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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

STATE OF CALIFORNIA, et al.,

Plaintiffs,

v.

DEB HAALAND, U.S. Secretary of the Interior,
et al.,

Defendants,

KENNETH KLEMM; BEAVER CREEK
BUFFALO CO.; WASHINGTON
CATTLEMEN’S ASSOCIATION; and PACIFIC
LEGAL FOUNDATION,

Private Landowner Intervenors.

No. 4:19-cv-06013-JST

Related Cases: 4:19-cv-05206-JST
4:19-cv-06812-JST

**PRIVATE LANDOWNER
INTERVENORS’ SUPPLEMENTAL
BRIEF RE FEDERAL DEFENDANTS’
MOTION FOR VOLUNTARY
REMAND**

Judge: The Hon. Jon S. Tigar

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF AUTHORITIES ii

INTRODUCTION 1

LEGAL BACKGROUND 2

ARGUMENT 3

 I. The 4(d) Rule and the Rule for Designating Unoccupied Areas Are Compelled
 by the ESA and Therefore Not Subject to NEPA’s Requirements 3

 A. The Endangered Species Act does not authorize a blanket extension
 of the take prohibition to all threatened species 4

 1. The ESA’s text prohibits a blanket extension of the take
 prohibition to all threatened species 5

 2. Legislative history confirms that the ESA prohibits the blanket
 extension of the take prohibition to all threatened species 8

 3. The constitutional avoidance canon requires reading
 ESA Section 4(d) in accordance with its plain meaning
 to avoid nondelegation problems 9

 4. The District of Columbia Circuit’s decision in *Sweet Home*
 is unpersuasive 11

 B. The Rule for Designating Unoccupied Areas is compelled by the
 ESA and not subject to NEPA 12

 1. The Rule for Designating Unoccupied Areas’ restoration
 of the two-step process for designating unoccupied critical
 habitat is compelled 12

 2. The Rule for Designating Unoccupied Areas’ requirement
 that unoccupied critical habitat contain at least one essential
 physical or biological feature is compelled by the Supreme
 Court’s decision in *Weyerhaeuser* 13

 II. If This Court Is Inclined to Resolve the Propriety of the Services’
 NEPA Determinations, the Private Landowners Respectfully Request
 that Merits Briefing First Be Resumed 14

CONCLUSION 15

TABLE OF AUTHORITIES

Cases

1

2

3 *A.L.A. Schechter Poultry Corp. v. United States,*

4 295 U.S. 495 (1935)..... 10

5 *Alabama Ass’n of Realtors v. Dep’t of Health & Human Servs.,*

6 141 S. Ct. 2485 (2021)..... 11

7 *Alaska Wilderness League v. Jewell,*

8 788 F.3d 1212 (9th Cir. 2015)..... 2–3

9 *Ariz. Cattle Growers’ Ass’n v. Salazar,*

10 606 F.3d 1160 (9th Cir. 2010)..... 12–13

11 *Bear Valley Mut. Water Co. v. Jewell,*

12 790 F.3d 977 (9th Cir. 2015)..... 13

13 *Bowen v. Georgetown Univ. Hosp.,*

14 488 U.S. 204 (1988)..... 11

15 *Cheneau v. Garland,*

16 997 F.3d 916 (9th Cir. 2021)..... 5, 7

17 *Chevron USA, Inc. v. Natural Res. Def. Council, Inc.,*

18 467 U.S. 837 (1984)..... 11

19 *Clark v. Martinez,*

20 543 U.S. 371 (2005)..... 10

21 *Crowell v. Benson,*

22 285 U.S. 22 (1932)..... 9

23 *Dep’t of Transp. v. Pub. Citizen,*

24 541 U.S. 752 (2004)..... 3

25 *Envtl. Prot. Info. Ctr. v. Carlson,*

26 968 F.3d 985 (9th Cir. 2020)..... 2

27 *Goos v. Interstate Commerce Comm’n,*

28 911 F.2d 1283 (8th Cir. 1990)..... 2

Gundy v. United States,

139 S. Ct. 2116 (2019)..... 10

Jennings v. Rodriguez,

138 S. Ct. 830 (2018)..... 9

1 *Jimenez v. Quarterman*,
 2 555 U.S. 113 (2009)..... 5

3 *King v. Burwell*,
 4 576 U.S. 473 (2015)..... 7, 12

5 *Massachusetts v. EPA*,
 6 549 U.S. 497 (2007)..... 7

7 *Michigan v. EPA*,
 8 576 U.S. 743 (2015)..... 5–6

9 *Mistretta v. United States*,
 10 488 U.S. 361 (1989)..... 10

11 *N.M. Farm & Livestock Bureau v. U.S. Dep’t of Interior*,
 12 952 F.3d 1216 (10th Cir. 2020)..... 12

13 *Nat’l Fed’n of Indep. Bus. v. U.S. Dep’t of Lab.*,
 14 142 S. Ct. 661 (2022)..... 11

15 *Panama Refining Co. v. Ryan*,
 16 293 U.S. 388 (1935)..... 10–11

17 *Railway Labor Execs.’ Ass’n v. Interstate Commerce Comm’n*,
 18 784 F.2d 959 (9th Cir. 1986)..... 4

19 *Securities & Exchange Comm’n v. Chenery Corp.*,
 20 318 U.S. 80 (1943)..... 4

21 *Sierra Club v. Babbitt*,
 22 65 F.3d 1502 (9th Cir. 1995)..... 1–3, 14

23 *Sierra Club v. Hodel*,
 24 848 F.2d 1068 (10th Cir. 1988)..... 3

25 *Stand Up for California! v. U.S. Dep’t of the Interior*,
 26 959 F.3d 1154 (9th Cir. 2020)..... 2

27 *Sweet Home Chapter of Communities for a Great Or. v. Babbitt*,
 28 1 F.3d 1 (D.C. Cir. 1993)..... 6, 10–11

Transwestern Pipeline Co., LLC v. 17.19 Acres of Prop. Located in Maricopa Cty.,
 627 F.3d 1268 (9th Cir. 2010)..... 8

Weyerhaeuser Company v. U.S. Fish & Wildlife Serv.,
 139 S. Ct. 361 (2018)..... 13

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United States Constitution

U.S. Const. art. 1, § 1 10

Statutes

16 U.S.C. § 1532(5)(A)..... 12
 16 U.S.C. § 1532(5)(A)(ii)..... 13
 16 U.S.C. § 1532(19) 4
 16 U.S.C. § 1533(a)(1)..... 4, 6
 16 U.S.C. § 1533(b)(1)(A)..... 6
 16 U.S.C. § 1533(b)(2)..... 4
 16 U.S.C. § 1533(d) 4–7
 16 U.S.C. § 1536(a)(2)..... 7
 16 U.S.C. § 1538(a) 4
 16 U.S.C. § 1538(a)(1)..... 7
 16 U.S.C. § 1540(a) 4
 42 U.S.C. § 4332(2)(C)..... 2
 42 U.S.C. § 7521(a)(1)..... 7

Regulations

40 C.F.R. § 1508.4 2
 50 C.F.R. § 17.31 1
 50 C.F.R. § 17.31 (2018) 4
 50 C.F.R. § 17.71 1
 50 C.F.R. § 424.12(b)(2)..... 1, 12–14
 50 C.F.R. § 424.12(e) (2015)..... 12

Other Authorities

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
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23
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25
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27
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49 Fed. Reg. 38,900 (Oct. 1, 1984)..... 12

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INTRODUCTION

1
2 Defendant-Intervenors Ken Klemm, Beaver Creek Buffalo Company, Washington
3 Cattlemen’s Association, and Pacific Legal Foundation (collectively, the “Private Landowners”),
4 respectfully submit the following supplemental brief in response to this Court’s February 24, 2022,
5 Order Requiring Supplemental Briefing. *See* ECF No. 155 (the “Order”).¹ That Order requests
6 supplemental briefing analyzing whether Federal Defendants the United States Fish and Wildlife
7 Service (FWS) and the National Marine Fisheries Service (NMFS) (together, the “Services”),
8 properly invoked the categorical exclusions under the National Environmental Policy Act (NEPA),
9 when they promulgated the challenged regulations implementing the Endangered Species Act
10 (ESA) (the “2019 Regulations”), and whether vacatur is the proper remedy for a violation of NEPA.
11 *See* ECF No. 155 at 2.

12 It is well established that NEPA’s requirements are triggered only by discretionary federal
13 action. *See Sierra Club v. Babbitt*, 65 F.3d 1502, 1512 (9th Cir. 1995). As such, before considering
14 the propriety of the Services’ invocation of the categorical exclusions, this Court must answer a
15 threshold question: whether the 2019 Regulations were discretionary and therefore subject to
16 NEPA’s requirements in the first place. The Private Landowners demonstrate below—and intend
17 to argue more fully on the merits—that the 2019 rule repealing FWS’ previous blanket approach to
18 ESA Section 4(d), codified at 50 C.F.R. §§ 17.31, 17.71 (the “2019 4(d) Rule”), and the provisions
19 of the 2019 Section 4 Rules pertaining to the designation of unoccupied critical habitat, codified at
20 50 C.F.R. § 424.12(b)(2) (the “Rule for Designating Unoccupied Areas”), are statutorily compelled
21 and therefore nondiscretionary. As a result, the 2019 4(d) Rule and the Rule for Designating
22 Unoccupied Areas were not subject to NEPA’s requirements and the Services’ invocation of the
23 categorical exclusions could not have been improper under any circumstances.² “Concerns” with,

24 ¹ Except where documents substantively differ as between each related case, reference will be made
25 to the ECF numbers in the lowest numbered case: *Center for Biological Diversity v. Haaland*, No.
19-cv-5206 (N.D. Cal. Aug. 21, 2019).

26 ² The Private Landowners only respond to the Order to the extent it requests supplemental briefing
27 on the two rules they sought limited intervention to defend: the 2019 4(d) Rule and the Rule for
28 Designating Unoccupied Areas. *See* ECF No. 152 at 7; ECF No. 41 at 8. This brief does not express
any position on the Services’ NEPA determinations for the remaining 2019 Regulations.

1 or purported deficiencies in, the Services' NEPA analysis cannot under any circumstances justify
2 vacatur of the nondiscretionary 4(d) Rule and Rule for Designating Unoccupied Areas.

3 At the very least, the Private Landowners have demonstrated an intention to raise a
4 colorable defense on the merits that the 2019 4(d) Rule and the Rule for Designating Unoccupied
5 Areas are nondiscretionary. These merits arguments must be resolved before this Court can
6 determine the lawfulness of the Services' invocation of the categorical NEPA exclusions. The
7 current posture of this case does not permit a resolution of the merits. *See* ECF No. 152 at 27. As
8 such, if this Court is inclined to resolve the propriety of the Services' categorical NEPA exclusions
9 for the 2019 4(d) Rule and the Rule for Designating Unoccupied Areas, the Private Landowners
10 respectfully request that it first set an orderly schedule to resume summary judgment briefing.

11 LEGAL BACKGROUND

12 NEPA requires that each agency prepare an environmental impact statement (EIS) for
13 certain "major Federal actions significantly affecting the quality of the human environment." *Stand*
14 *Up for California! v. U.S. Dep't of the Interior*, 959 F.3d 1154, 1163 (9th Cir. 2020) (quoting 42
15 U.S.C. § 4332(2)(C)). An agency engaging in discretionary decision-making that otherwise
16 qualifies as a "major federal action" generally may only avoid NEPA's requirements where that
17 action falls under a predefined "categorical exclusion." *See Env'tl. Prot. Info. Ctr. v. Carlson*, 968
18 F.3d 985, 988 (9th Cir. 2020) (citing 40 C.F.R. § 1508.4).

19 NEPA's requirements are only "triggered by a discretionary federal action." *Sierra Club*,
20 65 F.3d at 1512. Where agency action is compelled by statute or otherwise nondiscretionary, NEPA
21 is inapplicable. *See id.* (collecting cases) (concluding that "case law is . . . forceful in excusing
22 nondiscretionary agency action or agency 'inaction' from the operation of NEPA"). *See also Alaska*
23 *Wilderness League v. Jewell*, 788 F.3d 1212, 1226 (9th Cir. 2015) (finding NEPA inapplicable
24 where agency discretion was limited by a statutory mandate); *Goos v. Interstate Commerce*
25 *Comm'n*, 911 F.2d 1283, 1293–95 (8th Cir. 1990) (collecting cases) (same). The rationale for this
26 well-established rule is simple. Where an agency's decision is nondiscretionary there can be no
27 application for NEPA's purpose of injecting environmental considerations into agency decision-
28 making. *See Alaska Wilderness League*, 788 F.3d at 1226 (finding that to apply NEPA to a

1 statutorily compelled process “would merely ‘require an agency to prepare a full EIS due to the
 2 environmental impact of an action it could not refuse to perform,’” and that to do so “would clearly
 3 violate NEPA’s ‘rule of reason.’” (quoting *Dep’t of Transp. v. Pub. Citizen*, 541 U.S. 752, 769
 4 (2004)); *Sierra Club v. Babbitt*, 65 F.3d at 1512 (“[W]e see no benefit from NEPA compliance
 5 where the [agency’s] ability to modify or halt” its decision-making “is limited.”); *Sierra Club v.*
 6 *Hodel*, 848 F.2d 1068, 1089 (10th Cir. 1988) (“The EIS process is supposed to inform the decision-
 7 maker. This presupposes he has judgment to exercise.”).

8 ARGUMENT

9 This Court has requested supplemental briefing analyzing whether the Services’ NEPA
 10 determinations for the 2019 Regulations were proper. ECF No. 155. Before addressing that issue,
 11 however, this Court must answer a threshold question: whether NEPA applies to the 2019
 12 Regulations in the first place. As to the 2019 4(d) Rule and the Rule for Designating Unoccupied
 13 Areas, it does not. First, the ESA forbids the blanket extension of the take prohibition to all
 14 threatened species. As a result, the 2019 repeal of the illegal blanket 4(d) rule was nondiscretionary
 15 and not subject to NEPA’s requirements. Second, the Rule for Designating Unoccupied Areas’
 16 reintroduction of the two-step process for designating unoccupied critical habitat and its
 17 requirement that unoccupied critical habitat contain at least one essential physical or biological
 18 feature, are compelled by the ESA and applicable Supreme Court case law. The Private Landowners
 19 have presented these arguments below, and—if provided the opportunity—intend to exposit them
 20 more fully in responding to the Plaintiffs’ motions for summary judgment.

21 **I. The 4(d) Rule and the Rule for Designating Unoccupied Areas Are Compelled by the** 22 **ESA and Therefore Not Subject to NEPA’s Requirements**

23 The 4(d) Rule and the Rule for Designating Unoccupied areas are compelled by the ESA
 24 and applicable Supreme Court case law. As such, no analysis under NEPA was required during

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1 their promulgation, and the Services' invocation of the categorical exclusions could not have been
 2 improper under any circumstances.³

3 **A. The Endangered Species Act does not authorize a blanket extension of the**
 4 **take prohibition to all threatened species**

5 The ESA authorizes the Services, to list species as either endangered or threatened. *See* 16
 6 U.S.C. § 1533(a)(1), (b)(2). As an additional safeguard for endangered species, befitting their
 7 greater risk of extinction, the ESA also prohibits “take” of such species. 16 U.S.C. §§ 1532(19);
 8 1538(a). The ESA’s prohibition of take is strict—establishing severe civil or criminal penalties for
 9 any activity that “harm[s]” a single member of a protected species. *See* 16 U.S.C. §§ 1532(19);
 10 1540(a). As a result, Congress limited the take prohibition’s application to endangered species, *see*
 11 16 U.S.C. § 1538(a), while also authorizing its extension to threatened species on a case-by-case
 12 basis, but only where “necessary and advisable” for the protection of that species, *see id.* § 1533(d).
 13 In 1975, however, FWS reversed Congress’s policy choice and issued a regulation that
 14 indiscriminately prohibited take of all threatened species, including any subsequently listed
 15 threatened species. *See* 40 Fed. Reg. 44,412, 44,414, 44,425 (Sept. 26, 1975), *codified at* 50 C.F.R.
 16 § 17.31 (2018). That “blanket” 4(d) rule remained in effect until 2019. *See* 84 Fed. Reg. at 44,753.
 17 The 2019 4(d) Rule repeals that policy and revives the statute’s species-specific approach to
 18 regulating take of threatened species. *Id.*

19 ///

20 _____
 21 ³ In promulgating the 4(d) Rule and the Rule for Designating Unoccupied Critical Habitat, the
 22 Services did not rely upon NEPA’s inapplicability to nondiscretionary agency action to excuse
 23 compliance with NEPA. *See* 84 Fed. Reg. 45,020, 45,051 (Aug. 27, 2019) (relying upon categorical
 24 exclusions for discretionary agency action that is administrative, legal, technical, or procedural in
 25 nature); 84 Fed. Reg. 44,753, 44,759 (Aug. 27, 2019) (same). Nevertheless, *Chenery’s* rule—that
 26 agency action may only be upheld on those grounds advanced by the agency during the
 27 administrative process, *see Securities & Exchange Comm’n v. Chenery Corp.*, 318 U.S. 80, 87
 28 (1943)—does not bar this Court from considering the Private Landowners’ arguments. The Ninth
 Circuit has held that *Chenery* is inapplicable where “the issue in dispute is the interpretation of a
 federal statute.” *Railway Labor Execs.’ Ass’n v. Interstate Commerce Comm’n*, 784 F.2d 959, 969
 (9th Cir. 1986). The Private Landowners argue that a plain reading of the ESA compelled the
 Services to promulgate the 2019 4(d) Rule and the Rule for Designating Unoccupied Areas, and
 that as a result, no NEPA analysis was required. There is no application for the *Chenery* doctrine
 to this pure issue of statutory construction. *See id.*

1 The blanket approach to regulating take of all threatened species was illegal and the 2019
2 4(d) Rule’s repeal of that approach was nondiscretionary. FWS’ invocation of the categorical
3 exclusions therefore could not have been improper and the Plaintiffs’ NEPA claims necessarily fail.

4 **1. The ESA’s text prohibits a blanket extension of the take prohibition to**
5 **all threatened species**

6 Section 4(d) provides, in relevant part, that:

7 Whenever any species is listed as a threatened species . . . the
8 Secretary shall issue such regulations as he deems necessary and
9 advisable to provide for the conservation of such species. The
10 Secretary may by regulation prohibit with respect to any threatened
species any act prohibited under section 1538(a)(1) . . . or section
1538(a)(2) . . . with respect to endangered species

11 16 U.S.C. § 1533(d). A rigorous analysis of section 4(d)’s text compels the conclusion that the
12 agencies’ authority is limited to the issuance of species-specific take regulations. *See Cheneau v.*
13 *Garland*, 997 F.3d 916, 919 (9th Cir. 2021) (“As with any question of statutory interpretation, our
14 analysis begins with the plain language of the statute.” (quoting *Jimenez v. Quarterman*, 555 U.S.
15 113, 118 (2009))). This is so, for three reasons.

16 **First**, section 4(d)’s first sentence places two limitations on the Services’ authority to extend
17 protective regulations—including prohibiting take—to a threatened species. Neither limitation can
18 be reconciled with a blanket approach to regulating take, and both compel a species-specific
19 approach. First, Section 4(d) only permits the Services to issue protective regulations “[w]henever
20 any species is *listed* as a threatened species.” *See* 16 U.S.C. § 1533(d) (emphases added). As such,
21 the authority to issue protective regulations is triggered by the listing of a species as threatened. A
22 protective regulation, therefore, cannot lawfully precede listing, as it did with the blanket 4(d) rule’s
23 categorical extension of the take prohibition to all subsequently listed threatened species. Second,
24 before issuance, the Services must “deem[]” a protective regulation “necessary and advisable to
25 provide for the conservation” of a threatened species. *See* 16 U.S.C. § 1533(d). In *Michigan v.*
26 *United States Environmental Protection Agency (EPA)*, the Supreme Court held that where
27 Congress imposes broad standards like “necessary and advisable” on an agency’s rulemaking
28 authority, the agency must consider the costs and benefits associated with that regulation. *See* 576

1 U.S. 743, 751–55 (2015) (holding that the phrase “appropriate and necessary” in the Clean Air Act
2 “naturally and traditionally includes consideration of all the relevant factors” especially costs and
3 burdens to private parties (citation omitted)). Under the blanket 4(d) rule, however, FWS never
4 engaged in this required weighing of the costs and benefits of extending the take prohibition to
5 threatened species, because it indiscriminately extended that prohibition to all subsequently listed
6 threatened species in 1975. *See* 40 Fed. Reg. at 44,414, 44,425.⁴ FWS cannot adequately determine
7 that a protective regulation is “necessary and advisable” for a threatened species’ conservation
8 unless it has identified the species and considered its specific needs.⁵

9 Considering these limitations, the only way to interpret section 4(d) as permitting a blanket
10 rule, is to read its second sentence—which identifies take as a subset of the protective regulations
11 that might be issued—as an independent grant of authority, untethered from the limitations imposed
12 by the first sentence. *See Sweet Home Chapter of Communities for a Great Or. v. Babbitt*, 1 F.3d
13 1, 6 (D.C. Cir. 1993) (upholding the blanket 4(d) rule by deferring to FWS’ interpretation of the
14 second sentence of Section 4(d) as an independent grant of authority). But that reading must be
15 rejected. The first sentence gives the agencies a broad authority to adopt *any* kind of regulation
16 when a species is listed as threatened if it is “necessary and advisable to provide for the conservation
17 of [the] species.” 16 U.S.C. § 1533(d). A regulation prohibiting the take of any such species is
18 merely a specific example of the type of regulation that could be adopted. Consequently, the power

19
20 ⁴ The Private Landowners do not to suggest that the Services must consider costs and benefits when
21 deciding whether to *list* a species as threatened under section 4(a). The extension of protective
22 regulations to a threatened species via the issuance of a 4(d) rule is a distinct regulatory action
23 subject to a different statutory standard than that for the listing of a species under section 4(a). As
24 such, *Michigan*’s rule that broad standards like “necessary and advisable” require the consideration
of all costs and benefits, *see* 576 U.S. at 751–55, does not conflict with the ESA’s requirement that
listing decisions be based only upon biological considerations, *see* 16 U.S.C. § 1533(a)(1),
(b)(1)(A).

25 ⁵ Indeed, section 4(d)’s requirement that protective regulations be tailored to specific threatened
26 species can be expected to improve conservation outcomes. The species-specific approach provides
27 greater flexibility, better aligns the incentives of private landowners with the interests of threatened
28 species, reduces unnecessary conflict, and allows states to pursue more innovative programs. *See*
Jonathan Wood, *The Road to Recovery: How restoring the Endangered Species Act’s two-step
process can prevent extinction and promote recovery*, PERC Policy Report (2018),
<https://www.perc.org/2018/04/24/the-road-to-recovery/>.

1 articulated in the second sentence must be a subset of that in the first sentence, and the first
2 sentence’s limitations must apply to it.

3 **Second**, the first and second sentences of section 4(d) refer to “any species . . . listed as a
4 threatened species” and “any threatened species.” See 16 U.S.C. § 1533(d) (emphases added). The
5 term “any” in this context denotes particularity. When the ESA refers to endangered or threatened
6 species as a category it does not use the term “any.” For example, the second sentence of Section
7 4(d) refers to the protection of endangered species as a category by omitting “any.” *Id.* (“with
8 respect to endangered species”). Thus, section 4(d) refers to the listing of particular threatened
9 species and not to threatened species as a category. The Supreme Court interprets “any” in similar
10 statutory schemes the same way. The Clean Air Act, for example, requires EPA to adopt regulations
11 for “emission of any air pollutant” from a mobile source. See 42 U.S.C. § 7521(a)(1) (emphasis
12 added). That provision has been construed as the power to regulate particular pollutants. See
13 *Massachusetts v. EPA*, 549 U.S. 497, 528–29 (2007) (finding that “[c]arbon dioxide, methane,
14 nitrous oxide, and hydrofluorocarbons are” “air pollutants”). Section 4(d)’s use of the term “any”
15 to denote particularity cannot be reconciled with a blanket approach that would categorically extend
16 the take prohibition to all threatened species.

17 **Third**, the statutory scheme as a whole counsels against a blanket approach to Section 4(d).
18 See *Cheneau*, 997 F.3d at 919 (holding that to ascertain a statute’s plain meaning a reviewing court
19 must “read the words in their context and with a view to their place in the overall statutory scheme.”
20 (quoting *King v. Burwell*, 576 U.S. 473, 486 (2015) (internal quotations omitted))). Section 4(d)
21 should be interpreted in light of Congress having expressly declined to categorically prohibit take
22 of threatened species. See 16 U.S.C. § 1538(a)(1) (limiting the take prohibition to endangered
23 species). One cannot interpret Section 4(d) as empowering the Services to reverse that
24 congressional decision through imposition of a blanket rule. Indeed, when Congress wanted
25 endangered and threatened species to be treated the same way, it said so expressly. See 16 U.S.C.
26 § 1536(a)(2) (“Each Federal agency shall . . . insure that any action authorized, funded, or carried
27 out by such agency . . . is not likely to jeopardize the continued existence of any *endangered species*
28 *or threatened species* or result in the destruction or adverse modification of habitat of such species.

1” (emphasis added)). FWS’ prior blanket approach cannot be reconciled with Congress’s
2 decision to regulate take of threatened and endangered species differently.

3 **2. Legislative history confirms that the ESA prohibits the blanket**
4 **extension of the take prohibition to all threatened species**

5 The plain language of Section 4(d) is clear, and this Court need not examine the ESA’s
6 legislative history to conclude that it forbids a blanket rule. *See Transwestern Pipeline Co., LLC v.*
7 *17.19 Acres of Prop. Located in Maricopa Cty.*, 627 F.3d 1268, 1271 (9th Cir. 2010). However, the
8 ESA’s legislative history reinforces the conclusion that the 2019 4(d) Rule’s species-specific
9 approach is compelled by the statute. Three aspects of the legislative history are of particular
10 relevance.

11 **First**, the Senate Report explicitly interprets Section 4(d) as limited to species-specific
12 regulations. It explains that the section:

13 requires the Secretary, once he has listed a species of fish or wildlife
14 as a threatened species, to issue regulations to protect *that* species.
15 Among other protective measures available, he may make any or all
16 of the acts and conduct defined as “prohibited acts” . . . as to
“endangered species” also prohibited acts as to *the particular*
threatened species.

17 S. Rep. No. 93-307, at 8 (1973), *reprinted in reprinted in* Cong. Research Serv., *A Legislative*
18 *History of the Endangered Species Act of 1973, As Amended In 1976, 1977, 1978, 1979, and 1980*
19 (hereinafter “ESA Legislative History”), at 307 (1982) (emphasis added). This language confirms
20 that the power to prohibit take *is a subset* of the authority granted in the Section 4(d)’s first sentence,
21 *see id.* (“Among other protective measures available”), and that this authority is limited to
22 prohibiting take of “*particular* threatened species,” *see id.* (emphasis added).

23 **Second**, Senator John Tunney—the ESA’s Senate manager—repeatedly emphasized the
24 distinction between endangered and threatened species and acknowledged that the take prohibition
25 should be limited to those species in greatest need. *See* ESA Legislative History, *supra*, at 357
26 (statement of Sen. Tunney) (explaining that the take prohibition was limited to endangered species
27 to “minimiz[e] the use of the most stringent prohibitions” and that “Federal prohibitions against
28 taking must be absolutely enforced *only* for those species on the brink of extinction.” (emphasis

1 added); *id.* at 360 (“I feel that this bill provides the necessary national protection to *severely*
2 *endangered* species while encouraging the States to utilize all of their resources toward the
3 furtherance of the purposes of this act.”) (emphasis added). The House Report similarly emphasizes
4 the statutory distinction between the treatment of threatened and endangered species. *See* H.R. Rep.
5 No. 93-412 (1973), *in* ESA Legislative History, *supra*, at 154 (“Sec. 9. (a) Subparagraphs (1)
6 through (5) of this paragraph spell out a number of activities which are specifically prohibited with
7 respect to endangered (not threatened) species . . .”).

8 ***Third***, even decisionmakers within the Department of the Interior interpreted their soon-to-
9 be-delegated authority under Section 4(d) as limited to species-specific regulations. For example,
10 Douglas P. Wheeler—then Acting Assistant Secretary of the Interior—told Congress that limiting
11 the take prohibition “assure[s] protection of all endangered species commensurate with the threat
12 to their continued existence.” Letter from Douglas P. Wheeler, Acting Assistant Secretary of the
13 Interior, to Rep. Leonor Sullivan, Chairman, House Committee on Merchant Marine and Fisheries
14 (Mar. 23, 1973), *in* ESA Legislative History, *supra*, at 162; *see also* Letter from Rogers C. B.
15 Morton, Secretary of Interior, to Rep. Carl Albert, Speaker of the House of Representatives
16 (Feb. 15, 1973), *in* ESA Legislative History, *supra*, at 160. Wheeler went on to explain that any
17 regulations adopted under Section 4(d) would “depend on the circumstances *of each species* . . .”
18 Letter from Douglas P. Wheeler, *in* ESA Legislative History, *supra*, at 162 (emphasis added).

19 **3. The constitutional avoidance canon requires reading ESA Section 4(d)**
20 **in accordance with its plain meaning to avoid nondelegation problems**

21 Under the canon of constitutional avoidance courts must interpret statutes to avoid giving
22 them a constitutionally suspect meaning. *See Jennings v. Rodriguez*, 138 S. Ct. 830, 842 (2018)
23 (“When ‘a serious doubt’ is raised about the constitutionality of an act of Congress, ‘it is a cardinal
24 principle that this Court will first ascertain whether a construction of the statute is fairly possible
25 by which the question may be avoided.’” (quoting *Crowell v. Benson*, 285 U.S. 22, 62 (1932))).
26 Section 4(d) is unambiguous in foreclosing the Service’s prior blanket approach and there is thus
27 no need to apply the avoidance canon. *See id.* (holding that the canon of constitutional avoidance
28 “comes into play only when . . . the statute is found to be susceptible of more than one construction”

1 (quoting *Clark v. Martinez*, 543 U.S. 371, 385 (2005))). Nevertheless, even if Section 4(d) were
2 susceptible to a construction that would permit the blanket approach, that interpretation would raise
3 significant nondelegation concerns that this Court must avoid.

4 The nondelegation doctrine forbids Congress from delegating discretionary power to
5 administrative agencies without providing an “intelligible principle” to guide its exercise. *See*
6 *Panama Refining Co. v. Ryan*, 293 U.S. 388, 414–16 (1935); *A.L.A. Schechter Poultry Corp. v.*
7 *United States*, 295 U.S. 495, 529–32 (1935). The nondelegation doctrine “is rooted in the principle
8 of separation of powers” and the Constitution’s provision that “[a]ll legislative Powers . . . shall be
9 vested in . . . Congress.” *Mistretta v. United States*, 488 U.S. 361, 371–72 (1989) (quoting U.S.
10 Const. art. 1, § 1). The doctrine operates to forbid Congress from delegating that legislative power
11 to any other branch. *Id.* To determine whether Congress has provided an intelligible principle the
12 most important inquiry is whether Congress, and not the agency, has made the fundamental or
13 overarching policy choice governing the agency’s exercise of its discretion. *See Gundy v. United*
14 *States*, 139 S. Ct. 2116, 2131–37 (2019) (Gorsuch, J., dissenting). The nondelegation doctrine is
15 frequently invoked by courts applying the avoidance canon. *See Mistretta*, 488 U.S. at 373.

16 As discussed above, the only way to interpret section 4(d) as permitting FWS’ prior blanket
17 rule is to read its second sentence—which identifies take as a subset of the protective regulations
18 that might be issued—as an independent grant of authority. *See supra* 6–7 (citing *Sweet Home*, 1
19 F.3d at 7–8). To interpret Section 4(d) in this manner raises significant nondelegation concerns.
20 The only principle to guide the Services’ exercise of its power to extend protective regulations to a
21 threatened species is the “necessary and advisable” standard contained in Section 4(d)’s first
22 sentence. The grant of authority in the second sentence, divorced from the limiting principle
23 contained in the first, would authorize the Services to forbid or exert regulatory control over *any*
24 activity that affects *any* threatened species, for any reason or no reason whatsoever. The Services
25 could forbid private activity, or not, as they see fit. Delegation of such unbounded authority would
26 be a classic violation of the Supreme Court’s “intelligible principle” rule. *See Panama Refining*,
27 293 U.S. at 415 (finding that a grant of authority which did “not qualify the President’s authority,”
28 did “not state whether or in what circumstances or under what conditions the President” was to

1 regulate, “establishe[d] no criterion to govern” the exercise of that power; and did “not require any
2 finding by the President as a condition of his action,” contained no intelligible principle). Indeed,
3 it is difficult to imagine a more obvious example of the delegation of legislative power to an
4 administrative agency than that contained in the second sentence of Section 4(d). These
5 nondelegation problems can only be avoided by construing Section 4(d)’s two sentences together
6 so that the limits in the first sentence apply to any regulation of take authorized by the second.

7 **4. The District of Columbia Circuit’s decision in *Sweet Home* is**
8 **unpersuasive**

9 The Private Landowners are aware of one out-of-circuit case upholding FWS’ prior blanket
10 approach as a reasonable interpretation of the ESA under *Chevron*. See *Sweet Home*, 1 F.3d at 6
11 (citing *Chevron USA, Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837 (1984)). The District of
12 Columbia Circuit’s decision in *Sweet Home* does not withstand scrutiny and is inconsistent with
13 recent Supreme Court case law. This Court should not consider it persuasive. The foremost reason
14 that *Sweet Home* is unpersuasive is that the plain text of Section 4(d)—as reinforced by legislative
15 history and canons of construction—forbids any interpretation of Section 4(d) that would permit
16 FWS’ prior blanket approach. See *supra* 4–11. But the District of Columbia Circuit in *Sweet Home*
17 erred in applying *Chevron* deference to FWS’ blanket 4(d) rule, for at least two additional reasons.

18 First, FWS offered no interpretation of Section 4(d) in its 1975 regulation extending the
19 take prohibition to all threatened species. See 40 Fed. Reg. at 44,414. As such, the interpretation to
20 which the court in *Sweet Home* deferred was articulated only as FWS’ litigation position. *Chevron*
21 deference must not be afforded to an agency interpretation under such circumstances. See *Bowen*
22 *v. Georgetown Univ. Hosp.*, 488 U.S. 204, 213 (1988) (“Deference to what appears to be nothing
23 more than an agency’s convenient litigating position would be entirely inappropriate.”). Second,
24 the Supreme Court has recently clarified that it “expect[s] Congress to speak clearly when
25 authorizing an agency to exercise powers of vast economic and political significance.” *Nat’l Fed’n*
26 *of Indep. Bus. v. Dep’t of Lab.*, 142 S. Ct. 661, 665 (2022) (quoting *Alabama Ass’n of Realtors v.*
27 *Dep’t of Health & Human Servs.*, 141 S. Ct. 2485, 2489 (2021) (per curiam)). Categorically and
28 indiscriminately forbidding any private activity that affects any threatened species—as FWS did in

1 its blanket 4(d) rule—easily meets this standard. *See* Randy T. Simmons & Kimberly Frost,
2 *Accounting for Species: The True Costs of the Endangered Species Act*, PERC (2004),
3 http://perc.org/sites/default/files/esa_costs.pdf (assessing the public and private costs of ESA
4 regulation). Further supporting application of this “major questions” standard is that section 4(d)
5 was one of the “key reforms” of the ESA and is “central” to its “statutory scheme.” *King v. Burwell*,
6 576 U.S. at 486. There can be no application of *Chevron* under such circumstances and the *Chevron*
7 analysis in *Sweet Home* is therefore incorrect and unpersuasive.

8 **B. The Rule for Designating Unoccupied Areas is compelled by the**
9 **ESA and not subject to NEPA**

10 The Services’ 2019 reforms also made changes to the regulations governing the designation
11 of unoccupied critical habitat. *See* 84 Fed. Reg. at 45,021–23; 50 C.F.R. § 424.12(b)(2). This Rule
12 for Designating Unoccupied Areas—which largely reversed illegal revisions made in 2016, *see* 81
13 Fed. Reg. 7414 (Feb. 11, 2016)—is compelled and therefore not subject to NEPA requirements,
14 for at least two reasons.

15 **1. The Rule for Designating Unoccupied Areas’ restoration of the two-step**
16 **process for designating unoccupied critical habitat is compelled**

17 The ESA authorizes the Services to designate “occupied” or “unoccupied” areas as critical
18 habitat. *See* 16 U.S.C. § 1532(5)(A). However, it draws clear distinctions between the standards for
19 designating each form of critical habitat and requires a heightened showing that unoccupied critical
20 habitat be “essential for the conservation of the species.” *Id.* The Ninth Circuit interprets this
21 requirement as imposing “a more onerous procedure on the designation of unoccupied areas.” *See*
22 *Ariz. Cattle Growers’ Ass’n v. Salazar*, 606 F.3d 1160, 1163 (9th Cir. 2010). For most of the ESA’s
23 history the Services honored the statutory distinction, determining critical habitat by first
24 considering occupied areas and only turning to unoccupied areas if the designation of occupied
25 areas would be insufficient for the conservation of the species. *See* 49 Fed. Reg. 38,900, 38,909
26 (Oct. 1, 1984); 50 C.F.R. § 424.12(e) (2015). *See also N.M. Farm & Livestock Bureau v. U.S. Dep’t*
27 *of Interior*, 952 F.3d 1216, 1228 (10th Cir. 2020) (describing the “step-wise” approach that was
28 implemented for much of the ESA’s history). Nevertheless, that requirement was eliminated in

1 2016. *See* 81 Fed. Reg. at 7414. This departure from thirty years of agency practice was illegal. It
2 degraded the ESA’s distinction between occupied and unoccupied critical habitat and ignored the
3 “onerous” requirement that any “unoccupied” area be “essential for the conservation of the
4 species.” *See Ariz. Cattle Growers’ Ass’n*, 606 F.3d at 1163; 16 U.S.C. § 1532(5)(A)(ii). Indeed,
5 the Services cannot plausibly determine that an unoccupied area is “essential” for a species’
6 conservation if the areas the species occupies would alone be sufficient for its conservation. *Cf.*
7 *Bear Valley Mut. Water Co. v. Jewell*, 790 F.3d 977, 994 (9th Cir. 2015) (“The ESA requires the
8 FWS to demonstrate that unoccupied area is ‘essential’ for conservation before designating it as
9 critical habitat. The implementing regulation phrases *this same requirement* in a different way, and
10 states that the FWS must show that the occupied habitat is not adequate for conservation.”
11 (emphasis added)). The 2019 Rule for Designating Unoccupied Areas restored the Services’
12 previous practice of first considering all occupied areas and only turning to unoccupied areas where
13 the designation of occupied areas would be inadequate for the species’ conservation. *See* 50 C.F.R.
14 § 424.12(b)(2). This revision was nondiscretionary.

15 **2. The Rule for Designating Unoccupied Areas’ requirement that**
16 **unoccupied critical habitat contain at least one essential physical or**
17 **biological feature is compelled by the Supreme Court’s decision in**
Weyerhaeuser

18 In promulgating the 2016 critical habitat regulations the Services also concluded that
19 unoccupied areas could be “essential” even if they lacked the physical and biological features
20 necessary for the species to be able to occupy the area, there was no reasonable likelihood the area
21 would develop such features, and that such features would never exist in quantities necessary for
22 the area to serve an essential role in the species’ conservation. *See* 81 Fed. Reg. at 7420. In other
23 words, the Services’ position was that unoccupied “critical habitat,” need not first be “habitat” in
24 order to be designated. In 2018, however, the Supreme Court held unanimously that the ESA limits
25 the designation of “critical habitat” to areas that currently constitute “habitat” for the species. *See*
26 *Weyerhaeuser Company v. U.S. Fish & Wildlife Serv.*, 139 S. Ct. 361, 368–69 (2018). The 2019
27 Regulations respond to *Weyerhaeuser’s* holding by requiring an area designated as unoccupied
28 critical habitat contain one or more of the physical or biological features essential to the

1 conservation of the species. *See* 84 Fed. Reg. at 45,022, 45,049. *See also* 50 C.F.R. § 424.12(b)(2).
2 This change follows logically from—and was compelled by—the Supreme Court’s decision in
3 *Weyerhaeuser*. *Cf.* 84 Fed. Reg. at 45,022, 45,049. An area that does not contain at least one
4 essential physical or biological feature essential for the species cannot be “habitat,” as required by
5 the ESA.

6 **II. If This Court Is Inclined to Resolve the Propriety of the Services’ NEPA**
7 **Determinations, the Private Landowners Respectfully Request that**
8 **Merits Briefing First Be Resumed**

9 The Private Landowners have at the very least demonstrated an intention to raise a colorable
10 argument on the merits that the 4(d) Rule and the Rule for Designating Unoccupied Areas were
11 nondiscretionary. *See supra* 3–13. This Court therefore cannot determine whether “the Services
12 properly invoked the categorical exclusions under NEPA when they promulgated the [4(d) Rule
13 and the Rule for Designating Unoccupied Areas],” *see* ECF No. 155, without first resolving the
14 merits of the Private Landowners’ arguments, *see Sierra Club*, 65 F.3d at 1512 (holding that NEPA
15 does not apply to nondiscretionary federal action).

16 The Plaintiffs have moved for summary judgment on their claims that the Services
17 improperly invoked the categorical exclusions under NEPA when they promulgated the 2019
18 Regulations. *See* ECF No. 142 at 12, 42–47 (*CBD*); ECF No. 162 at 2, 48–51 (*California*); ECF
19 No. 107 at 2, 44–47 (*ALDF*). In response, the Services maintain that their NEPA certifications for
20 each rule were lawful but request that this Court withhold a resolution of that question and instead
21 remand the 2019 Regulations without vacatur. *See* ECF No. 146 at 32; ECF No. 156 at 12.

22 If this Court is inclined to deny the Services’ request and instead resolve the merits of the
23 Plaintiffs’ NEPA claims, then the Private Landowners respectfully request that it first set an orderly
24 schedule for the resumption of summary judgment briefing. This Court cannot properly address the
25 lawfulness of the Services’ NEPA determinations for the 2019 4(d) Rule and the Rule for
26 Designating Unoccupied Areas without first resolving the merits of the Private Landowners’
27 arguments. This Court can, and must, resolve the crucial threshold question—that is NEPA’s
28 applicability to the 4(d) Rule and the Rule for Designating Unoccupied Areas—before determining
the propriety of the Service’s NEPA certifications. *See* ECF No. 152 at 13–21 (explaining that the

1 merits of the Plaintiffs’ challenges to the 4(d) Rule and the Rule for Designating Unoccupied Areas
2 are capable of separate resolution, and requesting this Court exercise its discretion to permit merits
3 briefing to continue).

4 **CONCLUSION**

5 The 2019 4(d) Rule and the Rule for Designating Unoccupied Areas are statutorily
6 compelled and therefore not subject to NEPA’s requirements. Alleged deficiencies in the Services’
7 use of NEPA’s categorical exclusions cannot under any circumstances justify vacatur. At the very
8 least, this Court must resolve the Private Landowners merits arguments before it can resolve the
9 Plaintiffs’ NEPA claims. The current posture of this case does not permit such a resolution. As
10 such, if this Court is inclined to determine the propriety of the Service’s use of the categorical
11 exclusions, the Private Landowners respectfully request that it set an orderly schedule for the
12 resumption of summary judgment briefing.

13 DATED: March 11, 2022.

14 Respectfully submitted,

15 CHARLES T. YATES
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17 By /s/ Charles T. Yates
18 CHARLES T. YATES

19 *Attorneys for Private Landowner Intervenors*