

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT****[Docket No. FR-4889-N-05]****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" (DDAs) for purposes of the Low-Income Housing Tax Credit (LIHTC) under Section 42 of the Internal Revenue Code of 1986 (the Code) (26 U.S.C. 42). The United States Department of Housing and Urban Development (HUD) makes new Difficult Development Area designations annually. The designations of "Qualified Census Tracts" (QCTs) under Section 42 of the Internal Revenue Code published December 12, 2002, as supplemented on December 19, 2003, remain in effect.

**FOR FURTHER INFORMATION CONTACT:** For questions on how areas are designated and on geographic definitions, contact Kurt G. Usowski, Associate Deputy Assistant Secretary for Economic Affairs, Office of Policy Development and Research, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-6000, telephone (202) 708-2770, or send e-mail to [Alastair\\_McFarlane@hud.gov](mailto:Alastair_McFarlane@hud.gov). For specific legal questions pertaining to Section 42, contact Branch 5, Office of the Associate Chief Counsel, Passthroughs & Special Industries, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC 20224, telephone (202) 622-3040, fax (202) 622-4524. For questions about the "HUB Zones" program, contact Michael P. McHale, Assistant Administrator for Procurement Policy, Office of Government Contracting, Small Business Administration, 409 Third Street, SW., Suite 8800, Washington, DC 20416, telephone (202) 205-8885, fax (202) 205-7167, or send e-mail to [hubzone@sba.gov](mailto:hubzone@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 and additional information about DDAs and QCTs are available electronically on the Internet at <http://www.huduser.org/datasets/qct.html>.

**SUPPLEMENTARY INFORMATION:****This Document**

This notice designates DDAs for each of the 50 states, the District of Columbia, Puerto Rico, American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands. The designations of DDAs in this notice are based on final Fiscal Year (FY) 2005 Fair Market Rents (FMRs), 2005 income limits, and 2000 Census population counts as explained below. The designations of QCTs under Section 42 of the Internal Revenue Code published December 12, 2002 (67 FR 76451), as supplemented on December 19, 2003 (68 FR 70982), remain in effect.

**2000 Census**

Data from the 2000 Census on total population of metropolitan areas and nonmetropolitan areas are used in the designation of DDAs. The Office of Management and Budget (OMB) published new metropolitan area definitions incorporating 2000 Census data in OMB Bulletin No. 03-04 on June 6, 2003, as updated in OMB Bulletin No. 04-03 on February 18, 2004, and OMB Bulletin No. 05-02 on February 22, 2005. The FY2005 FMRs and 2005 income limits used to designate Difficult Development Areas are based on the Metropolitan Statistical Area (MSA) and Primary Metropolitan Statistical Area (PMSA) definitions established by OMB in OMB Bulletin No. 99-04 on June 30, 1999. Therefore, for the purposes of designating DDAs, "metropolitan areas" will continue to be defined according to the MSA/PMSA definitions established in OMB Bulletin No. 99-04 on June 30, 1999, until further notice.

**Background**

The U.S. Department of the Treasury (Treasury) and its Internal Revenue Service (IRS) are authorized to interpret and enforce the provisions of the Code, including the LIHTC found at Section 42 of the Code. The Secretary of HUD is required to designate DDAs and QCTs by Section 42(d)(5)(C) of the Code. In order to assist in understanding HUD's mandated designation of DDAs and QCTs for use in administering Section 42, a summary of the section is provided. The following summary does not purport to bind Treasury or the IRS in any way, nor does it purport to bind HUD, as HUD has authority to interpret or administer the Code only in instances where it receives explicit 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 (credit ceiling) is limited by population. Each state is allowed a credit ceiling based on a statutory formula indicated at Section 42(h)(3). States may carry forward unallocated credits derived from the credit ceiling for one year; however, to the extent these unallocated credits are not used by then, the credits go into a national pool to be redistributed 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 on 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 credits available from the credit ceiling.

The credits allocated to a building are 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 the 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 the 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 buildings 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

credits up to a deduction equivalent of \$25,000 (the actual maximum amount of credit that an individual can claim depends on the individual's marginal tax rate). Individuals cannot use the credits against the alternative minimum tax. Corporations, other than S or personal service corporations, can use the credits against ordinary income tax. They cannot use the credits against the alternative minimum tax. These corporations can also deduct losses from the project.

The qualified basis represents the product of the building's "applicable fraction" and its "eligible basis." 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 a capital account that are 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 DDAs or designated QCTs, eligible basis can be increased by up to 130 percent from what it would otherwise be. This means that the available credits also can be increased by up to 30 percent. For example, if a 70 percent credit is available, it effectively could be increased to as much as 91 percent.

Section 42 of the Code defines a DDA 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 DDAs in metropolitan areas (taken together) may not contain more than 20 percent of the aggregate population of all metropolitan areas, and all designated areas not in metropolitan areas may not contain more than 20 percent of the aggregate population of all nonmetropolitan areas.

### Explanation of HUD Designation Methodology

#### A. Difficult Development Areas

In developing the list of DDAs, HUD compared housing costs with incomes. HUD used 2000 Census population data and the metropolitan area (MSA/PMSA) definitions as published in OMB Bulletin No. 99-04 on June 30, 1999. In keeping with past practice of basing the coming year's DDA designations on data

from the preceding year, the basis for these comparisons was the 2005 HUD income limits for Very Low-Income households (Very Low Income Limits, or VLILs) and final FY2005 FMRs used for the Section 8 Housing Choice Voucher program. The procedure used in making the DDA calculations follows:

1. For each MSA/PMSA and each nonmetropolitan area, a ratio was calculated. This calculation used the final FY2005 two-bedroom FMR and the 2005 four-person VLIL.

a. The numerator of the ratio was the area's final FY2005 FMR. In general, the FMR is based on the 40th percentile rent paid by recent movers for a two-bedroom apartment. In metropolitan areas granted a FMR based on the 50th percentile rent for purposes of improving the administration of HUD's Housing Choice Voucher program (see 66 FR 162), the 40th percentile rent was used for nationwide consistency of comparisons.

b. The denominator of the ratio was the monthly LIHTC income-based rent limit calculated as  $\frac{1}{2}$  of 30 percent of 120 percent of the area's VLIL (where 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 nonmetropolitan areas.

3. The DDAs are those with the highest ratios cumulative to 20 percent of the 2000 population of all metropolitan areas and of all nonmetropolitan areas, respectively.

#### B. Application of Population Caps to Difficult Development Area Determinations

In identifying DDAs, HUD applied caps, or limitations, as noted above. The cumulative population of metropolitan DDAs cannot exceed 20 percent of the cumulative population of all metropolitan areas and the cumulative population of nonmetropolitan DDAs cannot exceed 20 percent of the cumulative population of all nonmetropolitan areas.

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 DDAs, there may be minimal overruns of the cap. HUD believes the designation of these additional areas is consistent with the intent of the legislation. As long as the apparent excess is small due to measurement errors, some latitude is justifiable because it is impossible to determine whether the 20 percent cap has been exceeded. Despite the care and effort involved in a decennial census, the Census Bureau and all users of the data recognize 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 DDAs.

#### Metropolitan Area and Counties Deleted

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

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

Dallas, Texas: Henderson County.

Flagstaff, Arizona-Utah: Kane County, Utah.

New Orleans, Louisiana: St. James Parish.

Washington, DC-Maryland-Virginia-West Virginia: 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 DDAs. Any of the excluded counties designated as DDAs separately from their metropolitan areas are designated by the county name.

In the New England states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont), OMB defined 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 DDA, only that part of the county (the group of MCDs) not included in any MSA/PMSA is the Nonmetropolitan DDA. Affected counties are assigned the indicator "(part)" in the list of Nonmetropolitan DDAs.

For the convenience of readers of this notice, the geographical definitions of designated Metropolitan DDAs and the MCDs included in partial-county Nonmetropolitan DDAs in the New England states are included in the list of DDAs.

#### Future Designations

DDAs are designated annually as updated income and FMR data become available.

#### Effective Date

The 2006 lists of DDAs are effective: (1) For allocations of credit after December 31, 2005; or (2) for purposes of Section 42(h)(4)(B) of the Code, if the bonds are issued and the building is placed in service after December 31, 2005. If an area is not on a subsequent list of DDAs, the 2006 lists are effective for the area if (1) the allocation of credit to an applicant is made no later than the end of the 365-day period after the submission to the credit-allocating agency of a complete application by the applicant, and the submission is made before the effective date of the subsequent lists; or (2) for purposes of Section 42(h)(4)(B) of the Code, the bonds are issued or the building is placed in service no later than the end of the 365-day period after the applicant submits a complete application to the bond-issuing agency, and the submission is made before the effective date of the subsequent lists, provided that both the issuance of the bonds and

the placement in service of the building occur after the application is submitted.

An application is deemed to be submitted on the date it is filed if the application is determined to be complete as certified in writing by the credit-allocating agency or bond-issuing agency. A "complete application" means that no more than *de minimis* clarification of the application is required for the agency to make a decision about the allocation of tax credits or issuance of bonds requested in the application.

The designations of QCTs under Section 42 of the Internal Revenue Code published December 12, 2002 (67 FR 76451), as supplemented on December 19, 2003 (68 FR 70982), remain in effect. The above language regarding calendar year 2006 and subsequent designations of DDAs also applies to the designations of QCTs published December 12, 2002 (67 FR 76451), as supplemented on December 19, 2003 (68 FR 70982), and subsequent designations of QCTs.

#### Interpretive Examples of 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 DDA status. The examples are equally applicable to future QCT designations.

(Case A) Project "A" is located in a 2006 DDA that is NOT a designated DDA in 2007. An application for tax credits for Project "A" is filed with the allocating agency November 15, 2006, which the credit-allocating agency certifies in writing as complete. Credits are allocated to Project "A" on October 30, 2007. Project "A" IS eligible for the increase in basis accorded a project in a 2006 DDA because the application was filed BEFORE January 1, 2007 (the assumed effective date for the 2007 DDA lists), and tax credits were allocated no later than the end of the 365-day period after the filing of the complete application for an allocation of tax credits.

(Case B) Project "B" is located in a 2006 DDA that is NOT a designated DDA in 2007. An application for tax credits for Project "B" is filed with the allocating agency December 1, 2006, which the credit-allocating agency certifies in writing as complete. Credits are allocated to Project "B" on March 30, 2008. Project "B" IS NOT eligible for the increase in basis accorded a project in a 2006 DDA because, although the application for an allocation of tax credits was filed BEFORE January 1, 2007 (the assumed effective date of the 2007 DDA lists), the tax credits were allocated later than the end of the 365-

day period after the filing of the complete application.

(Case C) Project "C" is located in a 2006 DDA that was not a DDA in 2005. Project "C" was placed in service November 15, 2005. An application for tax-exempt bond financing for Project "C" is filed with the bond-issuing agency on January 15, 2006, which the bond-issuing agency certifies in writing as complete. The bonds that will support the permanent financing of Project "C" are issued September 30, 2006. Project "C" IS NOT eligible for the increase in basis otherwise accorded a project in a 2006 DDA because the project was placed in service BEFORE January 1, 2006.

(Case D) Project "D" is located in an area that is a DDA in 2006, but IS NOT a DDA in 2007. An application for tax-exempt bond financing for Project "D" is filed with the bond-issuing agency on October 30, 2006, which the bond-issuing agency certifies in writing as complete. Bonds are issued for Project "D" on April 30, 2007, but Project "D" is not placed in service until January 30, 2008. Project "D" is eligible for the increase in basis available to projects located in 2006 DDAs 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 April 30, 2007, within the 365-day period after a complete application for tax-exempt bond financing was filed, and the application was filed during a time when the location of Project "D" was in a DDA.

#### Findings and Certifications

##### *Environmental Impact*

In accordance with 40 CFR 1508.4 of the regulations of the Council on Environmental Quality and 24 CFR 50.19(c)(6) of HUD's 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 affecting 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 Finding of No Significant Impact is required.

##### *Federalism Impact*

Executive Order 13132 (entitled "Federalism") prohibits an agency from publishing any policy document that has federalism implications if the

document either imposes substantial direct compliance costs on state and local governments and is not required by statute, or the document preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the executive order. This notice merely designates “Difficult

Development Areas” and “Qualified Census Tracts” as required under Section 42 of the Internal Revenue Code, as amended, for the use by political subdivisions of the states in allocating the Low-Income Housing Tax Credit. This notice also details the technical methodology used in making

such designations. As a result, this notice is not subject to review under the order.

Dated: August 12, 2005.

**Roy A. Bernardi,**

*Deputy Secretary.*

**BILLING CODE 4210-62-P**

**2006 IRS SECTION 42(d)(5)(C) METROPOLITAN DIFFICULT DEVELOPMENT AREAS (MSA/PMSA DEFINITIONS June 30, 1999)**

<b>State</b>	<b>Metropolitan Area</b>	<b>Metropolitan Area Components</b>
<b>Arizona</b>	Flagstaff, AZ-UT MSA (part)	Coconino County
	Las Vegas, NV-AZ MSA	Mohave County
	Yuma, AZ MSA	Yuma County
<b>California</b>	Los Angeles-Long Beach, CA PMSA	Los Angeles County
	Oakland, CA PMSA	Alameda County
	Orange County, CA PMSA	Orange County
	Sacramento, CA PMSA	El Dorado County
	Salinas, CA MSA	Monterey County
	San Diego, CA MSA	San Diego County
	San Luis Obispo-Atascadero-Paso Robles, CA MSA	
	Santa Barbara-Santa Maria-Lompoc, CA MSA	San Luis Obispo County
		Santa Barbara County
	Santa Cruz-Watsonville, CA PMSA	Santa Cruz County
	Santa Rosa, CA PMSA	Sonoma County
	Ventura, CA PMSA	Ventura County
	Fort Lauderdale, FL PMSA	Broward County
	Miami, FL PMSA	Miami-Dade County
	Orlando, FL MSA	Lake County
	Tampa-St. Petersburg-Clearwater, FL MSA	Hernando County
	Honolulu, HI MSA	Honolulu County
<b>Florida</b>		
<b>Hawaii</b>		

## 2006 IRS SECTION 42(d)(5)(C) METROPOLITAN DIFFICULT DEVELOPMENT AREAS (MSA/PMSA DEFINITIONS JUNE 30, 1999)

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

## 2006 IRS SECTION 42(d)(5)(C) METROPOLITAN DIFFICULT DEVELOPMENT AREAS (MSA/PMSA DEFINITIONS June 30, 1999)

State	Metropolitan Area	Metropolitan Area Components					
Massachusetts (continued)	Brockton, MA PMSA	Abington town	Avon town	Bridgewater town	Brockton city		
		East Bridgewater town	Easton town	Halifax town	Hanson town		
		Lakeville town	Middleborough town	Plympton town	Raynham town		
		West Bridgewater town	Whitman town				
		Clark County	Nye County				
Nevada	Las Vegas, NV-AZ MSA	Seabrook town	South Hampton town				
New Hampshire	Boston, MA-NH PMSA	Hudson County					
New Jersey	Jersey City, NJ PMSA	Cumberland County					
	Vineland-Millville-Bridgeton, NJ PMSA						
New York	New York, NY PMSA	Bronx County	Kings County	New York County	Putnam County		
		Queens County	Richmond County	Rockland County	Westchester County		
Puerto Rico	Aguadilla, PR MSA	Aguada Municipio	Aguadilla Municipio	Moca Municipio			
		Caguas Municipio	Cayey Municipio	Cidra Municipio	Gurabo Municipio		
	Mayaguez, PR MSA	San Lorenzo Municipio					
		Anasco Municipio	Cabo Rojo Municipio	Hormigueros Municipio	Mayaguez Municipio		
		Sabana Grande Municipio	San German Municipio				

## 2006 IRS SECTION 42(d)(5)(C) NONMETROPOLITAN DIFFICULT DEVELOPMENT AREAS (MSA/PMSA DEFINITIONS JUNE 30, 1999)

State	Nonmetropolitan Counties or County Equivalents			
Alaska	Aleutians East Borough	Aleutians West Census Area	Bethel Census Area	Bristol Bay Borough
	Dillingham Census Area	Fairbanks North Star Borough	Haines Borough	Juneau City and Borough
	Ketchikan Gateway Borough	Kodiak Island Borough	Lake and Peninsula Borough	Nome Census Area
	North Slope Borough	Northwest Arctic Borough	Prince of Wales-Outer Ketchikan Census Area	Sitka City and Borough
Arizona	Skagway-Hoonah-Angoon Census Area	Southeast Fairbanks Census Area	Valdez-Cordova Census Area	Wade Hampton Census Area
	Wrangell-Petersburg Census Area	Yakutat City and Borough	Yukon-Koyukuk Census Area	
	Apache County	Cochise County	Gila County	Graham County
	Greenlee County	La Paz County	Navajo County	Santa Cruz County
Arkansas	Yavapai County			
	Baxter County	Carroll County	Cleburne County	Drew County
	Garland County	Lafayette County	Mississippi County	Montgomery County
	Nevada County	Pike County		
California	Amador County	Colusa County	Del Norte County	Humboldt County
	Imperial County	Kings County	Lake County	Lassen County
	Mariposa County	Mendocino County	Modoc County	Mono County
	Nevada County	Plumas County	San Benito County	Sierra County
Colorado	Siskiyou County	Tehama County	Trinity County	Tuolumne County
	Archuleta County	Clear Creek County	Custer County	Dolores County
	Eagle County	Garfield County	Hinsdale County	Jackson County
	La Plata County	Lake County	Mineral County	Ouray County
Florida	Park County	Pitkin County	Rio Blanco County	Routt County
	San Juan County	San Miguel County	Summit County	Teller County
	Citrus County	Glades County	Hendry County	Highlands County
	Indian River County	Monroe County	Okeechobee County	Walton County
Georgia				
Hawaii	Hall County			
Idaho	Kalawao County	Kauai County		Maui County
	Hawaii County			
	Benewah County	Bonner County	Boundary County	Camas County
	Cassia County	Gem County	Gooding County	Idaho County
Kentucky	Jerome County	Kootenai County	Lincoln County	Twin Falls County
	Butler County	Carlisle County	Fulton County	McLean County
	Montgomery County	Nicholas County	Owen County	Powell County
	Simpson County			



### State Nonmetropolitan Counties or County Equivalents

Louisiana	Natchitoches Parish	Tangipahoa Parish	
Maine	CUMBERLAND COUNTY (part) towns of	Baldwin town	Bridgton town
	Harpswell town	Harrison town	Naples town
	Pownal town	Sebago town	
	Hancock County	Knox County	Lincoln County
	Sagadahoc County		
	WALDO COUNTY (part) towns of	Belfast city	Belmont town
	Burnham town	Frankfort town	Freedom town
	Jackson town	Knox town	Liberty town
	Monroe town	Montville town	Morrill town
	Palermo town	Prospect town	Searsmont town
	Stockton Springs town	Swanville town	Thorndike town
	Unity town	Waldo town	
	YORK COUNTY (part) towns of	Action town	Alfred town
	Biddeford city	Cornish town	Dayton town
	Kennebunkport town	Lebanon town	Limerick town
	Newfield town	North Berwick town	Ogunquit town
Saco city	Sanford town	Shapleigh town	
Wells town			
Massachusetts	BARNSTABLE COUNTY (part) towns of	Bourne town	Falmouth town
	Truro town	Wellfleet town	
	Dukes County		
	HAMPSHIRE COUNTY (part) towns of	Chesterfield town	Cummington town
	Middlefield town	Peiham town	Plainfield town
	Worthington town		
Nantucket County			
Michigan	Benzie County	Grand Traverse County	Otsego County

State	Nonmetropolitan Counties or County Equivalents
Alabama	1
Alaska	1
Arizona	1
Arkansas	1
California	1
Colorado	1
Connecticut	1
Delaware	1
Florida	1
Georgia	1
Hawaii	1
Idaho	1
Illinois	1
Indiana	1
Iowa	1
Kansas	1
Kentucky	1
Louisiana	1
Maine	1
Maryland	1
Massachusetts	1
Michigan	1
Minnesota	1
Mississippi	1
Missouri	1
Montana	1
Nebraska	1
Nevada	1
New Hampshire	1
New Jersey	1
New Mexico	1
New York	1
North Carolina	1
North Dakota	1
Ohio	1
Oklahoma	1
Oregon	1
Pennsylvania	1
Rhode Island	1
South Carolina	1
South Dakota	1
Tennessee	1
Texas	1
Utah	1
Vermont	1
Virginia	1
Washington	1
West Virginia	1
Wisconsin	1
Wyoming	1

Mississippi	Adams County	Benton County	Bolivar County	Chickasaw County
	Clarke County	Coahoma County	Holmes County	Humphreys County
	Issaquena County	Jasper County	Jones County	Kemper County
	Lafayette County	Lauderdale County	Leake County	Leflore County
	Marshall County	Neshoba County	Newton County	Noxubee County
	Oktibbeha County	Panola County	Pearl River County	Perry County
	Quitman County	Scott County	Sharkey County	Simpson County
	Stone County	Tallahatchie County	Tunica County	Warren County
	Washington County	Wayne County	Winston County	Yazoo County
	Missouri	Stone County	Taney County	
Montana	Beaverhead County	Flathead County	Lincoln County	Madison County
	Meagher County	Mineral County	Park County	Ravalli County
	Sanders County			
	Carson City	Churchill County	Douglas County	Lyon County
New Hampshire	Belknap County	Carroll County	Cheshire County	Grafton County
	HILLSBOROUGH COUNTY (part) towns of	Antrim town	Bennington town	Deering town
	Francetown town	Greenfield town	Hancock town	Hillsborough town
	Lyndeborough town	New Boston town	Peterborough town	Sharon town
	Temple town	Windsor town		
	MERRIMACK COUNTY (part) towns of	Andover town	Boscawen town	Bow town
	Bradford town	Canterbury town	Chichester town	Concord city
	Danbury town	Dunbarton town	Epsom town	Franklin city
	Henniker town	Hill town	Hopkinton town	Loudon town
	Newbury town	New London town	Northfield town	Pembroke town
	Pittsfield town	Salisbury town	Sutton town	Warner town
	Webster town	Wilmot town		
	ROCKINGHAM COUNTY (part) towns of	Deerfield town	Northwood town	Nottingham town
	Chaves County	Grant County	Guadalupe County	Lincoln County
	McKinley County	Mora County	Rio Arriba County	San Juan County
	San Miguel County	Taos County		
	Greene County	Jefferson County	Sullivan County	Ulster County

## 2006 IRS SECTION 42(d)(5)(C) NONMETROPOLITAN DIFFICULT DEVELOPMENT AREAS (MSA/PMSA DEFINITIONS June 30, 1999)

State	Nonmetropolitan Counties or County Equivalents		
North Carolina	Avery County	Chowan County	Cleveland County
	Gates County	Hoke County	Dare County
	Jones County	Macon County	Hyde County
	Pasquotank County	Perquimans County	McDowell County
	Washington County	Watauga County	Rutherford County
Oklahoma	Hughes County	Okfuskee County	Tyrrell County
Oregon	Clatsop County	Coos County	Crook County
	Douglas County	Gilliam County	Curry County
	Josephine County	Lincoln County	Grant County
	Tillamook County	Wheeler County	Hood River County
	Monroe County	Wayne County	Morrow County
Pennsylvania	Newport County		
Rhode Island	Beaufort County		
South Carolina	Bedford County	Haywood County	Polk County
Tennessee	Aransas County	Brown County	Camp County
	Coleman County	Comanche County	Dallam County
	Frio County	Houston County	Kerr County
	Lamar County	Leon County	Llano County
	Marion County	Medina County	Mills County
	Nacogdoches County	Navarro County	Montague County
	San Jacinto County	San Saba County	Robertson County
	Walker County		Trinity County
	Beaver County	Cache County	Juab County
	Millard County	Piute County	Sevier County
	Summit County	Wasatch County	Wayne County
	Bennington County		
Utah	FRANKLIN COUNTY (part) towns of	Bakersfield town	Berkshire town
	Fairfield town	Fletcher town	Franklin town
	Montgomery town	Richford town	Sheldon town
	GRAND ISLE COUNTY (part) towns of	Alburg town	Isle La Motte town
	Windham County		North Hero town
Vermont			
Virginia	Northampton County	Westmoreland County	
Washington	Douglas County	Jefferson County	Klickitat County
	Lewis County	Mason County	Skagit County

## 2006 IRS SECTION 42(d)(5)(C) NONMETROPOLITAN DIFFICULT DEVELOPMENT AREAS (MSA/PMSA DEFINITIONS June 30, 1999)

Nonmetropolitan Counties or County Equivalents					
State					
West Virginia	Calhoun County	Clay County	Doddridge County	Grant County	
	Pendleton County	Preston County	Roane County	Taylor County	
	Wirt County				
Wyoming	Teton County				
American Samoa	Eastern District	Manu'a District	Swains Island	Western District	
Guam	Guam				
Northern Mariana Islands	Northern Islands Municipality	Rota Municipality	Saipan Municipality	Tinian Municipality	
Puerto Rico	Adjuntas Municipio	Aibonito Municipio	Arroyo Municipio	Barranquitas Municipio	
	Ciales Municipio	Coamo Municipio	Culebra Municipio	Guanica Municipio	
	Guayama Municipio	Isabela Municipio	Jayuya Municipio	Lajas Municipio	
	Lares Municipio	Las Marias Municipio	Maricao Municipio	Maunabo Municipio	
	Orocovis Municipio	Patillas Municipio	Quebradillas Municipio	Rincon Municipio	
	Salinas Municipio	San Sebastian Municipio	Santa Isabel Municipio	Utado Municipio	
	Vieques Municipio				
	St. Croix	St. John	St. Thomas		
Virgin Islands					