including both development and non-development LUDs. These areas are generally known as “roaded roadless” areas but include additional areas considered to be substantially altered². Alternative 2

² Portions of inventoried roadless areas that were roaded before the 2001 Roadless Rule or during the 2001 Roadless Rule exemption period for the Tongass. Includes areas that have been substantially altered due to road construction and/or timber harvest.

also maximizes the geographic scope of roadless area designation by adding 110,000 acres as Alaska Roadless Areas.

Alternative 3 provides more timber harvest opportunities than Alternative 2 by continuing to exempt substantially altered roadless areas (including roaded roadless, similar to Alternative 2) and extends these areas to logical end points of existing road and timber harvest systems, generally defined as the nearest watershed boundary (i.e., ridgeline of 14th-field hydrologic unit) from an existing road system. Removing these areas from the roadless inventory represents the logical extensions of substantially altered acres from existing infrastructure and likely encompasses the more economically feasible locations for future timber harvest with the least impact to roadless characteristics. Approximately 3,259,000 acres under Alternative 3 would be managed under Watershed Priority category and applied to areas identified in the Forest Plan as Tongass 77 (T77) Watersheds and The Nature Conservancy (TNC)/Audubon Conservation Priority Areas. Alternative 3 also provides additional timber harvest opportunity by designation of Community Priority areas around seven communities, Hydaburg, Juneau, Kake, Ketchikan, Sitka, Wrangell, and Yakutat. The Community Priority ARA allows for small-scale timber harvest and associated road construction or reconstruction. In addition, it allows for infrastructure development to connect and support local communities and traditional Alaska Native cultural uses. Further detail on this and other Alaska Roadless Area Land Management Categories are provided in the next section.

Alternative 4 provides significant additional timber harvest opportunity but maintains roadless protections for Scenic Viewshed Land Use Designations (LUD) and Tongass 77 (T77) Watersheds/The Nature Conservancy (TNC)/Audubon Conservation Priority Areas that are in roadless areas. There is a small amount of young growth within these areas that would be available for timber harvest. Approximately 401,000 acres would remain exempt from roadless designation, including substantially altered areas and logical extensions of substantially altered acres (similar to Alternatives 2 and 3), along with selected additional locations for potentially feasible economic timber sales. These acres are also converted from unsuitable to suitable timber lands, resulting in significant additional timber harvest opportunity.

Alternative 5 provides the same timber harvest opportunity as the Alternative 6 (current regulation) while maintaining some roadless area protection in areas where the Forest Plan currently does not allow commercial timber harvest.

Alternative 6 represents, the current regulation (85 FR 68688, Alaska Roadless Rule) and provides maximum additional timber harvest opportunity. Alternative 6 is referred to as the baseline, or “the exemption” throughout this document. Alternative 6 takes no action and leaves the Tongass National Forest exempt from the 2001 Roadless Rule and is compared to the other regulatory alternatives to fully understand the impacts of the proposed rule.

Table 1 provides a comparison of the regulatory alternatives and further discussion of the Alaska Roadless Area (ARA) management categories is provided below.

Table 1. Roadless Areas by Alternative and Management Category

Roadless Category (acres)	Alternative					
	Proposed Rule	2	Alternative 3	Alternative 4	5	Baseline
	2001 Roadless Rule	Roaded Roadless Alternative	Logical Extension Alternative	Partial Dev LUDs ¹ Alternative	All Dev LUDs Alternative	Full Exemption Alternative
Total Roadless Area	9,368,000	9,336,000	8,224,000	8,975,000	7,047,000	0
ARA Management Categories						
LUD II Priority	N/A	854,000	0	854,000	847,000	0
Watershed Priority	N/A	3,284,000	3,259,000	0	0	0
Roadless Priority	N/A	5,199,000	4,595,000	7,363,000	6,200,000	0
Community Priority	N/A	0	370,000	0	0	0
Timber Priority	N/A	0	0	757,000	0	0
Old-Growth Acres Suitable for Timber Production						
Total Acres	227,000	247,000	312,000	388,000	395,000	395,000
Net Change	-168,000	-148,000	-83,000	-7,000	0	0
T77 & TNC/ Audubon Conservation Priority Areas Outside of Roadless given Long-term Protection						
Total Acres	0	0	507,000	0	0	0

N/A = not applicable

¹ Includes Timber Production and Modified Landscape LUDs, but not Scenic Viewshed.

Benefits and costs accruing to business vary across the regulatory alternatives and are provided in Table 2 below. Additional detail is provided in the section below Small Business Opportunities and Effects.

Table 2. Benefits and Costs (Annual Values in 2020 Dollars) Under the Regulatory Alternatives (USDA Forest Service 2021)

Industry	Alternatives					
	Proposed Rule	2	3	4	5	Baseline Exemption
	2001 Roadless Rule	Roaded Roadless Alternative	Logical Extension Alternative	Partial Dev LUDs Alternative	All Dev LUDs Alternative	Full Exemption Alternative
Stumpage Value Loss¹						
High estimate– Stumpage value	-\$922,000	\$0	\$0	\$0	\$0	\$0
Low estimate – Stumpage value	-\$460,000	\$0	\$0	\$0	\$0	\$0
Recreation/Tourism²						
High estimate - Avoided lost revenue outfitter/guide recreation	\$224,000	\$206,000	\$181,000	\$10,000	\$3,000	\$0
Low estimate - Avoided lost revenue outfitter/guide recreation	\$68,000	\$51,000	\$26,000	\$3,000	\$0	\$0

¹ High and low estimates of stumpage value decrease are bounded by 46 MMBF harvest estimate and at 23 MMBF (one standard deviation below the 16-year average Tongass National Forest harvest; USDA Forest Service 2021).

² High and low estimates of Recreation/Tourism are bounded by expenditures per displaced client days; respectively \$711 and \$15,370 per trip (Dugan et al. 2009).

RELATIONSHIP OF PROPOSED RULE TO THE FOREST PLAN

The National Forest Management Act of 1976 (NFMA) requires the Forest Service to develop, maintain and as appropriate, revise land and resource management plans (forest plans) for units

of the National Forest System. Land management plans provides a framework for integrated resource management and for guiding project and activity decision making, but plans do not authorize projects or activities or commit the Forest Service to take action. A revised Tongass Land Management Plan was issued in 1997 and amended in 2008 and 2016. Forest planning is a distinct and separate process from USDA's various roadless rulemakings. See *Kootenai Tribe of Idaho v. Veneman*, 313 F.2d 1094 (9th Cir. 2002); and *State of Wyoming v. USDA*, 661 F.3d 1209 (10th Cir. 2011).

The relationship between regulations, land and resource management plans (forest plan), and national forest projects is of particular importance to roadless rulemaking. Hierarchically, the roadless regulations are two steps removed from any project-specific decision. A regulation is hierarchically above a forest plan, which must comply with all applicable laws and regulations. A forest plan provides broad guidance for future project activities within a specific national forest.

All forest plans must conform to existing laws and regulations as well as new laws and regulations. See 36 CFR 219.1(f) and 219.13(c). All of USDA's previous roadless rules, national and state-specific, have directed that: (1) no amendment or revision of any forest plan was compelled by promulgation of such rules, (2) subsequent forest planning decisions could not revise the Secretary's regulatory instructions, and (3) line officers were to conform project decisions to the prohibitions and exceptions set forth in the applicable rules. The proposed rule would continue this approach.

The Tongass Timber Reform Act, directs the Forest Service to seek to provide a supply of timber from the Tongass National Forest that meets annual market demand and the market demand for each planning cycle to the extent consistent with providing for the multiple-use and sustained-yield of all renewable resources and other applicable requirements, including NFMA. USDA recognizes the projected timber sale quantity is not a cap, like the allowable sale quantity from the 1982 Planning Rule. The current Tongass Forest Plan (2016 Tongass Forest Plan) anticipates sufficient timber availability to meet projected demand as described in the 2016 Tongass Forest Plan FEIS (USDA Forest Service 2016a) and Record of Decision (USDA Forest Service 2016). In addition, the Tongass Timber Reform Act provides guidance to conduct annual monitoring and review to estimate current timber demand. Similarly, the Tongass Timber Reform Act provides protection for riparian habitats and the multiple use and sustained yield of all renewable surface resources. Watershed protection measures in the 2016 Tongass Forest Plan, such as riparian buffers and application of watershed conservation measures, are not likely to substantially change with any future revision or amendment because of other requirements such as the Clean Water Act, Endangered Species Act, Magnuson–Stevens Fishery Conservation and Management Act, and Alaska's Department of Environmental Conservation Water Quality Standards.

A unique aspect of the 2016 Tongass Forest Plan is the land use designation (LUD) called LUD II, a statutorily established land classification that applies on lands as described in the Tongass National Forest Land Management Plan, completed March 1979 and amended winter 1985-1986, for areas allocated to be managed in a roadless state to retain their wildland character. Wildlife and fish habitat improvement and primitive recreation facility development are permitted in these areas. LUD II areas are defined in the Tongass Timber Reform Act (TTRA; Title II, Section 201)

and the National Defense Authorization Act for Fiscal Year 2015 (Public Law 113-291, 128 Stat. 3729, Section 3720(f)). The statutory direction for LUD II areas would remain in place regardless of whether the 2001 Roadless Rule is reinstated or any other rule is promulgated.

As a result of these legal and regulatory constraints, reducing the number of acres designated as suitable for timber production is not expected to lead to large scale changes in development or harvest of timber since suitability under the Alaska Roadless Rule (Alternative 6 exemption) was implemented in October of 2020 and no timber harvest has occurred in suitable areas formerly designated as IRA under the 2001 Roadless Rule. USDA recognizes the projected timber sale quantity is not a cap, like the allowable sale quantity from the 1982 Planning Rule. It is only an estimate and at this time it is the agency's best estimate. The agency has no reason to believe harvest levels will decrease from the Tongass Forest Plan annual projected timber sale quantity based on implementation of the proposed rule.

Alaska Roadless Area Land Management Categories

Regulatory alternatives, apart from the current baseline Alaska Roadless Rule (Alternative 6 exemption), provide for a variety of management approaches within roadless areas through Alaska Roadless Areas (ARA) land management categories. Alternatives 2, 3, 4, and 5 modify inventoried roadless area (IRA) boundaries from the 2001 Roadless Rule (Alternative 1). Updated roadless areas would be known as Alaska Roadless Areas (or ARAs) and would be assigned to one of five designations of Alaska roadless areas: LUD II Priority, Watershed Priority, Community Priority, Roadless Priority, and Timber Priority. The management categories prohibit timber harvest, road construction, and road reconstruction with a range of exceptions that are applied differentially across the regulatory alternatives. A brief description of each management category follows.

Roadless Priority (Alternatives 2, 3, 4 and 5)

The Roadless Priority management category is similar to the 2001 Roadless Rule but is less restrictive and addresses Alaska-specific concerns. Specifically, it expressly provides for infrastructure development to connect and support local communities, and road construction or reconstruction for access to renewable energy and leasable minerals. The leasable minerals exception provides for roading associated with geothermal, oil, gas, and/or coal development. In addition, the Roadless Priority category includes specific exceptions that, while already allowed under the proposed rule (2001 Roadless Rule), included to improve overall clarity.

LUD II Priority (Alternatives 2, 4 and 5)

Land Use Development (LUD) II designated areas existed before the 2001 Roadless Rule and approximately 870,000 acres of the Tongass are congressionally designated as LUD II (847,000 acres would be designated as IRA under the proposed rule and 22,000 acres of LUD II not designated as IRA) managed in a roadless state to retain their wildland character (as defined in the Tongass Timber Reform Act of 1990 and the National Defense Authorization Act for Fiscal Year 2015). Alternatives 2 and 4 propose to designate 854,000 LUD II acres as LUD II Priority ARA.

Under Alternatives 2, 4 and 5 the LUD II Priority category would reduce confusion by having the roadless regulatory management direction manage these areas only in accordance with the statutory direction: that these lands will be managed in a roadless state to retain their wildland

character as defined in the Tongass Timber Reform Act of 1990 (Title II, Section 201) and the National Defense Authorization Act for Fiscal Year 2015 (Public Law 113-291, 128 Stat. 3729, Section 3720(e)(4)). Alternatives 2 and 4 propose to designate all of the congressionally designated LUD II acres as LUD II Priority ARAs. Notably, Alternative 3 proposes to remove all LUD II areas from roadless designation rather than designating an ARA category. LUD II areas under Alternative 3 would continue to be managed under their congressional designation. Alternative 5 proposes to apply the LUD II Priority category only to LUD II areas that are currently designated as IRA.

Watershed Priority (Alternatives 2 and 3)

The Watershed Priority management category is more protective than the current Alaska Roadless Rule (Alternative 6 exemption) as it offers fewer exceptions for timber harvest, road construction, and road reconstruction. It also provides for activities specific to aquatic habitat improvement. Approximately 3,284,000 acres under Alternative 2 and 3,259,000 acres under Alternative 3 would be managed under this category. The Watershed Priority category is applied to areas identified in the Forest Plan as Tongass 77 (T77) Watersheds and The Nature Conservancy (TNC)/Audubon Conservation Priority Areas. Also, the Watershed Priority management designation was applied to high priority sockeye salmon watersheds. Additionally, for Alternative 3, commercial old-growth timber harvest would be prohibited on National Forest System lands in T77 and TNC/Audubon Conservation Areas including those that extend beyond Alaska Roadless Area boundaries.

Community Priority (Alternative 3)

The Community Priority management category allows for small-scale timber harvest and associated road construction and reconstruction. In addition, it allows for infrastructure development to connect and support local communities, and traditional Alaska Native cultural uses. In all cases, activities within Community Priority ARAs would have to be consistent with the underlying Forest Plan LUD requirements. This is to say that even if a timber harvest, road building, or other activity would be permissible under the Alaska Roadless Rule, it may not be allowable because of Forest Plan requirements specific to the LUD that applies to the area. This management category applies to approximately 370,000 acres and is only proposed under Alternative 3 adjacent to seven communities: Hydaburg, Juneau, Kake, Ketchikan, Sitka, Wrangell, and Yakutat.

This management category was developed to address specific desires of some communities to retain roadless protections while also allowing for small timber operators in the community, infrastructure development to support the community, and provide for traditional Alaska Native cultural uses. The provision allows for road building to accommodate small commercial sales of less than one million board feet (which does not exclude larger operators but is designed to reduce barriers to entry for smaller operators).

T77 Watersheds and TNC/Audubon Conservation Priority Areas – Additional Protections (Alternative 3)

Watershed protection is a key element of roadless management. Watersheds are highly valued sources of municipal drinking water, support fisheries and wildlife habitat, and can act as keystones for economic activities. Under Alternative 3, areas identified in the 2016 Tongass Forest Plan as T77 and TNC/Audubon Conservation Priority Areas (high priority watershed

areas) would be afforded added protection through the roadless regulation. Specifically, old-growth timber harvest would be prohibited within these areas, subject to the described exceptions. A prohibition on old growth harvesting already exists in these areas through the 2016 Tongass Forest Plan. But Alternative 3 establishes regulatory continuity between these roadless and watershed management systems given how extensively they overlap (the listed watersheds comprise over half of the Tongass National Forests' roadless areas, and approximately 90% of the watershed areas are within roadless area boundaries). Thus, the old growth harvest prohibition would be extended beyond the designated roadless area boundaries in order to maintain the balance and integrity of the watershed protection system. Young-growth timber harvest outside of Alaska Roadless Areas within the high priority watershed areas is not prohibited.

As with all roadless rule instructions, the new old growth harvest prohibition would operate as an overlay to the forest plan, with the plan continuing to provide management direction in other regards. In this manner, Alternative 3 affords high priority watershed areas greater protection than under the current baseline exemption.

Timber Priority (Alternative 4)

The Timber Priority category allows timber harvest, road construction, and road reconstruction to facilitate timber management and provide economic opportunity. This management category applies to approximately 856,000 acres and is only proposed under Alternative 4.

ANALYSIS REQUIREMENTS

This report summarizes information and analysis regarding the effects of the repeal of the Alaska Roadless Rule, as evaluated in the Rulemaking for Alaska Roadless Areas FEIS, hereafter referred to as "FEIS for the Alaska Roadless Rule (USDA Forest Service 2020) on small entities in the context of requirements under the Regulatory Flexibility Act.

The Regulatory Flexibility Act (RFA, 5 U.S.C. et seq., Public Law 96-354) as amended by the Small Business Regulatory Flexibility Enforcement Fairness Act of 1996 (SBREFA) generally requires an agency to prepare a regulatory flexibility analysis describing the impact of the regulatory action on small entities as part of the rulemaking. This is required of any rule subject to notice and comment requirements under the Administrative Procedure Act (APA) or any other statute unless the agency certifies that the rule will not have a "significant economic impact on a substantial number of small entities". The RFA acknowledges small entities have limited resources and makes it the responsibility of the regulating federal agency to avoid burdening such entities unnecessarily. If, based on an initial assessment, a regulation is likely to have a significant economic impact on a substantial number of small entities, the RFA requires a regulatory flexibility analysis (Initial Regulatory Flexibility Analysis (IFRA) for the proposed rule, and Final or FRFA analysis for the final rule).

The RFA requires analysis of a rule's economic impact on the small entities that will be subject to the rule's requirements; rules that do not establish requirements applicable to small entities are thus not susceptible to RFA analysis. It is also noted that the Act states that the purpose of the analysis is to identify and address regulatory alternatives "which minimize any significant economic impact of the proposed rule on small entities" (sections 603 and 604, emphasis added).

Consequently, rules that relieve regulatory burden, or otherwise have a positive economic effect on small entities subject to the rule, should not require an IFRA or FRFA.

General Methodology and Assumptions

This report summarizes analysis of potential small entity opportunities associated with six regulatory alternatives summarized in the Introduction. For a discussion about the overall impacts to employment and labor income across all entities, the reader is referred to the FEIS for the Alaska Roadless Rule (USDA Forest Service 2020) and the Regulatory Impact Assessment for the proposed rule (USDA Forest Service 2021). The proposed rule does not directly regulate, small entities or directly subject small entities to regulatory requirements. However, this analysis considers the impacts on small entities, consistent with recommendations in recent SBA guidance.³

This report begins by describing small entity⁴ characteristics in the region potentially affected by the proposed rule. The analyses in this report then address (1) opportunities for small businesses associated with industry sectors projected to experience effects under the proposed rule (i.e., timber, recreation, commercial fisheries and mining), and (2) opportunities for small governments (i.e., boroughs and municipalities in Census Areas) such as revenue sharing and infrastructure effects.

The RFA references the definition of "small business" found in the Small Business Act. The Small Business Act further authorizes the Small Business Administration (SBA) to define "small business" by regulation, which it does for each of the business categories listed in the North American Industrial Classification System (NAICS). Size standards are provided by the SBA. For each NAICS code and are set by the number of employees or average annual receipts (SBA 2018). Business and size standards for industries related to resource uses potentially affected by ARR are listed in the table below.

³ "An agency should examine the reasonably foreseeable effects on small entities that purchase products or services from, sell products or services to, or otherwise conduct business with entities directly regulated by the rule." A guide for government agencies – How to comply with the Regulatory Flexibility Act" (US Small Business Administration, August, 2017).

⁴ Small entities include small businesses (as defined by US Small Business Administration (SBA) size standards regarding number of employees or annual receipts, by North American Industrial Classification System (NAICS) codes), small organizations ("not-for-profit enterprise which is independently owned and operated and is not dominant in its field"), and small governments (government of city, county, town, school district or special district with a population of less than 50,000).

Table 3. Small Business Size Standards

NAICS Codes	NAICS Industry Description	Size Standards in millions of dollars	Size standards in number of employees
Timber related			
115310	Support Activities for Forestry	\$7.5	
321113	Sawmills	NA	500
321114	Wood Preservation	NA	500
321211	Hardwood Veneer and Plywood Manufacturing	NA	500
321212	Softwood Veneer and Plywood Manufacturing	NA	1,250
321213	Engineered Wood Member (except Truss) Manufacturing	NA	750
321214	Truss Manufacturing	NA	500
321219	Reconstituted Wood Product Manufacturing	NA	750
321911	Wood Window and Door Manufacturing	NA	1,000
321912	Cut Stock, Resawing Lumber, and Planning	NA	500
321918	Other Millwork (including Flooring)	NA	500
321920	Wood Container and Pallet Manufacturing	NA	500
321991	Manufactured Home (Mobile Home) Manufacturing	NA	1,250
321992	Prefabricated Wood Building Manufacturing	NA	500
321999	All Other Miscellaneous Wood Product Manufacturing	NA	500
Commercial fishing related			
114111	Finfish Fishing	\$20.5	NA
114112	Shellfish Fishing	\$5.5	NA
114119	Other Marine Fishing	\$7.5	NA
Outfitter and Guide related			
713990	All Other Amusement and Recreation Industries ⁵	\$7.5	NA
Mining related			
212221	Gold Ore Mining	NA	1,500
212222	Silver Ore Mining	NA	250

Methods used to examine the impacts to small business opportunities rely on discussion of jobs and labor income and other effects under the alternatives from the FEIS for the Alaska Roadless Rule (USDA Forest Service 2020). Changes in resource outputs are not projected in the FEIS and adverse impacts to small entities are not anticipated. Resource areas discussed include timber and wood products, recreation, commercial fishing, and minerals. Analysis of these sectors is limited to a summary of effects from the FEIS and descriptions of small entity characteristics.

⁵ Includes seven guiding related NAICS “Index Entries”: Fishing guide services; Guide services (i.e., fishing, hunting, tourist); Guide services, fishing; Guide services, hunting; Guide services, tourist; Hunting guide services; and Tourist guide services

The RFA defines "small governmental jurisdiction" as the government of a city, county, town, school district or special district with a population of less than 50,000. Small governments examined include all eight boroughs (Haines, Juneau, Ketchikan Gateway, Petersburg, Sitka, Skagway, Wrangell, and Yakutat) and the municipalities included in two Census Areas (CAs) (Hoonah-Angoon CA⁶ and Prince of Wales-Hyder CA⁷) since all contain populations less than 50,000. Methods used to examine impacts to small governments rely on information from the FEIS such as effects related to revenue-sharing and infrastructure.

SMALL ENTITY CHARACTERISTICS

Information regarding small entities were obtained from the FEIS for the Alaska Roadless Rule (USDA Forest Service 2020) and the SBA profile for Alaska (SBA 2018). Criteria for defining small businesses are obtained from SBA's small business size standards (SBA 2018) displayed in Table 3 above.

Small Business Characteristics in Alaska

Alaska had an estimated total of 71,840 small businesses, including non-employer firms, in 2015, based on a general standard of 500 employees⁸ (SBA 2018). These small businesses made up 99 percent of all Alaska businesses during 2015. Small business employment was 53 percent (142,448 employees) of total private employment (267,999 employees) within the state.

Small firms classified as "Agriculture, Forestry, and Fishing and Hunting" (NAICS 11) and "Manufacturing" (NAICS 31-33) made up 13 percent (9,325 firms) and 2 percent (1,589 firms), respectively, of all small business firms in the state (71,841 firms). Small firms classified as "Arts, Entertainment, and Recreation" (NAICS 71) and "Mining, Quarrying, and Oil and Gas Extraction" (NAICS 21) made up 6 percent (4,017 firms) and less than 1 percent (410 firms), respectively, of all small business firms in the state.

Small business employment as a share of total private employment in these firms varies. Employment in small firms classified as "Agriculture, Forestry, and Fishing and Hunting" (NAICS 11) and "Manufacturing" (NAICS 31-33) made up 68 percent (556 employees) and 35 percent (4,282 employees), respectively, of all private employment in their sectors. Employment in small firms classified as "Arts, Entertainment, and Recreation" (NAICS 71) and "Mining, Quarrying, and Oil and Gas Extraction" (NAICS 21) made up 69 percent (3,206 employees) and 15 percent (2,041 employees), respectively, of all private employment in their sectors.

The extent to which these firms are affected by the proposed rule and/or the potential significance of economic impacts are discussed in resource-specific sections below. It is important to note that this type of data (SBA 2018) focuses on firms and not necessarily ownership; a given firm or employer may be owned by a larger parent corporation or entity that would exceed the small business standards and disqualify the establishment from being classified

⁶ Angoon, Gustavus, Hoonah, Pelican, and Tenakee Springs in Hoonah-Angoon CA.

⁷ Coffman Cove, Craig, Edna Bay, Hydaburg, Kake, Kasaan, Klawock, Port Alexander, and Thorne Bay in Prince of Wales-Hyder CA

⁸ 500 employees is adopted as a conservative and generic standard in this case, recognizing that standards vary by industry classification according to current Small Business Administration direction (See SBA 2006), recognizing that standards for different sectors vary (see table 2 in this document); some standards are specified in terms of average annual receipts (e.g., Forestry Services (NAICS 1153)).

as small business. As such, this data is more reliable than data regarding establishments⁹ but is still likely to overestimate numbers of small businesses. Additional details about sector-specific small business conditions are noted in some sections below.

Small Business Characteristics for the Timber Industry

The wood products industry in Southeast Alaska in its current form consists of individual- and family-owned sawmills and independent logging businesses. The Forest Service has conducted an annual on-site survey of sawmills in the region since 2000. To maintain consistency, the survey includes only those mills assessed in previous survey years. The original list of mills to be surveyed, initially identified in 2000, consisted of 20 sawmills that regularly operated and met established criteria for medium- to large-size classification. This total was subsequently increased to 22 in 2007. The annual survey for 2018 found that seven of these sawmills (32 percent) were still active; two (9 percent) remained installed with significant equipment on site but were idle during 2018; and the remaining 13 (59 percent) were no longer in production, either decommissioned or uninstalled (Parrent et al. 2019). The seven active and two idle mills included in the survey are identified in Table 4.

Table 4. Forest Service Mill Survey: Estimated Mill Capacity, Production, and Utilization, 2018

Mill Name ¹	Location	Estimated Capacity (MBF) ²	Estimated Production (MBF) ³	Percent Utilization
Viking Lumber Co.	Craig	80,000	14,000	18%
Icy Straits Lumber & Milling Co. ⁴	Hoonah	3,000	500	17%
Western Gold Cedar Products	Thorne Bay	6,500	700	11%
D&L Woodworks	Hoonah	1,000	1.5	<1%
Thuja Plicata Lumber	Thorne Bay	1,000	31	3%
The Mill	Petersburg	6,000	2.5	<1%
Falls Creek Forest Products ⁵	Petersburg	3,000	15	1%
Total Active	Southeast Alaska	100,500	15,250	15%
Thorne Bay Wood Products	Thorne Bay	6,250	NA	NA
St. Nick Forest Products ⁶	Craig	1,150	NA	NA
Total Idle	Southeast Alaska	7,400	NA	NA
Overall Total⁷	Southeast Alaska	107,900	15,250	14%

Notes:
 MBF = thousand board feet; NA = not applicable
¹ Data are presented for those mills included in the Forest Service's annual on-site survey only.
² Estimated mill capacity is an estimate of the processing capability of the mill based on the amount of net sawlog volume (Scribner log scale) that could be utilized by the mill as currently configured, during a standard 250-day per year, two shifts per day, annual operating schedule, not limited by availability of employment, raw materials or market.
³ Estimated Mill Production is the estimated net sawlog volume used during the year to manufacture sawn products.
⁴ Estimated capacity for the Icy Straits mill was reduced from 21 MMBF as a result of a major mill fire in July 2010. Mill production occurred prior to the fire.
⁵ Formerly Southeast Alaska Wood Products.

⁹ A firm may consist of or own one or more physical establishments within a region or state of interest.

⁶ Formerly W.R. Jones & Son Lumber Co.

⁷ Totals may not sum due to rounding.

Source: Parrent et al. 2019

The Tongass National Forest supplied about 7.7 MMBF or 50 percent of the total volume (15.3 MMBF) processed by the mills identified in Table 4 in 2018, with state lands responsible for most of the remaining volume (Parrent et al. 2019). The Tongass share of timber processed locally (8.4 MMBF) was equivalent to about 52 percent of the total (16.0 MMBF) harvested on the Tongass in 2017 (Table 4). Viking Lumber processed 14 MMBF, approximately 92 percent of the total (15.3 MMBF) processed in 2018 (Table 4).

As noted above, the annual Forest Service mill survey is not a comprehensive inventory of all sawmills in Southeast Alaska. While no new sawmills of sufficient size classification have been established since 2007, and thus not added to the annual mill survey, many other smaller sawmills operate across the region, including facilities that operate on a seasonal, part-time, or contingent basis. The number of active mills and timber operators in Southeast Alaska varies at any given time. A review of business licenses in December 2018, for example, identified 22 additional sawmills in Southeast Alaska that are not included in the Forest Service survey (Table 5). The University of Montana’s Bureau of Business and Economic Research (BBER), in conjunction with the PNW Inventory and Analysis Program of the Forest Service, conducted a census of timber processors in Alaska in 2011 and identified 27 sawmills in Southeast Alaska, with almost half this total (12 facilities) located on Prince of Wales Island (Berg et al. 2014).

Table 5. Additional Sawmills in Southeast Alaska Based on a Review of Business Licenses, 2018

Mill Name¹	Location
Cedar Street Enterprises	Port Alexander
Chilkat Valley Sawmill	Haines
Crew Lumber	Edna Bay
CSL Farm & Services	Edna Bay
Cutting Edge Wood Products	Ketchikan
D and L Woodworks	Hoonah
Dale R. Bakula Construction	Ketchikan
Dark Horse Lumber	Haines
Fair & Square Milling	Coffman Cove
Falls Creek Forest Products	Petersburg
Glacier Bay Woodcraft	Gustavus
K & D Lumber	Thorne Bay
Mud Bay Lumber Company, LLC	Haines
Peavey Log	Thorne Bay
Pitch Enterprises	Thorne Bay
Seakwood.com	Petersburg
Spruce Point Mill	Petersburg
Tenakee Logging Company	Tenakee Springs
Windy Point Sawmill and Bobcat Service	Craig
Wood Marine	Klawock

The Woodshed	Petersburg
Yakutat Supply	Yakutat
Note: ¹ These businesses were identified through a review of business licenses in December 2018 and includes businesses listed as sawmills (North American Industrial Classification System [NAICS] Code 321113 – Sawmills). This table identifies additional sawmills that are not included in the Forest Service’s mill survey (see Table 3.2-4). Source: Alaska DCCED 2018	

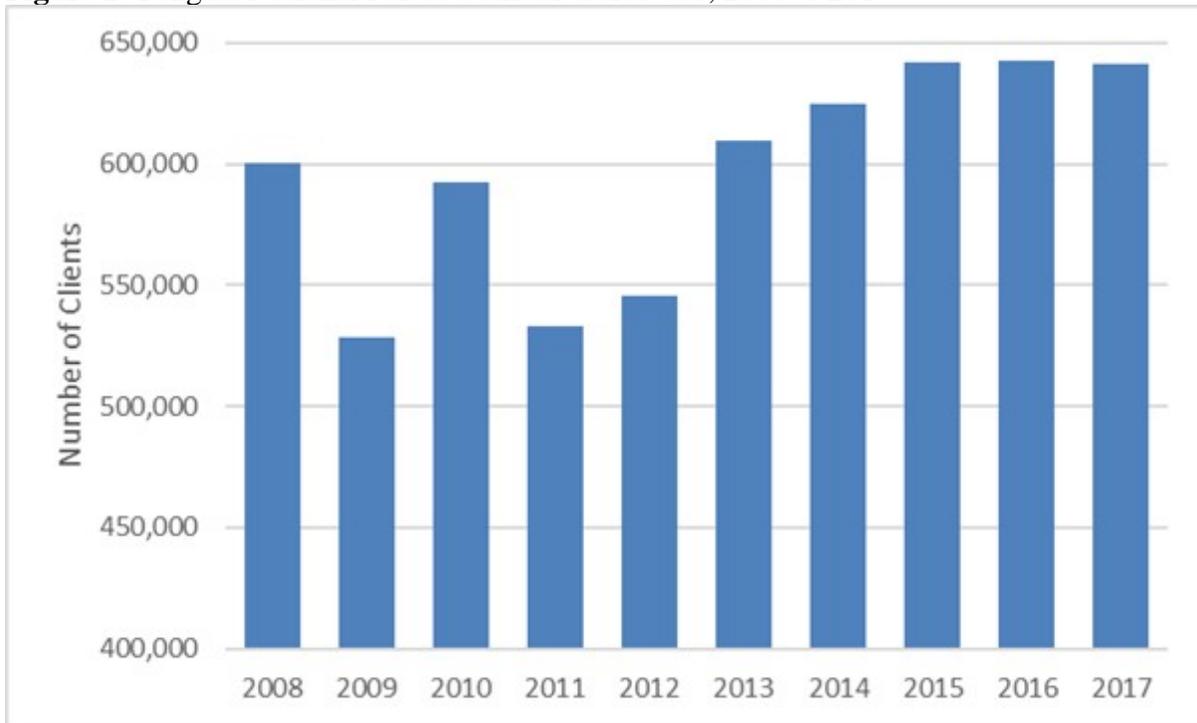
Detailed data on the size of logging firms or sawmills by employment or receipts is not available for the boroughs and Census Areas of interest¹⁰ in Southeast Alaska. This data is often withheld to avoid disclosing data for individual companies. To maintain confidentiality, the U.S. Census Bureau suppresses data to protect the identity of any business or individual. Thus, data across business sizes is used for NAICS code 11 and 31-33 since data for the specific timber related codes in Table 3 are not disclosed for boroughs and Census Areas of interest in Southeast Alaska. NAICS code 11 is specific to Agriculture, forestry, fishing and hunting industries and includes logging and other forestry support. NAICS code 31-33 characterizes manufacturing and includes wood product processing sectors listed in Table 3 above. Within the boroughs and Census Areas of interest, the average receipts per establishment for sector 11 was \$120,000 and ranged from a minimum of \$23,000 to a maximum of \$253,000, across all businesses in this NAICS aggregation. This suggest all industries are likely to meet the small business size standards for small entities in Table 3 (less than \$7.5 million in earnings) (US Department of Commerce 2012). For NAICS code 31-33 the average number of employees per establishment was 20 with a minimum of 2 and a maximum of 59, across available data for boroughs and Census Areas of interest, indicating most if not all firms meet the size standards for small firms across all industries in Table 3 (US Department of Commerce 2012b).

Small Business Characteristics of Outfitters and Guides

A total of 242 authorized outfitter/guides provided services to Forest visitors during 2013 to 2017. More than half of these operators (132) used the Forest consistently (at least four out of the five years). Outfitter/guides reported an annual average of 632,000 clients over this period, with a total of 641,149 clients reported in 2017. Figure 1 shows reported outfitter/guide use on the Forest from 2008 to 2017.

¹⁰ Haines, Juneau, Ketchikan Gateway, Petersburg, Sitka, Skagway, Wrangell, and Yakutat; and the two Census Areas Hoonah-Angoon and Prince of Wales-Hyder

Figure 1. Tongass National Forest Outfitter/Guide Use, 2008 to 2017



Note:

Source: USDA Forest Service 2018

Detailed data on outfitter/guide firm size by employment or receipts is not available for the boroughs and Census Areas of interest¹⁰ in Southeast Alaska. This data is often withheld to avoid disclosing data for individual companies. To maintain confidentiality, the U.S. Census Bureau suppresses data to protect the identity of any business or individual. Thus, data across business sizes is used for NAICS code 713 since data specific to NAICS code 713990 is not disclosed for boroughs and Census Areas of interest in Southeast Alaska. NAICS code 713 is specific to Amusement, gambling, and recreation industries and includes the seven guiding related NAICS “Index Entries”: Fishing guide services; Guide services (i.e., fishing, hunting, tourist); Guide services, fishing; Guide services, hunting; Guide services, tourist; Hunting guide services; and Tourist guide services. Within the boroughs and Census Areas of interest, the average receipts per establishment was \$550,000 and ranged from a minimum of \$76,000 to a maximum of \$850,000, across all businesses in this NAICS aggregation (US Department of Commerce 2012c). This suggest all firms are likely to meet the small business size standards for small entities in Table 3 (less than \$7.5 million in earnings).

Small Business Characteristics for Commercial Fishing and Seafood Processing

In 2018, an estimated 185 million pounds of seafood was harvested in Southeast Alaska with a value of \$247 million. Viewed in terms of value, salmon accounted for more than half (55 percent) of the total commercial catch in Southeast Alaska in 2018, with the remainder divided among black cod (16 percent), halibut (13 percent), crab (7 percent), herring (2 percent), and other (8 percent) (Southeast Conference 2019).

Employment in the seafood harvesting and processing sectors remains relatively stable from year to year despite fluctuations in the volumes and value of salmon harvested each year. Salmon harvesting employed an estimated 864 people in Southeast Alaska in 2018, with an additional 1,281 people employed harvesting other fish (Alaska DOL 2019). A further total of 1,300 people were employed in fish processing in 2018 for a combined total of 3,445 jobs (Alaska DOL 2019b). Seafood harvesting and fish processing employment trends are shown for 2000 to 2013 in the 2016 Tongass Forest Plan Amendment FEIS (USDA Forest Service 2016a, pp. 3-501 to 3-503).

Small Business Characteristics for Mining and Mineral Development

Mineral exploration and mining have been a part of life in Southeast Alaska for more than a century. Estimates developed using Alaska DOL data found that a total of 889 workers were employed in the mining sector in Southeast Alaska in 2018 (USDA Forest Service 2020). According to a recent economic impact study prepared for Alaska's mining industry, the Greens Creek and Kensington mines employed 420 workers and 387 workers in 2018, respectively, with the Kensington Mine employing an additional 90 contractors (McDowell Group 2019). Mining jobs are the highest-paying jobs in the region, with annual wages of \$104,650 in 2018 (Southeast Conference 2019). The high wages in this sector reflect the skilled nature of the job, as well as the demands of working in remote locations (Abrahamson 2013). The region's two large mines (Greens Creek and Kensington) accounted for the majority of the mining employment in Southeast Alaska in 2018 (Southeast Conference 2019).

Both the Greens Creek and Kensington mines are located in the City and Borough of Juneau, mostly on Tongass National Forest lands. Greens Creek Mine is a primary silver mine located on Admiralty Island; Kensington Mine is a gold mine located on the mainland approximately 45 miles north of Juneau. Alaska residents make up about two-thirds of the total labor force at each mine, 66 percent at Greens Creek and 67 percent at Kensington. Alaska resident employees of both mines live throughout the region. More than two-thirds of Greens Creek's Alaska resident employees live in Juneau. The other third live in other Southeast Alaska communities or elsewhere in the region (McDowell Group 2018).

Two proposed underground mine projects on NFS lands on Prince of Wales Island received approval for financial assistance through the Alaska Industrial Development and Export Authority in June 2014 (Bradner 2014). Senate Bill 99 authorized \$145 million and \$125 million in infrastructure and construction financing, respectively, for the proposed Bokan Mountain and Niblack projects. The Bokan Mountain project is a rare earths mine that would include on-site ore processing facilities. The McDowell Group (2013), in a study prepared for the Bokan Mountain project, estimated that construction of the project would last 2 years and employ an average construction workforce of 200, with peak employment potentially reaching 300 workers. Operation would be expected to employ 190 workers with approximately \$18 million in annual payroll (McDowell Group 2013). The Niblack Project is a proposed underground copper-gold-zinc-silver mine. The project owners estimate that the construction and operation phases of the project would both employ approximately 200 workers (Niblack Project LLC 2015). No exploration activity was reported for either project in 2016 and 2017 (McDowell Group 2018).

Information Relevant to Small Governments

Prior to 2000, in states with national forests, 25 percent of the returns to the U.S. Treasury from revenue producing Forest Service activities such as timber sales, were returned to each state for distribution back to counties (or in Alaska, boroughs) having acreage within a national forest. Those payments were called the “25 percent fund payments” and were dedicated by law to be used for roads and schools. In October 2000, the Secure Rural Schools and Community Self Determination Act of 2000 was enacted to stabilize federal payments to states in response to declining federal receipts.

The legislation was authorized for implementation for fiscal years 2001 through 2007 and allowed counties and/or boroughs to choose between 25 percent of current receipts or a full payment amount based on the average of the highest three payments made to the state during the 14-year period between 1986 and 1999. Alaska boroughs and communities have elected to receive a full payment amount rather than 25 percent of receipts since enactment of this legislation.

Those annual full payment amounts are primarily dedicated to roads and schools, with provisions for special project funding under certain conditions. Under the full payment approach, Forest Service payments to the State of Alaska have been based on the high 3-year historic average, rather than linked to annual Forest Service revenue.

The Secure Rural Schools Act has been reauthorized since 2008, most recently in March 2018 for Fiscal Years 2017 and 2018. The program was not reauthorized for Fiscal Year 2016, resulting in a substantial drop in payments. Tongass-related Secure Rural Schools payments to Southeast Alaska totaled \$8.9 million in 2013 and \$6.7 million 2018. Detailed payments for each borough and CAs over this period are presented in Table 3.2-7 of the FEIS for the Alaska Roadless Rule (USDA Forest Service 2020).

SMALL BUSINESS OPPORTUNITIES AND EFFECTS

The FEIS for the Alaska Roadless Rule (USDA Forest Service 2020) and the Regulatory Impact Assessment for the proposed rule (USDA Forest Service 2021) provide further detail on the regional economy including Southeast Alaska industry employment and earnings characteristics by industry and unemployment trends. The reader is encouraged to review those reports for details about environmental effects. This report focuses on opportunities for small businesses associated with industry sectors projected to experience effects under the proposed rule (i.e., timber, recreation, commercial fisheries, and mining).

Timber Industry

Timber program output levels are expected to remain constant between the baseline 2020 Alaska Roadless Rule (Alternative 6 exemption), the proposed rule and remaining regulatory alternatives; and involve a similar number of acres under all regulatory alternatives, varying only by the location of timber harvest. None of the regulatory alternatives propose changes to the projected timber sale quantity or timber demand projections, guided by the Tongass Land and Resource Management Plan. The Tongass National Forest, in compliance with the Tongass Timber Reform Act (1990), seeks to provide an annual supply of timber to meet market demand to the extent consistent with providing for multiple use and sustained use of all renewable forest resources, and other requirements, including NFMA. Thus, the proportion of harvest occurring within versus outside of roadless areas would vary by regulatory alternative, but overall economic impacts are assumed to remain constant. These impacts were estimated for the first decade following implementation in the 2016 Tongass Forest Plan FEIS (USDA Forest Service 2016a) and are based on an annual average harvest of 46 MMBF. All regulatory alternatives, including the proposed rule, are assumed to support a similar range of direct jobs and income. Based on the 2016 Forest Plan FEIS, all of the regulatory alternatives would support an estimated 92 jobs in logging, 49 to 100 jobs in sawmilling, and 29 to 46 jobs related to transportation and other services, with direct income ranging from \$9.8 million to \$10.4 million (USDA Forest Service 2016a). Thus, no change in timber related employment or income is expected as a result of the proposed rule or other regulatory alternatives.

The local logging, sawmilling and transportation-related employment estimates (from the 2016 Forest Plan FEIS) were based on a range, from maximum possible shipment out of state (export of all Alaska yellow-cedar and western redcedar plus hemlock and Sitka spruce export equal to 50 percent of total sale net sawlog volume), to no shipment of western redcedar, hemlock, or Sitka spruce, and export of 100 percent Alaska yellow cedar. Transportation and other services include water transportation, independent trucking, stevedoring, scaling, and export marking and sort yard employment for export volume, and water transportation, scaling, and independent trucking for locally sawn volume. Export employs more workers in transportation and other services per million board feet harvested than domestic production, which is reflected in the range of values estimated for transportation and related services.

Actual employment and income in Southeast Alaska would depend on choices made by purchasers; those choices may change as markets and prices shift. Under current market conditions, purchasers are likely to export as much as they can while processing enough material locally to keep manufacturing facilities open and take advantage of opportunities to produce high-value sawn material in Southeast Alaska. In addition, the Regional Forester has allowed increased export on a case-by-case basis, as discussed above and explained in Appendix H of the 2016 Tongass Forest Plan (USDA Forest Service 2016). If purchasers were allowed on a case-by-case basis to export a larger share of a particular sale in unprocessed form, there would be a commensurate reduction in sawmilling jobs and an increase in transportation-related jobs while logging jobs would remain unchanged.

In practice, many factors can influence the cost of timber harvest, adding economic risks for potential purchasers and affecting the ability of the Forest Service to offer timber sales. Road construction, helicopter yarding, complex silvicultural prescriptions, stand size, and other factors may increase costs, which then decrease the value of the offering. The value of the timber

offered must be sufficient to cover costs and include profit for the purchaser. Under the Further Consolidated Appropriations Act, 2020 P.L. 116-94, 133 Stat. 2751 (Sec. 436), timber sales that do not appraise positive using the current Region 10 Residual Value appraisal cannot be offered (USDA Forest Service 2020). Estimated costs per thousand board feet vary substantially across the Forest. Transportation infrastructure costs and haul distances are typically higher in more remote areas, i.e., those areas that are further from existing infrastructure and markets. In this context, markets may include a mill or export yard.

The Record of Decision for the 2016 Tongass Forest Plan estimated that a total of approximately 24,000 old-growth acres would be harvested Forest-wide after 25 years, with a total of 42,500 old-growth acres harvested after 100 years (USDA Forest Service 2016). These estimates represent an approximate upper estimate of the number of roadless acres that could be potentially harvested under any of the regulatory alternatives. The Tongass Forest Plan FEIS (USDA Forest Service 2016a) estimated that approximately 5 MMBF of small and micro-sales of old-growth timber is required each year to meet the needs of existing small old-growth mills that produce high value products such as appearance grade lumber and cedar shingles. This annual small and micro-sale demand (5 MMBF) is anticipated to be met for the duration of the planning period under all of the regulatory alternatives, including the proposed rule.

For larger sales, more acres of suitable old-growth, under Alternatives 2 through 6, would allow the Forest Service greater flexibility in the selection of future timber sale areas, as well as the potential for more flexibility in sale design, depending on the planning areas selected. This improved flexibility could, in turn, potentially improve the Forest Service's ability to offer economically feasible sales that meet the needs of industry. This greater flexibility could be especially beneficial during the first two decades of the 2016 Forest Plan (the transition period), when most old-growth harvest would take place. While many factors can influence the cost of timber harvest, as noted above, areas along existing roads or those using marine access facilities are typically more economically efficient, followed by areas where existing roads can be easily extended. Transportation infrastructure costs can include road construction, reconditioning, reconstruction, and maintenance, as well as log transfer facility development. Road construction, reconditioning, reconstruction, and maintenance involve substantial costs that can strongly influence timber sale economics.

Areas closer to markets, either a mill or export facility, are also more likely to offer more economic timber sale options. Existing sawmills in Southeast Alaska are primarily located in the south part of the region, with a concentration of mills, including the last remaining medium-sized mill (Viking Lumber), on Prince of Wales Island. Sales on the south part of the Forest are, therefore, more likely to appraise positive. In cases where the Regional Forester allows 100 percent export, which is permissible on a case-by-case basis, proximity to an export facility may also result in sales being more likely to appraise positive (USDA Forest Service 2020).

The Regulatory Impact Assessment (RIA) for the proposed rule (USDA Forest Service 2021) provides detail related to stumpage value change from forest level "stump-to-truck" data (felling, yarding, loading, etc.). Changes in stumpage value reflect efficiency gains from a portion of purchaser costs covering just "stump to truck" from felling, yarding, and loading. Transportation and towing costs are assumed to remain constant. Harvest near existing roads and closer to markets may provide 'stump to truck' cost saving as readily available acres in areas formerly

designated as IRAs are harvested first. As these acres are exhausted efficiency gains from lower “stump to truck” costs are likely to be offset by increased transportation and towing costs. Information on transportation and towing costs are not available and highly speculative given the influence of external market forces and lack of site-specific knowledge on where and when harvest will occur.

Stump-to-truck cost estimates used in this assessment are based on actual appraised values for past timber sales specific to felling, yarding, and loading costs. Under the Further Consolidated Appropriations Act, 2020 P.L. 116-94, 133 Stat. 2751 (Sec. 436), timber sales that do not appraise positive using the current Region 10 Residual Value appraisal cannot be offered. The Region 10 Residual Value appraisal and other timber valuation programs are based on the best available information (collected from timber companies, price reports, and cost indices) to appraise timber sales on the Tongass National Forest. The main cost center affected by roadless restrictions is “fell yard load” because most of the easier ground (lower logging cost) was already logged in a first and second entry. In these cases, each subsequent entry into the roaded base has an increasing higher percentage of units with cable or helicopter logging or lower quality smaller timber in units deemed uneconomical (“left-overs”) in previous entries. Examination in the RIA for the proposed rule (USDA Forest Service 2021) indicates that stumpage value could potentially decrease by approximately \$460,000 to \$922,000 annually as a result of less flexibility under the proposed rule. Estimated stumpage value change depends on the level of harvest thus two estimates of harvest are used: one standard deviation less than the average annual harvest on the Tongass National Forest, over the last 17 years (23 MMBF) and the harvest estimate under the 2016 Tongass Forest Plan (46 MMBF). This range of harvest accounts for uncertainty in timber demand; accounting for past influences of the 2016 and 2008 Forest Plans by using the annual average harvest (see Table 4 in the RIA; USDA Forest Service 2021). In addition, the upper-bound estimate of 46 MMBF, guided by the 2016 Tongass Forest Plan, is a projection of future demand. This includes the agency’s responsibilities under the Tongass Timber Reform Act, which directs the Forest Service to seek to provide a supply of timber from the Tongass National Forest that meets annual market demand and the market demand for each planning cycle to the extent consistent with providing for the multiple-use and sustained-yield of all renewable resources and other applicable requirements. Potential stumpage value change would accrue to both small and large entities harvesting timber from the Tongass National Forest. Stumpage value change would range from \$14,000 to \$28,000 if averaged across the 11 mills in Table 4 and additional 22 mills in Table 5. Assuming these mills are similar to the characteristics of timber industry entities, described above, within the boroughs and Census Areas of interest in Southeast Alaska, stumpage value change would range from 0.3 to 0.6 percent of average annual receipts of available data for representative firms (\$137,000 in 2020 dollars) (U.S. Department of Commerce 2012). These estimates provide an upper-bound for consideration of potential stumpage value change to the timber industry and should not be used as precise estimates outside this analysis.

Outfitters and Guides

Changes in land management have the potential to affect outfitter/guide operations that provide commercial recreation opportunities on the Forest. Impacts to existing outfitter/guide use are likely to be greatest where changes in roadless protections allow development in remote areas that are used for outfitter/guide activities dependent on high scenic integrity and undisturbed landscapes. Changes in roadless area protections could also affect outfitter/guide use in other

adjacent or nearby areas as outfitter/guides displaced from one location seek other places to take clients. Some use areas are presently at capacity, which could serve to exacerbate potential displacement effects. Long-term changes in roadless area management could affect the Forest's ability to meet future outfitter/guide demand, especially for operators seeking more remote areas.

The outfitter/guide analysis in the FEIS for the Alaska Roadless Rule (USDA Forest Service 2020) used changes in suitable old- growth and young-growth acres in conjunction with information on existing outfitter/guide use to help focus on potentially affected areas. The resulting analysis identified 15 outfitter/guide use areas where potential conflicts between existing outfitter/guide use and future management could occur. In most of these areas, existing outfitter/guide use occurs near areas where development has occurred in the past, either near or along shorelines and/or Forest road systems. Similarly, in most cases, harvest that could already occur in these areas (under the baseline exemption) has the potential to conflict with existing outfitter/guide use. Viewed in terms of decreases in acres suitable for harvest, relative to the baseline exemption, impacts under Alternatives 2 and 3 would be minimal in all areas, with increases in roadless acres and reductions in suitable acres occurring in some areas. With more acres available for harvest, the 2020 Alaska Roadless Rule (Alternative 6 exemption) and Alternatives 4 and 5 could add to these potential impacts with a larger geographic extent of the acres affected. Even though the level of harvest would be the same under all regulatory alternatives, this latter group of alternatives could also result in more adverse effects due to roads because they would result in more timber becoming suitable for harvest in remote areas. In some locations, new road construction could create new opportunities for operators who use Forest roads for access. However, nearly all new roads constructed under the proposed rule and other regulatory alternatives would be closed following harvest. As a result, impacts to small business entities associated with outfitter and guide use on the Tongass National Forest are anticipated to be minimal.

The following analysis uses changes in suitable young- and old-growth acres in conjunction with information on existing outfitter/guide use to focus on potentially affected areas. Not all of the outfitter/guide use areas were used over the past 5 years; a number do not include any roadless acres. Others include roadless acres, but none are suitable for old-growth harvest; and others would see little change in suitable old-growth acres by alternative. The FEIS for the Alaska Roadless Rule (USDA Forest Service 2020) performed a screening review based on these factors and identified 15 outfitter/guide use areas where potential conflicts between existing outfitter/guide use and future management could occur. These are outfitter/guide use areas with recent outfitter/guide use where there would be increases in suitable old-growth acres under one or more of the action alternatives. Areas with no or limited existing use and no or small estimated changes in suitable old-growth acres relative to Alternative 1 2001 Roadless Rule were removed from further review. A majority of the areas removed had no or minimal change in suitable old-growth acres under all five action alternatives (see Table C-4 in Appendix C of the FEIS for the Alaska Roadless Rule; USDA Forest Service 2020).

This location information is useful at a broad level but does not identify actual patterns of outfitter/guide use, which may extend over relatively large areas, depending on the activity. It is also important to note that outfitter/guide use areas are large areas ranging from about 63,000 acres to more than 1.3 million acres in size; many are larger than the District of Columbia and three are larger than the state of Rhode Island. Use in some of these areas involves multiple

outfitter/guides, activities, and locations. Potential conflict could occur in multiple locations in each area. The following assessment is not a site-specific review, rather it uses available information to illustrate broad patterns of use and differentiate between the regulatory alternatives.

The analysis assumes all visitation is displaced under the highest level of suitability designation, under the baseline exemption (Alternative 6), to provide an upper -bound estimate of displacement; this is offered to provide a broad orders-of-magnitude comparison with other costs and benefits. Visitation under the regulatory alternatives is adjusted based on the change in suitable acres (old-growth and young-growth) as a share of total suitable acres under the baseline exemption. Visitation and potential harvest do not occur evenly across the forest. The adjustment of visitation, using old-growth and young-growth suitability relative to the baseline exemption, avoids mischaracterizing visitor displacement as an assumption that visitation and harvest occurs evenly across outfitter/guide areas. In addition, this provides for an estimate of visitor displacement from harvest and associated avoided loss of value of access under the proposed rule.

The review by outfitter/guide use area also considers projected old-growth and young-growth harvest by alternative. Based on the assumptions used to distribute estimated old-growth harvest acres, very limited to no old-growth harvest is projected to occur in eight of the 15 outfitter/guide use areas discussed above, specifically those areas located on the north part of the Forest. In the remaining seven, old-growth and young-growth harvest is projected to decrease relative to Alternative 1, based on the relative distribution of suitable acres across the Forest. The remaining seven areas include the entire Craig and Thorne Bay Ranger Districts, and outfitter/guide use areas on the Petersburg (four areas) and Ketchikan-Misty Fjords (one area) Ranger Districts. The subset of seven outfitter/guide use areas provides a lower-bound estimate of displaced visitation; adjusted based on the change in suitable acres (old-growth and young-growth) as a share of total suitable acres under the baseline exemption.

Revenue to outfitter and guides from visitors to the Tongass National Forest is an important source of income for many communities in Southeast Alaska. The University of Alaska Anchorage assessed the economic importance of nature-based tourism in Southeast Alaska, as measured by business revenue (Dugan et al. 2009). Information from Dugan et al. indicate that average annual outfitter and guide revenues (associated with Tongass National Forest activities) range from \$122 to \$1,280 and average \$711 per trip (deflated to 2020 dollars); excluding guided hunting trips. Hunting trips can cost from \$4,270 to the most expensive \$15,370 per trip (deflated to 2020 dollars). The average (excluding hunting) is used for 78 and 72 percent of potential visitation displacement while the most expensive hunting trip cost are applied to 22 and 28 percent (for the fifteen and seven outfitter/guide use areas, respectively where 22 and 28 percent of clients were on guided hunting trips; USDA Forest Service 2019) (Table 6).

Table 6. Projected Change From the Baseline Exemption, in Harvest Acres, Potential Displaced Visitors and Avoided Lost Revenue (2020 Dollars) in Outfitter/Guide Use Areas

	Proposed Rule – 2001 Roadless Rule	Alt 2	Alt 3	Alt 4	Alt 5	Baseline Exemption
15 outfitter/guide use areas						
Displaced Clients ¹	142.7	147.2	153.6	196.5	198.3	199.0
Net Change in displaced clients	56.3	51.8	45.4	2.5	0.7	0.0
Max potential avoided lost revenue	\$567,000	\$585,000	\$610,000	\$781,000	\$788,000	\$791,000
Net Change in avoided lost revenue	\$224,000	\$206,000	\$181,000	\$10,000	\$3,000	\$0
7 outfitter /guide use areas						
Displaced Clients ¹	36.0	39.5	44.6	49.4	50.0	50.1
Net Change in displaced clients	14.2	10.6	5.5	0.7	0.1	0.0
Max potential avoided lost revenue	\$174,000	\$191,000	\$216,000	\$239,000	\$242,000	\$242,000
Net change in avoided lost revenue	\$68,000	\$51,000	\$26,000	\$3,000	\$0	\$0

¹ Under the proposed rule and regulatory alternatives projected harvest acres are not subject to harvest in a single year. This provides for variation in annual harvest in any given outfitter/guide use area, but visitation displacement noted above would occur over the 100 years of harvest projected thus estimates of displaced clients are divided by 100.

Under the proposed rule from \$68,000 to \$224,000 in potential lost expenditures would be avoided annually. These estimates provide an upper-bound for consideration of potential avoided lost revenue and should not be used as precise estimates of avoided lost revenue from IRA visitor expenditures. The average across all 242 outfitter and guide firms would thus range from \$280 to \$930 dollars per year. The upper bound estimate is less than a fifth of one percent of average annual receipts for representative firms¹¹ in boroughs and Census Areas of interest in Southeast Alaska (and about a tenth of one percent of the maximum and about a quarter of one percent of the minimum annual per firm receipts for individual boroughs and Census Areas of interest) (U.S. Department of Commerce 2012c). In addition, outfitter and guides may experience assurance provided by the proposed rule, or otherwise benefit from the level of roadless protection that would maintain past levels of visitor use and the most avoided lost revenue amongst the regulatory alternatives. These estimates are not costs associated with losses to outfitter and guides, but the absence of expenses incurred by visitors and thus subject to displacement related changes. While some outfitter and guides may lose these receipts¹² if visitors choose not to travel to Southeast Alaska others may see increases in receipts if visitors choose to stay longer or travel to substitute sites within Southeast Alaska.

¹¹ NAICS code 713 is specific to Amusement, gambling, and recreation industries and includes the seven guiding related NAICS “Index Entries”: Fishing guide services; Guide services (i.e., fishing, hunting, tourist); Guide services, fishing; Guide services, hunting; Guide services, tourist; Hunting guide services; and Tourist guide services.

¹² less than a half of one percent of the maximum and less than a tenth of one percent of the minimum annual per firm receipts in boroughs and Census Areas of interest in Southeast Alaska (U.S. Department of Commerce 2012c).

Salmon Harvesting and Processing

The proposed rule and other regulatory alternatives are not expected to have a significant change to the commercial fishing or fish-processing industries over the planning period, provided that Forest Plan direction remains in place. Riparian Management standards and guidelines established in the 2016 Tongass Forest Plan (USDA Forest Service 2016) would remain in place under the proposed rule and all of the regulatory alternatives. While there would be some variation in the level of protection, these variations are not expected to affect the fishing industry. The future of the fishing industry in Southeast Alaska is more likely to depend upon occurrences outside of the Tongass National Forest such as hatchery production, offshore harvest levels, and changes in ocean conditions.

The absence of an effect due to the proposed rule and regulatory alternatives is based on the conclusion from the 1997 FEIS for the Tongass National Forest (USDA Forest Service 1997); which noted that the amount of acreage of timber harvest was at most less than 20,000 acres per year, representing approximately 0.5 percent of the total remaining productive old growth (or 5 percent over the next decade) and less than 0.02 percent of the entire Forest. That EIS concluded that this was not expected to result in a significant change to commercial fishing employment. The proposed rule and other regulatory alternatives would allow considerably less timber harvest and new road construction than the alternatives evaluated in the 1997 FEIS. Total annual old-growth harvest allowed over the 100-year planning period would be approximately 42,500 acres, substantially lower than the maximum proposed in the 1997 FEIS.

As a result, impacts to small business entities associated with Salmon Harvesting and Processing are not anticipated under the proposed rule.

Mining and Mineral Development

The Forest Service divides minerals resources into three groups: locatable minerals, leasable minerals, and salable minerals. Locatable minerals are those minerals that may be located and removed from Federal lands under the authority of the General Mining Law of 1872, as amended. Examples of locatable minerals on the Tongass include gold, silver, copper, molybdenum, iron, nickel, lead, and zinc. The General Mining Law of 1872, as amended, grants every United States citizen the right to prospect and explore public domain lands open to mineral entry. The right of reasonable access is guaranteed and is not at the discretion of the Forest Service. Exploration, mining, and mineral processing activities, including road construction and reconstruction, would be allowed to the extent provided by statute in Inventoried Roadless Areas and would be allowed under the proposed rule and all the other regulatory alternatives. Changes in roadless management under the proposed rule is, therefore, not expected to affect existing or future locatable mineral exploration or mining activities on the Forest.

Leasable minerals are certain types of minerals, primarily energy resources (e.g., oil, gas, coal, and geothermal resources) that are not subject to mining claim location but are available for exploration and development under provisions of the Mineral Leasing Act of 1920. Roadbuilding would be prohibited for any new leasable projects, including geothermal projects, within IRAs under the proposed rule and regulatory alternatives. For Alternatives 2 through 5, this prohibition would be in place for ARAs with watershed (Alternative 2) and LUD II priorities. Following project-specific analyses, roads could be approved for leasable projects within ARAs with timber (Alternative 4) or roadless priorities. Under the proposed rule roadbuilding would be prohibited

for any new leasable projects, including geothermal projects, within roadless areas on the Tongass National Forest. The Tongass has three current geothermal leases where no development has occurred, and the probability of development is low since the anticipated demand for leasable minerals is expected to remain low. The Bureau of Land Management (BLM) conducted an assessment of mineral resource potential in support of a resource management plan for the Ring of Fire planning area, which includes Southeast Alaska. While there has been oil and gas exploration activity in the Yakutat area in the past, the resource development potential is considered low; therefore, the BLM expects no exploration or development activity within the Forest Plan period of analysis (10 to 15 years). Outside of the Yakutat area, oil and gas occurrence potential elsewhere in the Tongass is considered low to none. Occurrences of coal have been found at several locations in Southeast Alaska; however, the BLM considers development of these resources to be uneconomic in the near future, other than possibly for local use, and does not foresee associated exploration or development activity (USDA Forest Service 2016a). As a result, changes in roadless management are expected to have limited impacts on related economic activity.

Salable minerals from the Forest are mainly used to construct NFS roads. Since road construction is not expected to vary much between regulatory alternatives, there would be little difference in salable mineral development between the regulatory alternatives.

As a result, impacts to small business entities associated with locatable, leasable and salable minerals are not anticipated under the proposed rule and regulatory alternatives.

SMALL GOVERNMENT OPPORTUNITIES AND EFFECTS

Revenue Sharing

As noted in the discussion above, the Secure Rural Schools Act has been reauthorized since 2008, most recently in March 2018 for fiscal years 2017 and 2018. The amount of these payments received by boroughs and CAs would not be affected by the proposed rule or any of the regulatory alternatives.

Infrastructure Effects

With some important exceptions, federal and state road development would be limited in IRAs under the proposed rule and Alternatives 2 through 5. Exceptions include roads with reserved or outstanding rights, roads provided for by statute or treaty, or road development related to a Federal Aid Highway project. Roadless protection would be added to various degrees under the proposed rule and Alternatives 2 through 5 with corresponding implications for regional highway development. In most cases, changes in discretionary roadless management, as well as changes in the number of acres managed as roadless, would be more restrictive with respect to regional road systems under the current baseline 2020 Alaska Roadless Rule (Alternative 6 exemption). In addition to those roads excepted under the proposed rule, Roadless Priority ARAs, under Alternatives 2 through 5, would also allow roads needed for the connection of communities and development of the regional transportation system as identified in the State of Alaska's Southeast Alaska Transportation Plan. Timber Priority ARAs and areas provided roadless protection would add roadless rule- related restrictions on road building. As a result, more areas would be available for additional types of regional road development under the baseline exemption and Alternatives 4 and 5. Future road projects would be subject to funding constraints and evaluated

in detail on a project-by-project basis.

None of the regulatory alternatives are expected to substantially affect the development of energy projects or related infrastructure. Adding roadless designations in areas under the proposed rule and Alternatives 2 through 5 may complicate the process for projects but would not necessarily result in a decrease in the number of projects developed.

In areas where new roadless areas are added or expanded, under the proposed rule and Alternatives 2 through 5, the permitting process could be more complicated, but projects would not be prohibited. An exemption for utility systems in Roadless Priority ARAs under Alternatives 2 through 5 and Community Priority ARAs (Alternative 3) would allow for tree cutting and road construction. Under Alternative 4, Timber Priority ARAs would not prohibit tree cutting or road construction at all. Where restrictions are removed, or exemptions added, the greatest effect may be in making the permitting process for developers less burdensome, resulting in more a rapid permitting process rather than an increase in the number of sites developed.

CONCLUSIONS

The proposed rule would restore 2001 Roadless Rule protections on the Tongass National Forest and would help conserve natural resources, enhance community resilience, and support a diverse economy in a way that builds on the region's private-sector economic drivers of tourism, fishing, and recreation and recognizes the importance of the Tongass as the world's largest remaining intact old growth temperate rainforest. In addition, the proposed rule is consistent with this Administration's social, economic, and environmental priorities as part of the Department's implementation of its overall multiple-use, sustained-yield mission. Upper bound estimates of net-benefits are positive for the proposed rule and regulatory alternatives (USDA Forest Service 2021). Under the proposed rule all 9.4 million inventoried roadless acres on the Tongass National Forest would be provided regulatory protection (Table 1). These 9.4 million acres are more acres afforded regulatory protections than under any other alternative and provide the greatest protection of roadless characteristics and associated benefits amongst the regulatory alternatives. None of the regulatory alternatives propose changes to the projected timber sale quantity or timber demand projections guided by the 2016 Tongass Forest Plan; thus, the proposed rule would not decrease timber related jobs, income or output. Outfitter and guides may experience regulatory assurance provided by the proposed rule, or otherwise benefit from the level of roadless protection under the proposed rule and the most avoided lost revenue (from \$68,000 to \$224,000 per year) amongst the regulatory alternatives. In addition, the proposed rule is not anticipated to significantly impact a substantial number of small entities in local economies associated with commercial fisheries and mining related industries.

The proposed rule has been considered in light of Executive Order 13272 regarding proper consideration of small entities and the Regulatory Flexibility Act (5 U.S.C. 601 et. seq) as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA). Based on the evidence summarized above, the proposed rule is not expected to result in significant impacts to a substantial number of small entities, as defined by the E.O. 13272 and SBREFA.

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