

**National Park Service
U.S. Department of the Interior**



*Economic Analysis:
Proposed Winter Use Plans for the Greater Yellowstone Area*

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1.0 Introduction

This report presents the cost-benefit and regulatory flexibility analyses of the proposed winter use plans for the Greater Yellowstone Area (GYA) (Yellowstone National Park [YNP], Grand Teton National Park [GTNP], and the John D. Rockefeller, Jr., Memorial Parkway [the Parkway]). These winter use plans would implement new winter use management measures in YNP for three years, including the 2008-09 winter season through the 2010-11 winter season only. The new winter use management measures for GTNP and the Parkway would not be subject to the three-year limit. These cost-benefit and regulatory flexibility analyses are derived from more detailed analyses of winter use plans (Duffield and Neher, August 2006 and RTI International, September 2007), which are available from the National Park Service (NPS).

The results of these analyses indicate that the costs of the proposed regulatory action are justified by the associated benefits. Specifically, this proposed regulatory action will not have an annual economic effect of \$100 million, and will not adversely affect an economic sector, productivity, jobs, the environment, or other units of government relative to the Alternative 1 baseline. Rather, this proposed regulatory action is expected to improve economic efficiency. Further, this proposed regulatory action will have positive impacts on small entities relative to the Alternative 1 baseline.

2.0 Cost-Benefit Analysis

2.1 Statement of Need for the Proposed Action

Executive Order 12866 (58 FR 51735) directs Federal agencies to demonstrate the need for the regulations they promulgate. In general, regulations should be promulgated only when a “market failure” exists that cannot be resolved effectively through other means. A market failure exists when private markets fail to allocate resources in an economically efficient manner. A significant cause of market failure is “externality,” which occurs when the actions of one individual impose uncompensated impacts on others. For example, snowmobile users can impose costs on other park visitors associated with noise, air pollution, congestion, and health and safety risks. Because these costs are not compensated through private markets, snowmobile users may have little incentive to change their behavior accordingly. The result is an inefficient allocation of park resources.

The purpose of this proposed regulatory action is to implement new winter use management measures for the parks. These measures would be in effect for three years in YNP, including the 2008-09 winter season through the 2010-11 winter season only. For GTNP and the Parkway, these measures would not be subject to the three-year limit. This regulatory action would enhance resource protection and visitor use and enjoyment by establishing management measures such as entrance limits, snowmobile guiding requirements, and pollution abatement technology requirements to minimize the uncompensated impacts of winter use. These measures would improve economic efficiency by minimizing the uncompensated impacts of winter use in the GYA.

2.2 Alternatives Considered in the Current Analysis

NPS is considering one action alternative, identified as Alternative 2 in the current analysis, for the proposed winter use plans. This alternative would establish new winter use management measures in YNP for three years, including the 2008-09 winter season through the 2010-11 winter season only. The new winter use management measures for GTNP and the Parkway would not be subject to the three-year limit. Specifically, Alternative 2 would implement the following measures.

- Daily entry limits
 - Snowmobiles in YNP
 - West Entrance: 160
 - South Entrance: 114
 - East Entrance: 20
 - North Entrance: 12
 - Old Faithful: 12
 - Total: 318
 - Snowcoaches in YNP
 - West Entrance: 34
 - South Entrance: 13
 - East Entrance: 2
 - North Entrance: 13
 - Old Faithful: 16
 - Total: 78
 - Snowmobiles GTNP and the Parkway
 - Grassy Lake Road (Flagg-Ashton Road): 25¹
 - Jackson Lake: 25²
 - Total: 50
- All snowmobile use within YNP must be commercially guided.
- In GTNP and the Parkway, snowmobile guides would not be required except between Flagg Ranch and the South Entrance of YNP.
- Snowmobile groups would be limited to no more than 11.
- All snowmobiles entering the parks must meet Best Available Technology (BAT) standards.

The costs and benefits of an action alternative are measured with respect to its baseline conditions. Baseline describes conditions that would exist without the regulatory action. Therefore, all costs and benefits that are included in this analysis are incremental to the baseline conditions. That is, any future impacts that would occur without the proposed action, as well as any past impacts that have already occurred, are not included in this analysis.

Snowmobile and snowcoach use was authorized in the parks during the 2007-08 winter season under regulations published on December 13, 2007 (*72 Federal Register*

¹ As measured by counting snowmobiles originating a westbound trip at Flagg Ranch.

² The use of snowmobiles on Jackson Lake may be adjusted up or down by the Superintendent depending on the results of monitoring and adaptive management. A maximum of 40 per day could be allowed.

239: 70781-70804). However, those regulations were vacated by the U.S. District Court for the District of Columbia on September 15, 2008, leaving in place earlier regulations implementing the 2004 Temporary Winter Use Plans (69 *Federal Register* 217: 65348-65366). The 2004 regulations are still valid, but they only provided for snowmobile and snowcoach use for three years, through the 2006-07 winter season. Therefore, without any regulatory action, snowmobile and snowcoach use would not be authorized during the 2008-09 winter season or later. These baseline conditions are identified as Alternative 1 in the current analysis.

NPS has considered the impacts of the Alternative 1 baseline and the Alternative 2 action alternatives, and determined that the resulting winter season park visitation (including YNP, GTNP, and the Parkway) under those two scenarios is represented by Table 1 below. These visitation levels are identical to relevant visitation levels during the 2005-06 winter season in YNP (Duffield and Neher, August 2006), which reflect recent trends for the GYA. Visitation changes in GTNP and the Parkway between the two alternatives are considered de minimis.

Alternative	-----Visitor-Days-----			Total
	Snowmobile	Snowcoach	Wheeled Vehicle & Ski	
1 (Baseline)	0	0	40,029	40,029
2 (Action)	28,833	19,856	40,029	88,718
Change from 1 to 2	+28,833	+19,856	0	+48,689

These are YNP visitation levels during the 2005-06 winter season (Duffield and Neher, August 2006), which reflect recent trends for the GYA. Alternative 1 (baseline) includes only North Entrance wheeled vehicle entries plus park-wide ski entries, while Alternative 2 (action) also includes snowmobile and snowcoach entries. Visitation changes in GTNP and the Parkway between the two alternatives are considered de minimis.

2.3 Benefits to Visitors

As indicated in Table 1, park visitors to the GYA are expected to gain benefits from increased snowmobile and snowcoach access under Alternative 2 relative to the Alternative 1 baseline. These benefits are termed “consumer surplus,” which includes the maximum willingness to pay for such activities minus the costs of participation. Therefore, consumer surplus measures the net benefits of visitation. To calculate these net benefits, the consumer surplus per visitor-day for snowmobile and snowcoach access under Alternative 2 must be estimated. RTI International (September 2007) estimates these benefits using the results of the Winter 2002-03 Visitor Survey. Specifically, the results for the “Baseline to Alternative 6” valuation scenario in Table 3-16 of RTI International (September 2007) were used in the current analysis since they were

considered similar to a change from Alternative 1 to Alternative 2 in the current analysis.³ These consumer surplus values are presented in Table 2.

Table 2	
Consumer Surplus Per Visitor-Day for Snowmobile and Snowcoach Access Under Alternative 2	
Access	Consumer Surplus Per Visitor-Day
Snowmobile	\$280
Snowcoach	\$244
<p>These values reflect the "Baseline to Alternative 6" valuation scenario in Table 3-16 of RTI International (September 2007), which is considered to be similar to a change from Alternative 1 to Alternative 2 in the current analysis. Values are 2003 dollars.</p>	

NPS calculated the total consumer surplus gains expected under Alternative 2 using the visitation changes from Table 1 and the per visitor-day consumer surplus values from Table 2. These total consumer surplus gains are presented in Table 3. The associated annual consumer surplus gains, amortized over the 2008-09 through the 2010-11 winter season analysis period, are presented in Table 4. The indicated amortized annual consumer surplus gains are equal whether discounted at 3 percent or 7 percent due to rounding.

Table 3	
Total Consumer Surplus Gains Under Alternative 2	
Total	Total Consumer Surplus
2008-09 winter season	\$12,918,000
Total present value 2008-09 through 2010-11	
Discounted at 3 percent per year	\$36,540,000
Discounted at 7 percent per year	\$33,901,000
<p>Office of Management and Budget Circular A-4 recommends a 7 percent discount rate in general, and a 3 percent discount rate when analyzing the impacts to private consumption. Values are 2003 dollars rounded to the nearest 1,000.</p>	

³ Alternative 1 in the current analysis contemplates 318 snowmobile entries per day in YNP compared to 350 snowmobile entries per day in YNP in "Alternative 6" from RTI International (September 2007). These values are conditioned on crowding conditions at park entrances and destinations, which are considered similar between the two valuation scenarios.

Amortized 2008-09 through 2010-11	Annual Consumer Surplus
Discounted at 3 percent per year	\$12,918,000
Discounted at 7 percent per year	\$12,918,000

Office of Management and Budget Circular A-4 recommends a 7 percent discount rate in general, and a 3 percent discount rate when analyzing the impacts to private consumption. Values are 2003 dollars rounded to the nearest 1,000.

2.4 Benefits to Businesses

NPS also estimates that businesses would receive benefits from Alternative 2 relative to the Alternative 1 baseline. These benefits would arise from the provision of additional services associated with the increased snowmobile and snowcoach visitation under Alternative 2. These benefits are termed “producer surplus,” which are a net benefits measure similar to the consumer surplus benefits accruing to visitors.

NPS estimates the producer surplus associated with Alternative 2 by applying “return on sales” margins provided by Dun & Bradstreet (RTI International, September 2007). The use of these margins only approximates the producer surplus associated with Alternative 2 since these margins include additional measures reflecting fixed costs, taxes, or accounting conventions, which are not technically included in producer surplus. Therefore, these NPS estimates may understate actual producer surplus gains to businesses.

The estimate of producer surplus involves multiplying expenditures per visitor-day by their respective return on sales margins. Those expenditures and margins are presented in Table 5. Total producer surplus gains for businesses under Alternative 2 are presented in Table 6 and annual producer surplus gains are presented in Table 7. The indicated amortized annual producer surplus gains are equal whether discounted at 3 percent or 7 percent due to rounding.

Table 5
Expenditures Per Visitor-Day for Snowmobile and Snowcoach Access Under Alternative 2, and Return on Sales

Expenditure	-----Expenditures Per Visitor-Day-----		Return on Sales
	Snowmobile	Snowcoach	
Snowmachine rental	\$90.97	\$25.97	6.30%
Grocery	\$8.52	\$5.93	1.70%
Lodging	\$50.36	\$30.46	8.00%
Restaurants & bars	\$38.05	\$23.58	4.05%
Gas & oil	\$20.55	\$12.17	2.10%
Other retail	\$14.38	\$8.18	5.50%

Expenditures per visitor-day are based on responses to the Winter 2002-03 Visitor Survey (RTI International, September 2007). Return on sales are the mid-points of ranges reported by Dun & Bradstreet (*ibid.*).

Table 6
Total Producer Surplus Gains Under Alternative 2

Total	Total Producer Surplus
2008-09 winter season	\$481,000
Total present value 2008-09 through 2010-11	
Discounted at 3 percent per year	\$1,361,000
Discounted at 7 percent per year	\$1,262,000

Office of Management and Budget Circular A-4 recommends a 7 percent discount rate in general, and a 3 percent discount rate when analyzing the impacts to private consumption. Values are 2003 dollars rounded to the nearest 1,000.

Table 7
Annual Producer Surplus Gains Under Alternative 2

Amortized 2008-09 through 2010-11	Annual Producer Surplus
Discounted at 3 percent per year	\$481,000
Discounted at 7 percent per year	\$481,000

Office of Management and Budget Circular A-4 recommends a 7 percent discount rate in general, and a 3 percent discount rate when analyzing the impacts to private consumption. Values are 2003 dollars rounded to the nearest 1,000.

2.5 Costs

As documented in RTI International (September 2007), it is possible for visitors who do not access the parks by snowmobile or snowcoach to suffer consumer surplus losses under Alternative 2 due to interactions with those visitor uses. However, given recent visitor trends and the relatively low level of snowmobile and snowcoach use contemplated under Alternative 2, it is not possible at this time to estimate any such reductions in visitor use. Therefore, while recognizing that such losses to visitor benefits are possible under Alternative 2, NPS is unable to quantify those losses. Further, NPS

recognizes that it is possible that some skiers may be worse off under the Alternative 1 baseline if they would use snowmobiles or snowcoaches to access trails within the parks.

In addition to these potential costs, the proposed winter use plans may discourage additional visits to the parks by people who do not currently visit the parks in the winter, but might if snowmobiles and snowcoaches were prohibited from the parks. The Winter 2002-03 Visitor Survey was based only on current visitors to the parks and therefore does not reflect the values of those people.

Costs to “passive” users of the parks may also result from the proposed winter use plans. These users are individuals who do not directly use park resources and perhaps never intend to do so. Economists refer to the values these users hold using several different terms, including non-use values, passive use values, and existence values. The underlying motivations for these values include the satisfaction of knowing that a particular resource is protected or a desire to preserve the resource for future generations. Under the proposed winter use plans, these users may be less confident that park resources are being protected, and will therefore incur costs arising from the knowledge that park resources may be compromised by the presence of snowmobiles and snowcoaches.⁴

Other costs that could not be quantified include the costs of road grooming and maintenance, winter staffing, snowmobile and snowcoach safety hazards, and law enforcement. In general, increasing snowmobile and snowcoach activity in the parks would require NPS to redirect resources away from other activities that would protect park resources and address park management needs.

2.6 Summary

NPS was able to quantify certain benefits in the current analysis. Those consumer and producer surplus benefits that could be quantified under Alternative 2 are summarized in Table 8. No costs could be quantified at this time.

Table 8		
Quantified Consumer and Producer Surplus Benefits Under Alternative 2		
Discount Rate	Total Present Value	Amortized Annual Value
3 percent	\$37,901,000	\$13,399,000
7 percent	\$35,163,000	\$13,399,000

Office of Management and Budget Circular A-4 recommends a 7 percent discount rate in general, and a 3 percent discount rate when analyzing the impacts to private consumption. Values are 2003 dollars rounded to the nearest 1,000.

⁴ The importance of recognizing these values is affirmed by the NPS Organic Act. It establishes the fundamental purposes of the National Park System, which include preserving park resources and values for future generations. Additionally, the Redwood Amendment of 1978 provides that when there is a conflict between conserving park resources and providing for their current use and enjoyment, conservation is to be the primary concern.

2.7 Uncertainty

There are a number of factors that could affect the estimated costs and benefits presented above. These are summarized below.

- The Winter 2002-03 Visitor Survey indicates potential losses for visitors who do not access the parks by snowmobile or snowcoach due to interactions with those visitor uses. However, given recent visitor trends and the relatively low level of snowmobile and snowcoach use contemplated under Alternative 2, it is not possible at this time to estimate any such reductions in visitor use. Therefore, while recognizing that such losses to visitor benefits are possible under Alternative 2, NPS is unable to quantify those potential losses.
- The current analysis considers visitation changes in GTNP and the Parkway between Alternatives 1 and 2 to be de minimis. To the extent that such changes are not de minimis, the benefits estimated above will likely be understated.
- NPS recognizes that it is possible that some skiers may be worse off under the Alternative 1 baseline if they would use snowmobiles or snowcoaches to access trails within the parks. Given currently available data, NPS is unable to quantify those potential impacts.
- The Winter 2002-03 Visitor Survey focused on day trips. It appears that snowmobilers prefer to visit the parks as one part of a multi-day trip to the area surrounding the GYA. While they may have higher consumer surplus for trips outside the parks than inside on a given day of their trip, the consumer surplus for their entire trip would be higher if they could spend part of their trip in the parks, and they may choose not to make the trip to the GYA if the parks are unavailable for snowmobiling. Therefore, focusing on day trips may understate the value of being able to snowmobile in the parks.
- To the extent that there are current non-visitors who would start visiting the GYA if snowmobiles and snowcoaches were prohibited in the parks, losses to visitors who would access the parks by other means than snowmobile or snowcoach will be understated under Alternative 2.
- There is insufficient information available to include impacts on people who do not visit the parks but derive benefits (or passive use values) from the knowledge that park resources are protected. Including these passive use values could increase the consumer surplus losses associated with the proposed winter use plans.
- The estimates of producer surplus gains do not account for adaptations that businesses may make under baseline conditions. Businesses may be able to partially offset their losses through adaptations to address the demands of a different mix of visitors. Thus, by not accounting for this adaptive behavior, the producer surplus gains estimated by RTI International (September 2007) may be overstated.
- The recent changes in winter use plans have introduced a measure of uncertainty. Any change in visitation due to uncertainty over future management restrictions in the parks that has occurred over the last few years will influence all of the

projections used in the current analysis. However, it is not clear whether the prospect of future restrictions would cause an increase or decrease in visitation.

3.0 Regulatory Flexibility Analysis

Changes to the management of winter use in the GYA will potentially affect the economic welfare of all area businesses, organizations, and governmental jurisdictions, large and small. However, small entities may have special problems in complying with such regulations. The Regulatory Flexibility Act of 1980, as amended in 1996, requires special consideration be given to these entities during the regulatory process.

To fulfill these requirements, Federal agencies must perform a review to determine whether a proposed or final rule will have a significant economic impact on a substantial number of small entities. This section identifies the small businesses potentially affected by the proposed rule, provides a screening-level analysis that assists in determining whether this rule is likely to impose such an impact, and provides an initial regulatory flexibility analysis.

Throughout this report, the impacts of the action alternative (Alternative 2) have been measured relative to the baseline (Alternative 1). This baseline would not authorize recreational oversnow motorized access to the parks. Snowmobiles and snowcoaches would be prohibited, and the parks would not groom any interior roads. By allowing snowmobile and snowcoach access, the action alternative would lead to increased revenue for small businesses compared with the baseline.

3.1 Identifying Small Entities

Small entities potentially affected by the winter use management alternatives considered include companies providing snowmobile rental services, those providing guided tours (which are available for snowmobiling, riding snowcoaches, or cross-country skiing), lodging establishments, restaurants, grocery stores, and other retail businesses. Because businesses that offer winter recreational services are likely to be most affected, the focus of this analysis is on those firms.

In analyzing the small business impacts of these alternatives, NPS identified numerous companies providing recreational services in the area surrounding the parks (RTI International, September 2007). There were 43 different businesses identified that offered snowmobile rentals (including 21 concessionaires that offer guided tours), 13 companies offering snowcoach tours, and 14 companies offering guided cross-country skiing tours (including 10 companies offering tours through the park), although there may be others. The total number of unique businesses identified was only 54 because many of these businesses offer more than one recreational activity.

A number of these businesses have multiple establishments in the area. A total of 84 establishments have been identified as being owned by these 54 firms. A large number of the snowmobile and snowcoach companies are located in West Yellowstone.

Fifteen businesses offer snowmobile rentals, and five provide snowcoach rentals in West Yellowstone (three of these firms provide both snowmobile and snowcoach rentals). Overall, 33 establishments owned by companies providing winter recreational services were identified in West Yellowstone. Jackson, Wyoming, was second to West Yellowstone in number of snowmobile rental companies, with 13 companies identified. The city with the most companies providing cross-country skiing tours is Bozeman, Montana, with two businesses. The rest of the companies are spread among numerous communities in the GYA.

The Small Business Administration's (SBA) general size standard definitions for these industries (NAICS 532292 - Recreational Goods Rental, and NAICS 561520 - Tour Operators) classify companies with annual sales less than or equal to \$5 million as small.⁵ Only one firm interviewed provided an estimate of their annual revenue. That firm estimated their gross revenue to be \$6.5 million, with \$955,000 of that from renting snowmobiles.⁶ When available, revenue estimates were obtained for the rest of the firms from *InfoUSA* (2004).

Among the businesses offering snowmobile, snowcoach, and/or cross-country skiing rentals and tours with available data, 15 have sales less than \$500,000, 10 have sales between \$500,000 and \$1 million, 13 have sales between \$1 and \$3 million, 2 have sales between \$3 and \$5 million, 5 have sales between \$5 and \$10 million, and 3 firms have estimated sales between \$10 and \$25 million. Cross-Country skiing companies are not directly affected by this proposed regulation, but they may experience impacts on their business following changes in winter use management. No information on annual revenue could be located for the remaining six companies identified.

Using the SBA criterion above and available sales estimates, 40 out of 48 businesses offering unguided snowmobile rentals or guided tours (either snowmobile, snowcoach, or skiing) with available revenue estimates were classified as small businesses.⁷ For the purposes of this analysis, the remaining six companies for which no revenue estimates could be located were assumed to be small businesses. Thus, 46 out of 54 companies offering recreational services in the area were classified as small businesses.

Although these rental shops and tour operators will be affected most directly, numerous hotels, restaurants, gas stations, and retail establishments may also experience an impact from the proposed regulation. Because the primary direct impacts are expected in the equipment rental and guided tour sectors, revenue estimates for businesses in other

⁵ Five million dollars is also the threshold for hotels and motels (NAICS 721110), restaurants (NAICS 722110), and souvenir shops (NAICS 453220) to be classified as small businesses. For gas stations without convenience stores (NAICS 447190), the small business threshold is \$6.5 million, and for supermarkets and grocery stores (NAICS 445110) and gas stations with convenience stores (NAICS 447110), the cutoff is \$20.0 million.

⁶ Information provided by the business to Michelle Bullock, RTI International (pers. com., January 2001).

⁷ Some of these businesses may be owned by the same parent company. When this occurs and information is available, revenue estimates are for the parent company. Some businesses have insufficient information on company structure, so these were treated individually.

tourism-related sectors were not collected. Instead, it was assumed that they are all small businesses.

3.2 Impact Analysis

For the purposes of assessing the potential economic impact of this rule on small entities, NPS estimated the change in business revenue under the action alternative (Alternative 2) relative to the baseline (Alternative 1). The resulting changes in producer surplus across all firms are presented in Section 2.4 of this report. The estimated change in company revenue under each alternative relative to total annual revenue provides a basis for evaluating the magnitude of the impact on typical affected companies. In addition to this “affordability” analysis, this section includes assessments of the potential for the action alternative to have disproportional impacts on small entities or to cause business closures.

Compared with the baseline (Alternative 1), the action alternative (Alternative 2) is expected to result in increases in winter visitation to the GYA. Thus, the impact on small businesses is generally expected to be positive under the action alternative. However, it is possible, although unlikely, that small businesses that provide goods and services primarily to skiers or other visitors who do not ride a snowmobile or snowcoach may experience reductions in revenue. By definition, Alternative 1 has no incremental impact on small businesses because it maintains baseline conditions.

Affordability Analysis

An affordability analysis is an assessment of the ability of affected entities to meet costs imposed by regulatory policies. In this case, the majority of small businesses identified are expected to have increases in revenue. Thus, these businesses should be able to afford compliance with the regulatory alternatives. A relatively small number of firms that cater primarily to visitors other than snowmobile and snowcoach riders could potentially suffer negative impacts, but these impacts are not expected to be significant.

NPS does not anticipate significant reductions in visitation by visitors other than snowmobile and snowcoach riders as a result of implementing the action alternative. However, NPS does estimate significant increases in visitation by snowmobilers and snowcoach riders (an increase of 48,689 visitors). Thus, for businesses that depend on both types of visitors (e.g., hotels, restaurants, grocery stores), average revenue will increase. Also, even businesses that provide some goods and services related to activities other than snowmobiling or riding snowcoaches often provide goods and services used by these visitors as well and could potentially benefit from the increase in overall visitation. After considering the economic impacts of the winter use management alternatives under consideration on small entities, NPS concludes that the preferred alternative (Alternative 2) would mitigate the impacts on most small businesses relative to the impacts under the baseline (Alternative 1). Alternative 1 would have no incremental impacts on small businesses because it maintains baseline conditions.

Disproportionality Analysis

NPS does not expect small entities to be substantially disadvantaged relative to large entities. First of all, although the entities identified vary substantially in size, 85% of operators identified are small businesses. Second, most small entities are expected to be positively affected under the action alternative. To the extent that small firms rely on revenue from visitors who do not ride snowmobiles or snowcoaches for a greater share of their total revenue, it is possible that they would be relatively disadvantaged if visitation by these visitors decreases. However, based on estimates of the proportion of business revenue attributable to snowmobilers and snowcoach riders, it appears that small businesses identified in the area actually tend to derive a smaller share of total revenue from visitors who do not ride snowmobiles or snowcoaches than large businesses.

Business Closure Analysis

As noted above, small businesses are generally expected to have increased revenue under Alternative 2, the action alternative. There may be some negative impacts on revenue for businesses that primarily provide goods and services to visitors who do not ride snowmobiles or snowcoaches. However, these impacts are expected to be relatively small, and no business closures are expected under Alternative 2 relative to the baseline.

3.3 Initial Regulatory Flexibility Analysis

The impact analysis in Section 3.2 demonstrates that the action alternative (Alternative 2) is expected to yield positive impacts for small businesses relative to the baseline. This is the basis for the initial regulatory flexibility analysis. Under Section 603(b) of the Regulatory Flexibility Act (as amended), each regulatory flexibility analysis is required to address the following points.

- Reasons why the rule is being considered
- The objectives and legal basis for the rule
- The kind and number of small entities to which the rule will apply
- The projected reporting, record keeping, and other compliance requirements of the rule
- All federal rules that may duplicate, overlap, or conflict with the rule

In addition, Section 603(c) requires a description of any significant alternatives that may reduce the regulatory burden on affected small entities.

Reasons why NPS is considering this rule: In May 1997, NPS was sued for allegedly failing to comply with the NPS Organic Act, National Environmental Policy Act (NEPA), Endangered Species Act, and other federal laws and regulations. NPS subsequently settled the lawsuit, in part by an agreement to prepare winter use plans based on an Environmental Impact Statement (EIS). A Record of Decision (ROD) on the winter use plans for the parks was signed on November 22, 2000. The new rule was published in the Federal Register on January 22, 2001. On December 6, 2000, a lawsuit

filed by the International Snowmobile Manufacturers Association asked for the pending decision, reflected in the ROD and final rule, to be set aside on the basis of NEPA process infractions. The Department of the Interior negotiated a settlement that became final on June 29, 2001. Through the terms of that settlement, NPS agreed to prepare a Supplemental EIS (SEIS). The draft SEIS, published on March 29, 2002, examined two alternatives to allow some form of snowmobile access to continue: a no-action alternative that would implement the November 2000 ROD and another alternative that would implement the no-action alternative 1 year later to allow additional time for phasing in snowcoach-only travel.

On November 18, 2002, NPS published a final rule based on the Final EIS, which generally postponed for 1 year implementation of the phase-out of snowmobiles in the parks pursuant to the January 2001 final rule.

The Notice of Availability for the Final SEIS (FSEIS) was published on February 24, 2003. The FSEIS included a new alternative, Alternative 4, which was identified as the preferred alternative. A ROD for the FSEIS was signed on March 25, 2003. The ROD selected FSEIS Alternative 4 for implementation, and it enumerated additional modifications to that alternative.

On December 11, 2003, NPS published a final rule based on the FSEIS Alternative 4. However, on December 16, 2003, a DC District Court judge ordered NPS to implement the 2001 rule. In February 2004, a Wyoming District Court judge temporarily halted implementation of the 2001 rule. A temporary rule was implemented to cover the winter seasons of 2004–05 through 2006–07.

In December 2007 a new winter use regulation was promulgated for the 2007-08 winter season and beyond. However, in a lawsuit filed by a coalition of environmental groups, the DC District Court invalidated the 2007 regulation, deciding that the rule failed to protect park resources. Without a valid winter use plan in place, snowmobile and snowcoach visitation would be prohibited in the parks.

The proposed winter use plans addressed by the current analysis are being considered to permit snowmobile and snowcoach visitation while protecting park resources.

The objectives and legal basis for the rule: The proposed rule would implement plans to manage snowmobile and snowcoach use in YNP, GTNP, and the Parkway with restrictions on the number of snowmachines that may enter the parks daily, requirements for all snowmobilers to be on guided tours, and a requirement that snowmobiles used in the parks must meet BAT standards for emissions and noise. These requirements would allow continued winter use of the parks while reducing the impacts on park resources and values from snowmachine use.

Snowmachine use in national parks is subject to the provisions of various legal mandates, including the NPS Organic Act, the Clean Air Act, Executive Orders, and NPS

regulations and management policies. Owing to the most recent court decision, YNP, GTNP, and the Parkway currently do not have regulations that permit snowmachine use. Therefore, absent implementation of new winter use plans, no recreational snowmachine access would be permitted during the 2008-09 winter season in the parks and beyond. The new action alternative now under consideration (Alternative 2) would allow recreational snowmachine access while protecting park resources and values.

The kind and number of small entities to which the rule will apply: The rule would affect numerous small entities that supply snowmobile rentals, lodging, restaurants, gas, and other retail, each having \$5 million or less in annual sales, in addition to other small businesses in local communities. There were 54 businesses offering snowmobile rentals, snowcoach rentals, and/or cross-country ski rentals identified in the region (owning 84 establishments). Based on revenue data from *InfoUSA* for these companies, NPS estimates that 46 of these entities are small businesses. NPS expects the rule currently under consideration to have no negative impacts on all identified small entities as well as on additional small entities that could not be identified.

The projected reporting, record keeping, and other compliance requirements of the rule: There are no reporting, record keeping, or other compliance requirements for the rule beyond the winter use management restrictions already identified (i.e., daily entrance limits, BAT requirements, and snowmobile guiding requirements).

All federal rules that may duplicate, overlap, or conflict with the rule: NPS is unaware of any Federal rules that duplicate, overlap, or conflict with this proposed rule.

Alternatives that may reduce the impacts on small businesses: Of the two alternatives considered in the current analysis, Alternative 2, the action alternative, would minimize adverse impacts on small businesses. Indeed, Alternative 2 is expected to provide positive impacts for all businesses in the GYA, both large and small.

3.4 Assessment

Based on the analyses described in this report, and after considering the economic impacts of the winter use management alternatives under consideration on small entities, NPS concludes that Alternative 2 will have positive impacts and will not have significant negative impacts on small businesses relative to the Alternative 1 baseline.

4.0 References

Duffield, J., and C. Neher. "Regional Economic Impact Analysis for Yellowstone and Grand Teton National Parks and John D. Rockefeller, Jr. Memorial Parkway Winter Use Draft Environmental Impact Statement." Report prepared for the National Park Service, August 30, 2006.

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