DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–4401–N–04]

Statutorily Mandated Designation of Difficult Development Areas 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'' 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.

FOR FURTHER INFORMATION CONTACT: For questions on how areas are designated and on geographic definitions: Steven Ehrlich, Economist, Division of Economic Development and Public Finance, Office of Policy Development and Research, Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410, telephone (202) 708–0426, e-mail Steven R. Ehrlich@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, S.W., Washington, D.C. 20410, telephone (202) 708–3260, e-mail JERRY_GROSS@hud.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 and additional information about Difficult Development Areas and Qualified Census Tracts are available electronically on the Internet (World Wide Web) at http://www.huduser.org/datasets/qct.html.

SUPPLEMENTARY INFORMATION:

This Document

The designations of Difficult Development Areas in this notice are based on fiscal year (''FY'') 2000 Fair Market Rents (''FMRs''), FY 2000 income limits and 1990 census population counts as explained below. The corrected designations of Qualified Census Tracts published on May 1, 1995 (60 FR 21246), as amended by the supplemental designations of Qualified

Census tracts published on June 25, 1998 (63 FR 34748), December 9, 1998 (63 FR 68115) and September 15, 1999 (64 FR 50233) 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 by section 42(d)(5)(C) of the Code.

In order to assist in understanding HUD's mandated designation of Difficult Development Areas 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.

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. 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.

Explanation of HUD Designation Methodology

A. 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 C., below.* The basis for these comparisons was the FY 2000 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 2000 two-bedroom FMR and the FY 2000 four-person VLIL. The numerator of the ratio was the area's FY 2000 FMR. The denominator of the ratio was the monthly LIHTC income-based rent limit calculated as $1/12$ 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.

B. 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.

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 may be a minimal overrun of the cap. 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.

C. 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 Berkely 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, 2000. 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, 2000. The corrected designations of Qualified Census Tracts published on May 1, 1995 (60 FR 21246), as amended by the supplemental designations of Qualified Census tracts published on June 25, 1998 (63 FR 34748), December 9, 1998 (63 FR 68115), and September 15, 1999 (64 FR 50233) 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 2001 Difficult Development Area. Bonds are issued for Project ''A'' on November 1, 2000, and Project ''A'' is placed in service March 1, 2001. 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, 2001.

(Case B) Project ''B'' is located in a newly-designated 2001 Difficult Development Area. Project ''B'' is placed in service November 15, 2000. The bonds which will support the permanent financing of Project ''B'' are issued January 15, 2001. 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, 2001.

(Case C) Project ''C'' is located in an area which is a Difficult Development Area in 2000, but IS NOT a Difficult Development Area in 2001. Bonds are issued for Project ''C'' on October 30, 2000, but Project ''C'' is not placed in service until March 30, 2001. Project ''C'' is eligible for the increase in basis available to projects located in 2000 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, 2000, a time when project ''C'' was located in a Difficult Development Area.

Findings and Certifications

Environmental Impact

In accordance with 24 CFR 50.19(c)(6) of the Department's regulations, the policies and procedures contained in this notice provide for the establishment of fiscal requirements or procedures which do not constitute a development decision that affects the physical condition of specific project areas or building sites. Therefore, this notice is categorically excluded from the requirements of the National Environmental Policy Act (42 U.S.C. 4321 *et seq.*).

Regulatory Flexibility Act

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed and approved this notice and in so doing certifies that this notice will not have a significant economic impact on a substantial number of small entities. The notice involves the designation of ''Difficult Development Areas'' 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 small entities.

Executive Order 13132, Federalism Executive Order 13132 (entitled ''Federalism'') prohibits, to the extent practicable and permitted by law, an agency from promulgating policies that have federalism implications and either impose substantial direct compliance costs on State and local governments and are not required by statute, or preempt State law, unless the relevant requirements of section 6 of the Executive Order are met. This notice does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive Order.

Dated: September 15, 2000.

Andrew Cuomo,

Secretary.

BILLING CODE 4210–62–P

2001 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 JOSE, CA Santa Clara 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	MIAMI, FL Dade County	PUNTA GORDA, FL Charlotte County		

2001 Internal Revenue Code Section 42(d)(5)(C) Metropolitan Difficult Development Areas

MA	BARNSTABLE-YARMOUTH, MA			
	Barnstable city	Harwich town		
	Brewster town	Mashpee town		
	Chatham town	Orleans town		
	Dennis town	Sandwich town		
	Eastham town	Yarmouth town		

	BOSTON, MA-NH			
	Berkley town	Bedford town	Waltham city	Weymouth town
	Dighton town	Belmont town	Watertown city	Wrentham town
	Mansfield town	Boxborough town	Wayland town	Carver town
	Norton town	Burlington town	Weston town	Duxbury town
	Taunton city	Cambridge city	Wilmington town	Hanover town
	Amesbury town	Carlisle town	Winchester town	Hingham town
	Beverly city	Concord town	Woburn city	Hull town
	Danvers town	Everett city	Bellingham town	Kingston town
	Essex town	Framingham town	Braintree town	Marshfield town
	Gloucester city	Holliston town	Brookline town	Norwell town
	Hamilton town	Hopkinton town	Canton town	Pembroke town
	Ipswich town	Hudson town	Cohasset town	Plymouth town
	Lynn city	Lexington town	Dedham town	Rockland town
	Lynnfield town	Lincoln town	Dover town	Scituate town
	Manchester-by-the-Sea	Littleton town	Foxborough town	Wareham town
	Marblehead town	Malden city	Franklin city	Boston city
	Middleton town	Marlborough city	Holbrook town	Chelsea city
	Nahant town	Maynard town	Medfield town	Revere city
	Newbury town	Medford city	Medway town	Winthrop town
	Newburyport city	Melrose city	Millis town	Berlin town
	Peabody city	Natick town	Milton town	Blackstone town
	Rockport town	Newton city	Needham town	Bolton town
	Rowley town	North Reading town	Norfolk town	Harvard town
	Salem city	Reading town	Norwood town	Hopedale town
	Salisbury town	Sherborn town	Plainville town	Lancaster town
	Saugus town	Shirley town	Quincy city	Mendon town
	Swampscott town	Somerville city	Randolph town	Milford town
	Topsfield town	Stoneham town	Sharon town	Millville town
	Wenham town	Stow town	Stoughton town	Southborough town
	Acton town	Sudbury town	Walpole town	Upton town
	Arlington town	Townsend town	Wellesley town	Seabrook town, NH
	Ashland town	Wakefield town	Westwood town	South Hampton town, NH
	Ayer town			

NH	PORTSMOUTH-ROCHESTER, NH-ME			
	Brentwood town	Greenland town	New Castle town	North Hampton town	Barrington town	Lee town	Rollinsford town	Kittery town, ME
	East Kingston town	Hampton town	Newfields town	Portsmouth city	Dover city	Madbury town	Somersworth city	South Berwick town, ME
	Epping town	Hampton Falls town	Newington town	Rye town	Durham town	Milton town	Berwick town, ME	York town, ME
	Exeter town	Kensington town	Newmarket town	Stratham town	Farmington town	Rochester city	Eliot town, ME	

NJ	ATLANTIC-CAPE MAY, NJ	JERSEY CITY, NJ	MONMOUTH-OCEAN, NJ	VINELAND-MILLVILLE-BRIDGETON, NJ
	Atlantic County	Cape May County	Hudson County	Monmouth County	Ocean County	Cumberland County

2001 Internal Revenue Code Section 42(d)(5)(C) Metropolitan Difficult Development Areas

State	Area / County				
NY	**DUTCHESS COUNTY, NY**				
	Duchess County				
	NASSAU-SUFFOLK, NY				
	Nassau County	Suffolk County			
	NEW YORK, NY				
	Bronx County	New York County	Queens County	Rockland County	
	Kings County	Putnam County	Richmond County	Westchester County	
OR	**EUGENE-SPRINGFIELD, OR**				
	Lane County				
	MEDFORD-ASHLAND, OR				
	Jackson County				
PA	**STATE COLLEGE, PA**				
	Centre County				
PR	**AGUADILLA, PR**				
	Aguada Municipio	Aguadilla Municipio			
	Moca Municipio				
	CAGUAS, PR				
	Caguas Municipio	Gurabo Municipio			
	Cayey Municipio	San Lorenzo Mun.			
	Cidra Municipio				
	MAYAGUEZ, PR				
	Anasco Municipio	Mayaguez Municipio			
	Cabo Rojo Mun.	Sabana Grande Mu.			
	Hormigueros Mun.	San German Mun.			
	SAN JUAN-BAYAMON, PR				
	Aguas Buenas Mu.	Corozal Municipio			
	Barceloneta Mun.	Dorado Municipio			
	Bayamon Mun.	Fajardo Municipio			
	Canovanas Mun.	Florida Municipio			
	Carolina Municipio	Guaynabo Municipio			
	San Juan Mun.	Humacao Municipio			
	Toa Alta Municipio	Juncos Municipio			
	Toa Baja Mun.	Las Piedras Mun.			
	Trujillo Alto Mun.	Loiza Municipio			
	Vega Alta Mun.	Luquillo Municipio			
	Vega Baja Mun.	Manati Municipio			
	Yabucoa Municipio	Morovis Municipio			
	Catano Municipio	Naguabo Municipio			
	Ceiba Municipio	Naranjito Municipio			
	Comerio Municipio	Rio Grande 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-KENNEWIXK-PASCO, WA				
	Benton County	Franklin County			
	YAKAMA, WA				
	Yakima County				

2001 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
	VALDEZ-CORDOVA CENSUS AREA	WADE HAMPTON CENSUS AREA	WRANGELL-PETERSBURG CENSUS AREA	YUKON-KOYUKUK CENSUS AREA
AZ	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
CO	ARCHULETA COUNTY	GARFIELD COUNTY	GRAND COUNTY	LA PLATA COUNTY
	MONTROSE COUNTY	PARK COUNTY	PITKIN COUNTY	SAN MIGUEL COUNTY
CT	LITCHFIELD COUNTY (part) Canaan town Kent town Colebrook town Litchfield town Cornwall town Morris town Goshen town	Norfolk town Sharon town North Canaan town Torrington town Salisbury town Warren town	MIDDLESEX COUNTY (part) Chester town Essex town Deep River town Westbrook town	NEW LONDON COUNTY (part) Lyme town Volunton town
	TOLLAND COUNTY (part) Union town		WINDHAM COUNTY (part) Brooklyn town Killingly town Eastford town Pomfret town Hampton town	Putnam town Sterling town Scotland town Woodstock town
DE	SUSSEX COUNTY			
FL	CALHOUN COUNTY	CITRUS COUNTY	COLUMBIA COUNTY	DESOTO 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	WAKULLA COUNTY
	WASHINGTON COUNTY			
GA	BUTTS COUNTY			
HI	HAWAII COUNTY	KAUAI COUNTY	MAUI COUNTY	
ID	BONNER COUNTY	KOOTENAI COUNTY		

2001 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

KY
HARLAN COUNTY　KNOX COUNTY　LAUREL COUNTY

LA
NATCHITOCHES PARISH　WEST FELICIANA PARISH

ME

ANDROSCOGGIN COUNTY (part)
Durham town, Leeds town, Livermore town, Livermore Falls town, Minot town

HANCOCK COUNTY

OXFORD COUNTY

PENOBSCOT COUNTY (part)
Alton town, Argyle unorg., Bradford town, Bradley town, Burlington town, Carmel town, Carroll plantation, Charleston town, Chester town, Clifton town, Corinna town, Corinth town, Dexter town, Dixmont town, Drew plantation, East Central Penobscot unorg., East Millinocket town, Edinburg town, Enfield town, Etna town, Exeter town, Garland town, Greenbush town, Greenfield town, Howland town, Hudson town, Kingman unorg., Lagrange town, Lakeville town, Lee town, Levant town, Lincoln town, Lowell town, Mattawamkeag town, Maxfield town, Medway town, Millinocket town, Mount Chase town, Newburgh town, North Penobscot unorg., Newport town, Passadumkeag town, Patten town, Plymouth town, Prentiss plantation, Seboeis plantation, Springfield town, Stacyville town, Stetson town, Twombly unorg., Webster plantation, Whitney unorg., Winn town, Woodville town

WASHINGTON COUNTY

KNOX COUNTY

KENNEBEC COUNTY

PISCATAQUIS COUNTY

CUMBERLAND COUNTY (part)
Baldwin town, Bridgton town, Brunswick town, Harpswell town, Harrison town, Naples town, New Gloucester town, Pownal town, Sebago town

SAGADAHOC COUNTY

WALDO COUNTY (part)
Belfast city, Belmont town, Brooks town, Burnham town, Frankfort town, Freedom town, Islesboro town, Jackson town, Knox town, Liberty town, Lincolnville town, Monroe town, Montville town, Morrill town, Northport town, Palermo town, Prospect town, Searsmont town, Searsport town, Stockton Springs town, Swanville town, Thorndike town, Troy town, Unity town, Waldo town

FRANKLIN COUNTY

LINCOLN COUNTY

SOMERSET COUNTY

YORK COUNTY (part)
Acton town, Alfred town, Arundel town, Biddeford city, Cornish town, Dayton town, Kennebunk town, Kennebunkport town, Lebanon town, Limerick town, Lyman town, Newfield town, North Berwick town, Ogunquit town, Parsonsfield town, Saco city, Sanford town, Shapleigh town, Waterboro town, Wells town

MA

BARNSTABLE COUNTY (part)
Bourne town, Falmouth town, Provincetown town, Truro town, Wellfleet town

DUKES COUNTY

HAMPDEN COUNTY (part)
Blandford town, Brimfield town, Chester town, Granville town, Tolland town, Wales town

HAMPSHIRE COUNTY (part)
Chesterfield town, Cummington town, Goshen town, Middlefield town, Pelham town, Plainfield town, Westhampton town, Worthington town

FRANKLIN COUNTY (part)
Ashfield town, Bernardston town, Buckland town, Charlemont town, Colrain town, Conway town, Deerfield town, Erving town, Gill town, Greenfield town, Hawley town, Heath town, Leverett town, Leyden town, Monroe town, Montague town, New Salem town, Northfield town, Orange town, Rowe town, Shelburne town, Shutesbury town, Warwick town, Wendell town, Whately town

NANTUCKET COUNTY

WORCESTER COUNTY (part)
Athol town, Hardwick town, Hubbardston town, Petersham town, New Braintree town, Phillipston town, Royalston town, Warren town

MS
ISSAQUENA COUNTY　LAFAYETTE COUNTY　WASHINGTON COUNTY

2001 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

MT			
BEAVERHEAD COUNTY	BIG HORN COUNTY	BLAINE COUNTY	BROADWATER COUNTY
CARBON COUNTY	CARTER COUNTY	CHOUTEAU COUNTY	CUSTER COUNTY
DANIELS COUNTY	DEER LODGE 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, Lyndeborough town, Bennington town, New Boston town, Deering town, Peterborough town, Francestown town, Sharon town, Greenfield town, Temple town, Hancock town, Windsor town, Hillsborough town

MERRIMACK COUNTY (part)

Andover town, Danbury town, Hopkinton town, Pittsfield town
Boscawen town, Dunbarton town, Loudon town, Salisbury town
Bow town, Epsom town, Newbury town, Sutton town
Bradford town, Franklin city, New London town, Warner town
Canterbury town, Henniker town, Northfield town, Webster town
Chichester town, Hill town, Pembroke town, Wilmot town
Concord city

ROCKINGHAM COUNTY (part)

Deerfield town, Nottingham town, Northwood town

STRAFFORD COUNTY (part)

Middleton town, Strafford town, New Durham town

SULLIVAN COUNTY

NV	
DOUGLAS COUNTY	

NM			
CATRON 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	

NY			
CLINTON COUNTY	COLUMBIA COUNTY	CORTLAND COUNTY	ESSEX COUNTY
GREENE COUNTY	HAMILTON COUNTY	JEFFERSON COUNTY	SCHUYLER COUNTY
SULLIVAN COUNTY	TOMPKINS COUNTY	ULSTER COUNTY	

2001 IRC Section 42(d)(5)(C) Nonmetropolitan Difficult Development Areas

State				
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)	WASHINGTON COUNTY (part)		
	Middleton town Portsmouth town	New Shoreham town		
	Newport city			
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)	FRANKLIN COUNTY (part)		GRAND ISLE COUNTY (part)
	Bolton town Underhill town	Bakersfield town Fairfield town	Highgate town Richford town	Alburg town North Hero town
	Buels gore Westford town	Berkshire town Fletcher town	Montgomery town Sheldon town	Isle La Motte town
	Huntington town	Enosburg town Franklin town		
	LAMOILLE COUNTY	ORANGE COUNTY	ORLEANS COUNTY	RUTLAND COUNTY
	WASHINGTON COUNTY	WINDHAM COUNTY	WINDSOR COUNTY	
WA	ADAMS COUNTY	ASOTIN COUNTY	CHELAN COUNTY	CLALLAM COUNTY
	COLUMBIA COUNTY	COWLITZ 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	WAHKIAKUM COUNTY
	WHITMAN COUNTY			
WV	RALEIGH COUNTY			

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