

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4401-N-03]

Statutorily Mandated Designation of Difficult Development Areas, and Supplemental Designation of Qualified Census Tracts, for Section 42 of the Internal Revenue Code of 1986

AGENCY: Office of the Secretary, HUD.
ACTION: Notice.

SUMMARY: This document designates "Difficult Development Areas" and supplemental "Qualified Census Tracts" for purposes of the Low-Income Housing Tax Credit ("LIHTC") under section 42 of the Internal Revenue Code of 1986 ("the Code"). The United States Department of Housing and Urban Development ("HUD") makes new Difficult Development Area designations annually and makes supplemental designations of Qualified Census Tracts at this time because of changes in metropolitan area definitions.

FOR FURTHER INFORMATION CONTACT: For questions on how areas are designated and on geographic definitions: Kurt G. Usowski, Economist, Division of Economic Development and Public Finance, Office of Policy Development and Research, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410, telephone (202) 708-0426, e-mail Kurt_G_Usowski@hud.gov.

For specific legal questions pertaining to section 42 and this notice: Harold J. Gross, Senior Tax Attorney, Office of the General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410, telephone (202) 708-3260, e-mail JERRY_GROSS@hud.gov.

For questions about the "HUBZones" program: Michael P. McHale, Assistant Administrator for Procurement Policy, Office of Government Contracting, Suite 8800, Small Business Administration, 409 Third Street, SW, Washington, DC 20416, telephone (202) 205-6731, fax (202) 205-7324, e-mail michael.mchale@sba.gov.

A text telephone is available for persons with hearing or speech impairments at (202) 708-9300. (These are not toll-free telephone numbers.) Additional copies of this notice are available through HUD User at (800) 245-2691 for a small fee to cover duplication and mailing costs.

Copies Available Electronically: This notice is available electronically on the Internet (World Wide Web) at <http://www.huduser.org/> under the heading "Data Available from HUD User."

SUPPLEMENTARY INFORMATION:

This Document

The designations of Difficult Development Areas in this document are based on FY 1999 Fair Market Rents ("FMRs"), FY 1999 income limits, and 1990 census population counts as explained below. The designations of Qualified Census Tracts in newly designated metropolitan areas and the nonmetropolitan parts of States affected by the most recent metropolitan area designation are made necessary by the recently enacted "HUBZones" provisions of the Small Business Reauthorization Act of 1997, which incorporate section 42 Qualified Census Tracts by reference. These designations are made based on 1990 Census data. The corrected designations of Qualified Census Tracts published May 1, 1995, at 60 FR 21246, as amended by the supplemental designations of Qualified Census tracts published June 25, 1998, at 63 FR 34748, and December 9, 1998 at 63 FR 68115, are not affected by this Notice.

Background

The U.S. Treasury Department and the Internal Revenue Service ("IRS") thereof are authorized to interpret and enforce the provisions of the Internal Revenue Code of 1986 (the "Code"), including the Low-Income Housing Tax Credit ("LIHTC") found at section 42 of the Code (26 U.S.C. 42) as amended. The Secretary of HUD is required to designate Difficult Development Areas and Qualified Census Tracts by section 42(d)(5)(C) of the Code.

In order to assist in understanding HUD's mandated designation of Difficult Development Areas and Qualified Census Tracts for use in administering section 42 of the Code, a summary of section 42 is provided. The following summary does not purport to bind the Treasury or the IRS in any way, nor does it purport to bind HUD, as HUD has no authority to interpret or administer the Code, except in those instances where it has a specific delegation.

Summary of Low Income Housing Tax Credit

The LIHTC is a tax incentive intended to increase the availability of low income housing. Section 42 provides an income tax credit to owners of newly constructed or substantially rehabilitated low-income rental housing projects. The dollar amount of the LIHTC available for allocation by each state (the "credit ceiling") is limited by population. Each State is allocated credit based on \$1.25 per resident.

States may carry forward unused or returned credit derived from the credit ceiling for one year; if not used by then, credit goes into a national pool to be allocated to States as additional credit. State and local housing agencies allocate the State's credit ceiling among low-income housing buildings whose owners have applied for the credit. Besides Section 42 credits derived from the credit ceiling, States may also provide Section 42 credits to owners of buildings based upon the percentage of certain building costs financed by tax-exempt bond proceeds. Credits provided under the tax-exempt bond "volume cap" do not reduce the credit available from the credit ceiling.

The credit allocated to a building is based on the cost of units placed in service as low-income units under certain minimum occupancy and maximum rent criteria. In general, a building must meet one of two thresholds to be eligible for the LIHTC: either 20 percent of units must be rent-restricted and occupied by tenants with incomes no higher than 50 percent of the Area Median Gross Income ("AMGI"), or 40 percent of units must be rent restricted and occupied by tenants with incomes no higher than 60 percent of AMGI. The term "rent-restricted" means that gross rent, including an allowance for utilities, cannot exceed 30 percent of the tenant's imputed income limitation (i.e., 50 percent or 60 percent of AMGI). The rent and occupancy thresholds remain in effect for at least 15 years, and building owners are required to enter into agreements to maintain the low income character of the building for at least an additional 15 years.

The LIHTC reduces income tax liability dollar for dollar. It is taken annually for a term of ten years and is intended to yield a present value of either (1) 70 percent of the "qualified basis" for new construction or substantial rehabilitation expenditures that are not federally subsidized (i.e., financed with tax-exempt bonds or below-market federal loans), or (2) 30 percent of the qualified basis for the cost of acquiring certain existing projects or projects that are federally subsidized. The actual credit rates are adjusted monthly for projects placed in service after 1987 under procedures specified in section 42. Individuals can use the credit up to a deduction equivalent of \$25,000. This equals \$9,900 at the 39.6 percent maximum marginal tax rate. Individuals cannot use the credit against the alternative minimum tax. Corporations, other than S or personal service corporations, can use the credit against ordinary income tax. They

cannot use the credit against the alternative minimum tax. These corporations can also deduct the losses from the project.

The qualified basis represents the product of the "applicable fraction" of the building and the "eligible basis" of the building. The applicable fraction is based on the number of low income units in the building as a percentage of the total number of units, or based on the floor space of low income units as a percentage of the total floor space of residential units in the building. The eligible basis is the adjusted basis attributable to acquisition, rehabilitation, or new construction costs (depending on the type of LIHTC involved). These costs include amounts chargeable to capital account incurred prior to the end of the first taxable year in which the qualified low income building is placed in service or, at the election of the taxpayer, the end of the succeeding taxable year. In the case of buildings located in designated Qualified Census Tracts or designated Difficult Development Areas, eligible basis can be increased up to 130 percent of what it would otherwise be. This means that the available credit also can be increased by up to 30 percent. For example, if the 70 percent credit is available, it effectively could be increased up to 91 percent.

Under section 42(d)(5)(C) of the Code, a Qualified Census Tract is any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50 percent of households have an income less than 60 percent of the AMGI. There is a limit on the number of Qualified Census Tracts in any Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA") that may be designated to receive an increase in eligible basis: all of the designated census tracts within a given MSA/PMSA may not together contain more than 20 percent of the total population of the MSA/PMSA. For purposes of HUD designations of Qualified Census Tracts, all non-metropolitan areas in a State are treated as if they constituted a single metropolitan area.

Section 42 of the Code defines a Difficult Development Area as any area designated by the Secretary of HUD as an area that has high construction, land, and utility costs relative to the AMGI. Again, limits apply. All designated Difficult Development Areas in MSAs/PMSAs may not contain more than 20 percent of the aggregate population of all MSAs/PMSAs, and all designated areas not in metropolitan areas may not contain more than 20 percent of the

aggregate population of all non-metropolitan counties.

The following changes in MSA/PMSA definitions were made after HUD's last designation of Qualified Census Tracts:

New MSA (MSA No.)	Component counties
Auburn-Opelika, AL MSA (580). Corvallis, OR MSA (1890).	Lee County, AL Benton County, OR

Since these counties are no longer part of the nonmetropolitan areas of their respective States, the 20 percent population cap (see below) is applied to the populations of these counties individually. This results in the loss of 2 qualified census tracts in Lee County, AL (402.00 and 407.00), and 1 qualified census tract in Benton County, OR (11.00).

Explanation of HUD Designation Methodology

A. Qualified Census Tracts

In developing this revised list of LIHTC Qualified Census Tracts, HUD used 1990 Census data and the MSA/PMSA definitions established by the Office of Management and Budget ("OMB") in OMB Bulletin No. 99-04 on June 30, 1999. Beginning with the 1990 census, tract-level data are available for the entire country. Generally, in metropolitan areas these geographic divisions are called census tracts, while in most non-metropolitan areas the equivalent nomenclature is Block Numbering Area ("BNA"). BNAs are treated as census tracts for the purposes of this Notice.

The LIHTC Qualified Census Tracts were determined as follows:

1. A census tract must have 50 percent of its households with incomes below 60 percent of the AMGI to be eligible. HUD has defined 60 percent of AMGI as 120 percent of HUD's Very Low Income Limits (VLILs), which are based on 50 percent of area median family income, adjusted for high cost and low income areas. The 1999 income estimates were then deflated to 1989 dollars, so they would match the 1990 Census income data.

2. For each census tract, the percentage of households below the 60 percent income standard was determined by (a) calculating the average household size of the census tract, (b) applying the income standard after adjusting it to match the average household size, and (c) calculating the number of households with incomes below the income standard.

3. Qualified Census Tracts are those in which 50 percent or more of the households are income eligible and the population of all census tracts that satisfy this criterion does not exceed 20 percent of the total population of the respective area.

4. In areas where more than 20 percent of the population qualifies, census tracts are ordered from the highest percentage of eligible households to the lowest. Starting with the highest percentage, census tracts are included until the 20 percent limit is exceeded. If a census tract is excluded because it raises the percentage above 20 percent, then subsequent census tracts are considered to determine if one or more census tract(s) with smaller population(s) could be included without exceeding the 20 percent limit.

B. Difficult Development Areas

In developing the list of Difficult Development Areas, HUD compared incomes with housing costs. HUD used 1990 Census data and the MSA/PMSA definitions as published by the Office of Management and Budget in OMB Bulletin No. 99-04 on June 30, 1999, *with the exceptions described in section D., below*. The basis for these comparisons was the fiscal year ("FY") 1999 HUD income limits for Very Low Income households and Fair Market Rents ("FMRs") used for the section 8 Housing Assistance Payments Program. The procedure used in making these calculations follows:

1. For each MSA/PMSA and each non-metropolitan county, a ratio was calculated. This calculation used the FY 1999 two-bedroom FMR and the FY 1999 four-person VLIL. The numerator of the ratio was the area's FY 1999 FMR. The denominator of the ratio was the monthly LIHTC income-based rent limit calculated as $\frac{1}{12}$ of 30 percent of 120 percent of the area's VLIL (where 120 percent of the VLIL was rounded to the nearest \$50 and not allowed to exceed 80 percent of the AMGI in areas where the VLIL is adjusted upward from its 50 percent of AMGI base).

2. The ratios of the FMR to the LIHTC income-based rent limit were arrayed in descending order, separately, for MSAs/PMSAs and for non-metropolitan counties.

3. The Difficult Development Areas are those with the highest ratios cumulative to 20 percent of the 1990 population of all metropolitan areas and of all non-metropolitan counties.

C. Application of Population Caps to Difficult Development Area Determinations

In identifying Difficult Development Areas and Qualified Census Tracts, HUD applied various caps, or limitations, as noted above. The cumulative population of metropolitan Difficult Development Areas cannot exceed 20 percent of the cumulative population of all metropolitan areas and the cumulative population of nonmetropolitan Difficult Development Areas cannot exceed 20 percent of the cumulative population of all nonmetropolitan counties.

For Qualified Census Tracts, section 42(d)(5)(C)(ii)(II) of the Code specifies that the population of designated census tracts within a metropolitan area cannot exceed 20 percent of the population of that metropolitan area. Similarly, for census tracts/block numbering areas (BNAs) located outside metropolitan areas, the population of designated census tracts/BNAs cannot exceed 20 percent of the population of the non-metropolitan counties in a State or equivalent area.

In applying these caps, HUD established procedures to deal with how to treat small overruns of the caps. The remainder of this section explains the procedure. In general, HUD stops selecting areas when it is impossible to choose another area without exceeding the applicable cap. The only exceptions to this policy are when the next eligible excluded area contains either a large absolute population or a large percentage of the total population, or the next excluded area's ranking ratio as described above was identical (to four decimal places) to the last area selected, and its inclusion resulted in only a minor overrun of the cap. Thus for both the designated metropolitan and nonmetropolitan Difficult Development Areas there are minimal overruns of the caps.

HUD believes the designation of these additional areas is consistent with the intent of the legislation. Some latitude is justifiable because it is impossible to determine whether the 20 percent cap has been exceeded, as long as the apparent excess is small, due to measurement error. Despite the care and effort involved in a decennial census, it is recognized by the Census Bureau, and all users of the data, that the population counts for a given area and for the entire country are not precise. The extent of the measurement error is unknown. Thus, there can be errors in both the numerator and denominator of the ratio of populations used in applying a 20 percent cap. In circumstances where a

strict application of a 20 percent cap results in an anomalous situation, recognition of the unavoidable imprecision in the census data justifies accepting *small* variances above the 20 percent limit.

D. Exceptions to OMB Definitions of MSAs/PMSAs and Other Geographic Matters

As stated in OMB Bulletin 99-04 defining metropolitan areas:

OMB establishes and maintains the definitions of the [Metropolitan Areas] solely for statistical purposes * * * OMB does not take into account or attempt to anticipate any nonstatistical uses that may be made of the definitions* * * We recognize that some legislation specifies the use of metropolitan areas for programmatic purposes, including allocating Federal funds.

HUD makes exceptions to OMB definitions in calculating FMRs by deleting counties from metropolitan areas whose OMB definitions are determined by HUD to be larger than their housing market areas.

The following counties are assigned their own FMRs and VLILs and evaluated as if they were separate metropolitan areas for purposes of designating Difficult Development Areas.

Metropolitan Area and Counties Deleted

Chicago, IL: DeKalb, Grundy, and Kendall Counties.

Cincinnati-Hamilton, OH-KY-IN: Brown County, Ohio; Gallatin, Grant, and Pendleton Counties, Kentucky; and Ohio County, Indiana.

Dallas, TX: Henderson County. Flagstaff, AZ-UT: Kane County, Utah. New Orleans, LA: St. James Parish. Washington, DC-MD-VA-WV:

Clarke, Culpeper, King George, and Warren Counties, Virginia; and Berkeley and Jefferson Counties, West Virginia.

Affected MSAs/PMSAs are assigned the indicator "(part)" in the list of Metropolitan Difficult Development Areas. Any of the excluded counties designated as difficult development areas separately from their metropolitan areas are designated by the county name.

Finally, in the New England states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) OMB defines MSAs/PMSAs according to county subdivisions or Minor Civil Divisions ("MCDs") rather than county boundaries. Thus, when a New England county is designated as a Nonmetropolitan Difficult Development Area, only that part of the county (the group of MCDs) not included in any MSA/PMSA is the Nonmetropolitan Difficult Development Area. Affected

counties are assigned the indicator "(part)" in the list of Nonmetropolitan Difficult Development Areas.

For the convenience of readers of this notice, the geographic definitions of designated Metropolitan Difficult Development Areas and the MCDs included in Nonmetropolitan Difficult Development Areas in the New England states are included in the list of Difficult Development Areas.

Future Designations

Difficult Development Areas are designated annually as updated income and FMR data become available. Qualified Census Tracts will not be redesignated until data from the 2000 census become available unless changes in MSA/PMSA definitions are made by OMB in the interim.

Effective Date

The list of Difficult Development Areas and the supplemental list of Qualified Census Tracts is effective for allocations of credit made after December 31, 1999. In the case of a building described in section 42(h)(4)(B) of the Code, the list is effective if the bonds are issued and the building is placed in service after December 31, 1999. The corrected designations of Qualified Census Tracts published May 1, 1995, at 60 FR 21246, as amended by the supplemental designations of Qualified Census tracts published June 25, 1998, at 63 FR 34748, and December 9, 1998 at 63 FR 68115, are not affected by this Notice.

Interpretive Examples for Effective Date

For the convenience of readers of this Notice, interpretive examples are provided below to illustrate the consequences of the effective date in areas that gain or lose Difficult Development Area status with respect to projects described in section 42(h)(4)(B) of the Code. The examples are equally applicable to Qualified Census Tract designations.

(Case A) Project "A" is located in a newly-designated 2000 Difficult Development Area. Bonds are issued for Project "A" on November 1, 1999, and Project "A" is placed in service March 1, 2000. Project "A" IS NOT eligible for the increase in basis otherwise accorded a project in this location because the bonds were issued BEFORE January 1, 2000.

(Case B) Project "B" is located in a newly-designated 2000 Difficult Development Area. Project "B" is placed in service November 15, 1999. The bonds that will support the permanent financing of Project "B" are issued January 15, 2000. Project "B" IS

NOT eligible for the increase in basis otherwise accorded a project in this location because the project was placed in service BEFORE January 1, 2000.

(Case C) Project "C" is located in an area that is a Difficult Development Area in 1999, but IS NOT a Difficult Development Area in 2000. Bonds are issued for Project "C" on October 30, 1999, but Project "C" is not placed in service until March 30, 2000. Project "C" is eligible for the increase in basis available to projects located in 1999 Difficult Development Areas because the first of the two events necessary for triggering the effective date for buildings described in section 42(h)(4)(B) of the Code (the two events being bonds issued and buildings placed in service) took place on October 30, 1999, a time when project "C" was located in a Difficult Development Area.

Other Matters

Environmental Impact

In accordance with 40 CFR 1508.4 of the CEQ regulations and 24 CFR 50.19(c)(6) of the HUD regulations, the policies and procedures contained in

this notice provide for the establishment of fiscal requirements or procedures that do not constitute a development decision that affects the physical condition of specific project areas or building sites and therefore, are categorically excluded from the requirements of the National Environmental Policy Act, except for extraordinary circumstances, and no FONSI is required.

Regulatory Flexibility Act

In accordance with 5 U.S.C. section 605(b) (the Regulatory Flexibility Act), the undersigned hereby certifies that this notice does not have a significant economic impact on a substantial number of small entities. The notice involves the designation of "Difficult Development Areas" and "Qualified Census Tracts" as required by section 42 of the Code, as amended, for use by political subdivisions of the States in allocating the LIHTC. This notice places no new requirements on the States, their political subdivisions, or the applicants for the credit. This notice also details the technical methodology used in making such designations.

Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, *Federalism*, has determined that the policies contained in this notice will not have any substantial direct effects on States or their political subdivisions, or the relationship between the Federal government and the States, or on the distribution of power and responsibilities among the various levels of government. As a result, the notice is not subject to review under the order. The notice merely designates "Difficult Development Areas" as required under section 42 of the Internal Revenue Code, as amended, for the use by political subdivisions of the States in allocating the LIHTC. The notice also details the technical methodology used in making such designations.

Dated: September 9, 1999.

Andrew Cuomo,
Secretary.

BILLING CODE 4210-32-P

2000 Internal Revenue Code Section 42(d)(5)(C) Metropolitan Difficult Development Areas

STATE	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components
AZ	YUMA, AZ Yuma County			
CA	CHICO-PARADISE, CA Butte County	LOS ANGELES-LONG BEACH, CA Los Angeles County	MERCED, CA Merced County	SALINAS, CA Monterey County
	SAN DIEGO, CA San Diego County	SAN FRANCISCO, CA San Francisco County Marin County San Mateo County	SAN LUIS OBISPO-ATASCADERO- PASO ROBLES, CA San Luis Obispo County	SANTA BARBARA-SANTA MARIA- LOMPOC, CA Santa Barbara County
	SANTA CRUZ-WATSONVILLE, CA Santa Cruz County	SANTA ROSA, CA Sonoma County	VALLEJO-FAIRFIELD-NAPA, CA Napa County Solano County	
FL	DAYTONA BEACH, FL Flagler County Volusia County	MIAMI, FL Dade County	ORLANDO, FL Lake County Orange County	PUNTA GORDA, FL Charlotte County
	SARASOTA-BRADENTON, FL Manatee County Sarasota County			
MA	BARNSTABLE-YARMOUTH, MA Barnstable city Harwich town Mashpee town Orleans town Chatham town Dennis town Sandwich town Eastham town Yarmouth town	BOSTON, MA-NH Berkley town Dighton town Mansfield town Norton town Taunton city Amesbury town Beverly city Concord town Everett city Framingham town Holliston town Hampilton town Ipswich town Lynn city Lynnfield town Manchester-by-the-Sea Marblehead town Middleton town Nahant town Newbury town Newburyport city Peabody city Rockport town Rowley town Salem city Salisbury town Saugus town Swampscott town Topsfield town Wenham town Acton town Arlington town Ashland town Ayer town	Waltham city Watertown city Wayland town Weston town Wilmington town Winchester town Woburn city Bellingham town Braintree town Brookline town Canton town Cohasset town Dedham town Dover town Foxborough town Franklin city Hobbrook town Medfield town Medway town Millis town Milton town Needham town Norfolk town Norwood town Plainville town Quincy city Randolph town Sharon town Stoughton town Walpole town Wellesley town Westwood town	Weymouth town Wrentham town Carver town Duxbury town Hanover town Hingham town Hull town Kingston town Marshfield town Norwell town Pembroke town Plymouth town Rockland town Scituate town Wareham town Boston city Chelsea city Revere city Winthrop town Berlin town Blackstone town Bolton town Harvard town Hopedale town Lancaster town Mendon town Milford town Millville town Southborough town Upton town Seabrook town, NH South Hampton town, NH
				SPRINGFIELD, MA Sunderland town Agawam city Chicopee city East Longmeadow town Hamden town Holyoke city Longmeadow town Ludlow town Monson town Montgomery town Palmer town Russell town Southwick town Springfield city Westfield city
				West Springfield town Wilbraham town Amherst town Belchertown town Easthampton town Granby town Hadley town Hatfield town Huntington town Northampton city Southampton town South Hadley town Ware town Williamsburg town

2000 Internal Revenue Code Section 42(d)(5)(C) Metropolitan Difficult Development Areas

STATE	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components	METROPOLITAN AREA and Components
ME	BANGOR, ME Bangor city Brewer city	Eddington town Glenburn town	Holden town Kenduskeag town	Orono town Ornington town Penobscot Indian Island Indian Reservation Vearie town Winterport town
NH	PORTSMOUTH-ROCHESTER, NH-ME Brentwood town East Kingston town Epping town Exeter town	New Castle town Newfields town Newington town Newmarket town	North Hampton town Portsmouth city Rye town Stratham town	Lee town Madbury town Milltown Rochester city Rollinsford town Somersworth city Berwick town, ME York town, ME Kittery town, ME
NJ	ATLANTIC-CAPE MAY, NJ Atlantic County Cape May County	JERSEY CITY, NJ Hudson County	MONMOUTH-OCEAN, NJ Monmouth County Ocean County	VINELAND-MILLVILLE-BRIDGETON, NJ Cumberland County
NY	DUTCHESS COUNTY, NY Dutchess County	NASSAU-SUFFOLK, NY Nassau County Suffolk County	NEW YORK, NY Bronx County Kings County	Queens County Richmond County Rockland County Westchester County
OR	EUGENE-SPRINGFIELD, OR Lane County	MEDFORD-ASHLAND, OR Jackson County		
PA	STATE COLLEGE, PA Centre County			
PR	AGUADILLA, PR Aguadilla Municipio Moca Municipio	CAGUAS, PR Caguas Municipio Cayey Municipio Cidra Municipio	MAYAGUEZ, PR Anasco Municipio Cabo Rojo Mun. Hormigueros Mun.	SAN JUAN-BAYAMON, PR Aguas Buenas Mu. Barceloneta Mun. Bayamon Mun. Canovanas Mun. Carolina Municipio San Juan Mun. Toa Alta Municipio Toa Baja Mun. Trujillo Alto Mun. Vega Alta Mun. Vega Baja Mun. Yabucoa Municipio Cataño Municipio Ceiba Municipio Comerio Municipio
TX	BROWNSVILLE-HARLINGEN-SAN BENITO, TX Cameron County		EL PASO, TX El Paso County	LAREDO, TX Webb County
WA	BELLINGHAM, WA Whatcom County	RICHLAND-KENNEWICK-PASCO, WA Benton County	YAKAMA, WA Yakima County	

2000 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

STATE	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT
PI	PACIFIC ISLANDS			
AK	ALEUTIANS EAST BOROUGH	BETHEL CENSUS AREA	DILLINGHAM CENSUS AREA	FAIRBANKS NORTH STAR BOROUGH
	HAINES BOROUGH	JUNEAU BOROUGH	KENAI PENINSULA BOROUGH	KETCHIKAN GATEWAY BOROUGH
	KODIAK ISLAND BOROUGH	LAKE AND PENINSULA BOROUGH	MATANUSKA-SUSITNA BOROUGH	NOME CENSUS AREA
	NORTH SLOPE BOROUGH	NORTHWEST ARCTIC BOROUGH	PRINCE OF WALES-OUTER KETCHIKAN CENSUS AREA	SITKA BOROUGH
AZ	VALDEZ-CORDOVA CENSUS AREA	WADE HAMPTON CENSUS AREA	WRANGELL-PETERSBURG CENSUS AREA	YUKON-KOYUKUK CENSUS AREA
	APACHE COUNTY	COCHISE COUNTY	GILA COUNTY	GRAHAM COUNTY
	LA PAZ COUNTY	NAVAJO COUNTY	SANTA CRUZ COUNTY	YAVAPAI COUNTY
AR	BAXTER COUNTY	DREW COUNTY		
CA	ALPINE COUNTY	AMADOR COUNTY	CALAVERAS COUNTY	COLUSA COUNTY
	DEL NORTE COUNTY	GLENN COUNTY	HUMBOLDT COUNTY	IMPERIAL COUNTY
	INYO COUNTY	KINGS COUNTY	LAKE COUNTY	LASSEN COUNTY
	MARIPOSA COUNTY	MENDOCINO COUNTY	MODOC COUNTY	MONO COUNTY
	NEVADA COUNTY	PLUMAS COUNTY	SAN BENITO COUNTY	SIERRA COUNTY
	SISKIYOU COUNTY	TEHAMA COUNTY	TRINITY COUNTY	TUOLUMNE COUNTY
	ALAMOSA COUNTY	ARCHULETA COUNTY	BACA COUNTY	BENT COUNTY
	CHAFFEE COUNTY	CONEJOS COUNTY	COSTILLA COUNTY	CROWLEY COUNTY
CO	CUSTER COUNTY	DELTA COUNTY	DOLORES COUNTY	FREMONT COUNTY
	GARFIELD COUNTY	GRAND COUNTY	HINSDALE COUNTY	HUERFANO COUNTY
	JACKSON COUNTY	KIT CARSON COUNTY	LA PLATA COUNTY	LAKE COUNTY
	LAS ANIMAS COUNTY	LINCOLN COUNTY	LOGAN COUNTY	MINERAL COUNTY
	MONTEZUMA COUNTY	MONTROSE COUNTY	OTERO COUNTY	PARK COUNTY
	PHILLIPS COUNTY	PITKIN COUNTY	PROWERS COUNTY	RIO GRANDE COUNTY
	SAGUACHE COUNTY	SAN JUAN COUNTY	SAN MIGUEL COUNTY	SEDGWICK COUNTY
	SUMMIT COUNTY	WASHINGTON COUNTY	YUMA COUNTY	
CT	LITCHFIELD COUNTY (part)	Canaan town	Kent town	NEW LONDON COUNTY (part)
	Colebrook town	Litchfield town	Morris town	Lyons town
	Cornwall town	Goshen town		Voluntown
	TOLLAND COUNTY (part)	Brooklyn town	Killingly town	
	Eastford town	Pomfret town		
	Hampton town			
DE	SUSSEX COUNTY			

2000 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

STATE	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT
FL	BAKER COUNTY	CALHOUN COUNTY	CITRUS COUNTY	COLUMBIA COUNTY
	DESDOTO COUNTY	DIXIE COUNTY	FRANKLIN COUNTY	GILCHRIST COUNTY
	GLADES COUNTY	GULF COUNTY	HAMILTON COUNTY	HARDEE COUNTY
	HENDRY COUNTY	HIGHLANDS COUNTY	HOLMES COUNTY	INDIAN RIVER COUNTY
	JACKSON COUNTY	JEFFERSON COUNTY	LAFAYETTE COUNTY	LEVY COUNTY
	LIBERTY COUNTY	MADISON COUNTY	MONROE COUNTY	OKEECHOBEE COUNTY
	PUTNAM COUNTY	SUMTER COUNTY	SUWANNEE COUNTY	TAYLOR COUNTY
	UNION COUNTY	WAKULLA COUNTY	WALTON COUNTY	WASHINGTON COUNTY
	BUTTS COUNTY			
GA				
HI	HAWAII COUNTY	KAUAI COUNTY	MAUI COUNTY	
ID	BONNER COUNTY	KOOTENAI COUNTY		
KY	HARLAN COUNTY	KNOX COUNTY	LAUREL COUNTY	
LA	NATCHITOCHE PARISH	WEST FELICIANA PARISH		
ME	ANDROSCOGGIN COUNTY (part)	AROOSTOOK COUNTY	CUMBERLAND COUNTY (part)	FRANKLIN COUNTY
	Durham town		Baldwin town	
	Livmore Falls town		Bridgton town	Naples town
	Leeds town		Brunswick town	New Gloucester town
	Livmore town		Harperswell town	Pownal town
			Harrison town	Sebago town
	HANCOCK COUNTY	KENNEBEC COUNTY	KNOX COUNTY	
	OXFORD COUNTY	PISCATAQUIS COUNTY	SAGADAHOE COUNTY	LINCOLN COUNTY
	PENOBSCOT COUNTY (part)		WALDO COUNTY (part)	SOMERSET COUNTY
	Alton town	Drew plantation	Belfast city	YORK COUNTY (part)
	Argyle unorg.	East Central Penobscot unorg.	Belmont town	Acton town
	Bradford town	East Millinocket town	Brooks town	Lyman town
	Bradley town	Levant town	Burnham town	Newfield town
	Burlington town	Lincoln town	Frankfort town	North Berwick town
	Carmel town	Lowell town	Freedom town	Ogunquit town
	Carroll plantation	Eltha town	Islesboro town	Parsonsfield town
	Charleston town	Exeter town	Jackson town	Saco city
	Chester town	Garland town	Knox town	Sanford town
	Clifton town	Greenbush town	Liberty town	Kennebunkport town
	Corinna town	Greenfield town	Lincolnville town	Shapleigh town
	Corinth town	Howland town	Monroe town	Waterboro town
	Dexter town	Hudson town	Montville town	Limerick town
	Dixmont town	Kingman unorg.	Woodville town	
	WASHINGTON COUNTY			

2000 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

STATE	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT
MA	BARNSTABLE COUNTY (part) Bourne town Falmouth town Provincetown town	DUKES COUNTY	FRANKLIN COUNTY (part) Ashfield town Bernardston town Buckland town Charlemont town Colrain town Conway town Deerfield town	Leyden town Monroe town Montague town New Salem town Northfield town Orange town Whately town
	HAMPDEN COUNTY (part) Blandford town Brimfield town Chester town	HAMPSHIRE COUNTY (part) Chesterfield town Cummington town Goshen town Middlefield town Pelham town Plainfield town Westhampton town Worthington town	NANTUCKET COUNTY	WORCESTER COUNTY (part) Athol town Hardwick town Hubbardston town Petersham town New Braintree town Phillipston town Royalston town Warren town
MS	ISSAQUEUNA COUNTY	LAFAYETTE COUNTY	WASHINGTON COUNTY	
MT	BEAVERHEAD COUNTY	BIG HORN COUNTY	BLAINE COUNTY	BROADWATER COUNTY
	CARBON COUNTY	CARTER COUNTY	CHOUTEAU COUNTY	CUSTER COUNTY
	DANIELS COUNTY	FALLON COUNTY	FERGUS COUNTY	GALLATIN COUNTY
	GARFIELD COUNTY	GLACIER COUNTY	GOLDEN VALLEY COUNTY	GRANITE COUNTY
	JUDITH BASIN COUNTY	LAKE COUNTY	LINCOLN COUNTY	MADISON COUNTY
	MCCONE COUNTY	MEAGHER COUNTY	MINERAL COUNTY	MUSSELSHELL COUNTY
	PARK COUNTY	PETROLEUM COUNTY	PHILLIPS COUNTY	POWDER RIVER COUNTY
	POWELL COUNTY	PRAIRIE COUNTY	RAVALLI COUNTY	RICHLAND COUNTY
	ROOSEVELT COUNTY	SANDERS COUNTY	SHERIDAN COUNTY	TETON COUNTY
	TREASURE COUNTY	VALLEY COUNTY	WHEATLAND COUNTY	WIBAUX COUNTY
NC	WATAUGA COUNTY			
NH	BELKNAP COUNTY	CARROLL COUNTY	CHESHIRE COUNTY	GRAFTON COUNTY
	HILLSBOROUGH COUNTY (part) Antrim town Bennington town Deering town Francesstown town Greenfield town Hancock town Hillsborough town	MERRIMACK COUNTY (part) Andover town Boscawen town Bow town Bradford town Canterbury town Chichester town Concord city	Hopkinton town Loudon town Newbury town New London town Northfield town Pembroke town Pittsfield town Salisbury town Sutton town Warner town Webster town Wilnot town	ROCKINGHAM COUNTY (part) Deerfield town Northwood town Nottingham town
	STRAFFORD COUNTY (part) Middleton town New Durham town	SULLIVAN COUNTY		
NV	DOUGLAS COUNTY			
NM	CATRON COUNTY	CHAVES COUNTY	CIBOLA COUNTY	CURRY COUNTY
	DEBACA COUNTY	GRANT COUNTY	GUADALUPE COUNTY	HARDING COUNTY
	LINCOLN COUNTY	LUNA COUNTY	MCKINLEY COUNTY	MORA COUNTY
	QUAY COUNTY	RIO ARriba COUNTY	ROOSEVELT COUNTY	SAN JUAN COUNTY
	SAN MIGUEL COUNTY	SIERRA COUNTY	TAOS COUNTY	UNION COUNTY

2000 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

STATE	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT	COUNTY OR COUNTY EQUIVALENT
NY	CLINTON COUNTY	COLUMBIA COUNTY	CORTLAND COUNTY	ESSEX COUNTY
	GREENE COUNTY	HAMILTON COUNTY	JEFFERSON COUNTY	SCHUYLER COUNTY
	SULLIVAN COUNTY	TOMPKINS COUNTY	ULSTER COUNTY	
OR	BAKER COUNTY	CLATSOP COUNTY	COOS COUNTY	CROOK COUNTY
	CURRY COUNTY	DESCHUTES COUNTY	DOUGLAS COUNTY	GILLIAM COUNTY
	GRANT COUNTY	HARNEY COUNTY	HOOD RIVER COUNTY	JEFFERSON COUNTY
	JOSEPHINE COUNTY	KLAMATH COUNTY	LAKE COUNTY	LINCOLN COUNTY
	LINN COUNTY	MALHEUR COUNTY	MORROW COUNTY	SHERMAN COUNTY
	TILLAMOOK COUNTY	UMATILLA COUNTY	UNION COUNTY	WALLOWA COUNTY
	WASCO COUNTY	WHEELER COUNTY		
PA	MONROE COUNTY	NORTHUMBERLAND COUNTY	UNION COUNTY	WAYNE COUNTY
PR	All			
RI	NEWPORT COUNTY (part) Middleton town Newport city	WASHINGTON COUNTY (part) New Shoreham town		
SD	BUTTE COUNTY	LAWRENCE COUNTY	MEADE COUNTY	
TX	ARANSAS COUNTY	CAMP COUNTY	HUDSPETH COUNTY	KIMBLE COUNTY
	LLANO COUNTY	REAGAN COUNTY	VAL VERDE COUNTY	WALKER COUNTY
UT	DAGGETT COUNTY	IRON COUNTY	WASHINGTON COUNTY	
VA	CAROLINE COUNTY	WESTMORELAND COUNTY		
VI	ST. CROIX	ST. JOHN'S/ST. THOMAS		
VT	ADDISON COUNTY	BENNINGTON COUNTY	CALEDONIA COUNTY	ESSEX COUNTY
	CHITTENDEN COUNTY (part) Bolton town Buel's gore Huntington town	FRANKLIN COUNTY (part) Bakersfield town Berkshire town Enosburg town	Highgate town Montgomery town Richford town Sheldon town	GRAND ISLE COUNTY (part) Alburg town Isle La Motte town North Hero town
	LAMOILLE COUNTY	ORANGE COUNTY	ORLEANS COUNTY	RUTLAND COUNTY
	WASHINGTON COUNTY	WINDHAM COUNTY	WINDSOR COUNTY	
	ADAMS COUNTY	ASOTIN COUNTY	CHELAN COUNTY	CLALLAM COUNTY
	COLUMBIA COUNTY	FERRY COUNTY	GARFIELD COUNTY	GRANT COUNTY
	GRAYS HARBOR COUNTY	JEFFERSON COUNTY	KITTITAS COUNTY	KLICKITAT COUNTY
	LEWIS COUNTY	LINCOLN COUNTY	MASON COUNTY	OKANOGAN COUNTY
	PACIFIC COUNTY	PEND OREILLE COUNTY	SAN JUAN COUNTY	SKAGIT COUNTY
	SKAMANIA COUNTY	STEVENS COUNTY	WAHIAKUM COUNTY	
WV	RALEIGH COUNTY			

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