

in total Federal expenditures for forest fire suppression and fuels management.

(6) *Alternatives*

(a) What Are the Legal Policies or Factual Reasons for Selecting the Alternative Adopted in the Final Rule?

As stated in the Small Business Act, 15 U.S.C. 632, and 13 CFR part 121, the SBA establishes size standards based on industry characteristics and for non-manufacturing concerns on the basis of gross receipts of a business concern over a period of 3 years. The increased emphasis by the Federal Government on removing biomass fuels from the Nation's forests, the dramatic increase in funding for this effort, and the Government's growing reliance upon the private sector to perform fuels management tasks and to suppress forest fires supports establishing a separate size standard of \$15 million.

(b) What Alternatives Did the SBA Reject?

One commenter recommended a \$1 million size standard, stating that \$15 million was not a small business. In fact, this commenter stated that \$1 million is larger than any small business operation existing in the commenter's

area and that a \$15 million business would not be a local forestry small business.

The SBA does not consider this alternative realistic. Firms with revenues below \$1 million are not representative of all small businesses that perform forest fire suppression and fuels management services. A \$1 million size standard is well below the \$6 million size standard for all forestry industries, including Support Activities for Forestry. In addition, a \$1 million size standard is below the base size standard for non-manufacturing industries.

By adopting the size standard at \$15 million, the SBA will minimize the impact on the small businesses in these emerging activities. Increased Federal funding and requirements, the Federal Government's growing reliance on the private sector for these services, and the severe fire seasons over the last several years have caused many firms to outgrow the \$6 million size standard, thus reducing small business competition for these services. The \$15 million size standard will allow firms in these activities to grow to an appropriate level without losing their small business status, but not to a level where a few firms would be able to

control a significant portion of Federal contracts at the expense of other small businesses.

**List of Subjects in 13 CFR Part 121**

Administrative practice and procedure, Government procurement, Government property, Grant programs-business, Loan programs-business, Small businesses.

■ For the reasons stated in the preamble, amend part 121 of title 13 of the Code of Federal Regulations as follows:

**PART 121—SMALL BUSINESS SIZE REGULATIONS**

■ 1. The authority citation of part 121 continues to read as follows:

**Authority:** 15 U.S.C. 632(a), 634(b)(6), 637(a), 644(c) and 662(5) and Sec. 304, Pub. L. 103-403, 108 Stat. 4175, 4188.

■ 2. Amend § 121.201 as follows:

■ a. In the table "Small Business Size Standards by NAICS Industry" under the heading "Subsector 115—Support Activities for Agriculture and Forestry," revise the entry for 115310 to read as follows; and

■ b. Add footnote 17 at the end of the table to read as follows:

**SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY**

NAICS codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
* * * * *			
<b>Subsector 115—Support Activities for Agriculture and Forestry</b>			
* * * * *			
115310 .....	Support Activities for Forestry .....	\$6.0 .....	.....
EXCEPT .....	Forest Fire Suppression <sup>17</sup> .....	<sup>17</sup> 15.0 .....	.....
EXCEPT .....	Fuels Management Services <sup>17</sup> .....	<sup>17</sup> 15.0 .....	.....
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**Footnotes**

<sup>17</sup> NAICS code 115310 (*Support Activities for Forestry*)—Forest Fire Suppression and Fuels Management Services are two components of Support Activities for Forestry. Forest Fire Suppression includes establishments which provide services to fight forest fires. These firms usually have fire-fighting crews and equipment. Fuels Management Services firms provide services to clear land of hazardous materials that would fuel forest fires. The treatments used by these firms may include prescribed fire, mechanical removal, establishing fuel breaks, thinning, pruning, and piling.