expected to continue even if the fee proposal were not adopted. However, the preamble noted that the economic impact on western communities was expected to be localized and, in most areas, not significant because the portion of the local economy dependent upon the use of Federal forage is relatively minor.

The rule proposed March 25, 1994, discussed the criteria identified by BLM and the Forest Service by which a new fee proposal should be measured:

1. The fee charged for livestock grazing should approximate market value. Using market value helps assure that the public receives a fair return for use of publicly owned resources.

2. The fee should not cause unreasonable impacts on communities that are not economically diverse or to livestock operations that are greatly dependent on public land forage.

3. The grazing fee should recover a reasonable amount of government costs involved in administering grazing permits and leases and should provide increased funds to improve ecological conditions.

4. The fee system should be understandable and reasonably easy to administer.

Public comments on the proposal regarding payment of fees addressed how the fee formula should be derived, impacts of an increase, differences between Federal and private lands rates, non-fee costs associated with Federal lands, fair market value for public land grazing, fair return to the public for livestock grazing use on public lands, recovery of costs for BLM's range program, whether the fee represents a subsidy for public lands ranchers, and funds for range improvements.

Commenters recommending no change to the existing fee formula anticipated that an increase in fees would have adverse effects on individual operations and rural western counties. Some commenters suggested that other factors be considered in setting fees, including regional economic differences and resource conditions.

The final rule will not include the fee provision, thus giving the Congress the opportunity to address appropriate fees for grazing on public lands. In the FY94 Interior Appropriations bill, the Senate voted for a moratorium on the completion of the rangeland reform regulations. Although the House later approved grazing reform by a vote of 314 to 109, the Senate did not approve the measure.

Subsequently, the Department resumed this rulemaking. Five Congressional hearings were held in the field and in Washington following release of the proposed rule. Correspondence from Members of Congress through the process has suggested the need for Congressional involvement and possible action. A few Members of Congress commented that some increase in grazing fees is needed while others indicated that the proposed fee would have a heavy negative impact on public lands ranching. Some Congressional commenters suggested alternative methods of setting fees and leasing land.

Some commenters opposed the proposed fee formula asserting that it would promote poor resource use and would not reflect a fair return for the public. Some public comments suggested a link between the fee formula and overgrazing. Analysis of the relationship between livestock grazing use on BLM lands and the fee indicates that there is little correlation between the two at the current fee level and the fee levels considered by the proposed rule. First, the amount of livestock grazing allowed on Federal lands is set by BLM and is independent of the fee. Second, even within the allowed limits, there is no indication that the proposed fee would have reduced livestock grazing on Federal lands. From 1982 to 1983, while the fee decreased by 25 percent, livestock use did not increase at all, but instead decreased by three percent. While the fee remained the same in 1985, 1986 and 1987, livestock use decreased by nearly seven percent from 1985 to 1986 and increased about seven percent from 1986 to 1987. Moreover, from 1992 to 1993 when the fee decreased, livestock grazing use decreased also, instead of increasing. Therefore, it appears that even within the allowable limits of livestock grazing use, the fee level does not have a dominant effect on livestock use. Apparently other factors such as livestock prices, livestock inventories, cost of production, drought, availability of other forage and market conditions play a substantial role in determining livestock grazing use.

Based on the above statistics, it appears that as long as the Federal forage is not priced above market value the forage will continue to be used, if not by the current permittee, then by a new permittee. The grazing fee analyzed in the preferred alternative was not above the market value for Federal forage. Therefore, it would not have significantly affected the amount or type of grazing use or, in turn, rangeland health.

Other factors, such as proper planning and grazing management based on sound technical and scientific data and professional skills, conformance of terms and conditions with effective management practices such as those embodied in the fundamentals of rangeland health and the standards and guidelines of subpart 4180 of this final rule and timely and appropriate responses to conditions of resource deterioration that are essential to improving rangeland health. Based on the historical data cited above, management practices and market conditions have a greater impact on rangeland health than does the specific fee level.

The Department has concluded that, due to the great amount of comment received against the fee (either because it was being changed too much or too little), significant Congressional interest, and the severability of the fee and management portions of the proposed rule, it is appropriate to retain the current fee structure at this time. This will provide an opportunity for Congress to consider the need to legislate a fee increase.

Other proposals also are not adopted in the final rule. The surcharge associated with base property leases and multiple year billing provisions have not been adopted. As many commenters pointed out, authorized subleasing is a long-standing practice that provides benefits to both the rancher and the public. First, it helps facilitate the entry of new ranchers into the livestock business in Federal land areas. Second, unlike Forest Service lands, many BLM lands are intermingled with private lands, and therefore are affected by and affect the management of intermingled private land and improvements. The Department has decided that the proposed surcharge on the transfer of Federal permits and leases resulting from base property leases would have had negative effects that would have outweighed the benefits of the surcharge, and has not carried this form of surcharge forward into the final rule.

However, the final rule adopts the proposed provision that when the lease or permit is transferred to the base property lessee, it must be issued for a period of not less than three years. Such a lease of the base property constitutes a substantial long-term commitment of resources thus reducing the potential for large short-term windfall profits, as identified by the General Accounting Office (RCED–86–168BR) and the Office of the Inspector General (92–1–1364), and helping to ensure good stewardship. The authorized officer has the discretion to approve a transfer for a shorter period when consistent with management and resource condition objectives.