

these comments will be adopted in new regulations.

The technical changes made by this final rule are largely directed to that section of the rule (§ 597.200(d)) which addresses the use of EZ/EC SSBG funds and therefore are relevant even after the designation process is complete. The following provides a list of the editorial/technical changes made to the interim rule by this final rule.

1. In § 597.3 (Definitions), the second paragraph of the definition of "urban area" inadvertently omitted the phrase "jurisdiction of the" before the words "nominating local government." (See 59 FR 2704, second column.)

2. In § 597.200 (Nominations by State and local governments), HUD sets forth the procedures for nominations by State and local governments of areas for designation as an Empowerment Zone and/or Enterprise Community. Paragraph (d) of that section addresses the elements of the strategic plan which must be developed as part of the application for designation, and paragraph (d)(12) specifically addresses how the Social Services Block Grant (SSBG) funds for designated Empowerment Zones and Enterprise Communities will be utilized. Several technical errors were made in paragraph (d)(12), and these are as follows:

a. Paragraph (d)(12)(i)(A) discusses the commitment concerning the use of EZ/EC SSBG funds. The rule provides for the commitment to be made by the "applicant as well as by the State government(s)." In this paragraph, HUD inadvertently omitted reference to the full range of nominating entities that would have to make this commitment, and only listed "State governments." (Note that § 597.501 provides for nomination by States and local governments [the preamble also discusses this at page 2701, second column] and § 597.502 provides for nominations by State-chartered economic development corporations.) Accordingly, the final rule corrects this paragraph to include not only State governments, but local governments and State-chartered economic development corporations. The final rule also explains that the "services or activities" referenced in this paragraph are the "services or activities which can be used to achieve or maintain the goals set forth in paragraph (d)(12)."

b. Paragraph (d)(12)(ii) provides, in error, that Empowerment Zone or Enterprise Community SSBG funds (EZ/EC SSBG funds) may be used to achieve certain goals set forth in this paragraph by "undertaking one of the below specified options." (See 59 FR 2706, first and second columns.) The correct

wording should provide that States and local governments may undertake "one or more" of the options set forth in the paragraph. One option available to States and local governments for the use of EZ/EC SSBG funds was inadvertently omitted from the interim rule. This option provides for the use of EZ/EC SSBG funds to promote the economic independence of low-income residents, such as capitalizing revolving or micro-enterprise loan funds for their benefit.

c. In paragraph (d)(12)(ii), the interim rule provides that EZ/EC SSBG funds "may" be used to maintain the goals set forth in paragraph (d)(12). (See page 2706, first column.) The rule should have stated that the EZ/EC SSBG funds "must" be used to maintain the goals set forth in paragraph (d)(12), and that the goals "may be achieved" by undertaking the program options listed in (d)(12)(ii).

d. The interim rule inadvertently omitted the paragraph that provides guidance concerning how designated empowerment zones and enterprise communities may meet the goals specified in paragraph (d)(12). (See 59 FR 2706, middle column.) This paragraph does not dictate how the goals may be met, but offers guidance as to how they may be met. This rule makes this correction by adding a new paragraph (iii), and the succeeding paragraphs are redesignated accordingly.

e. In paragraph (d)(12)(v) of the interim rule, the Department provided that the State must obligate EZ/EC SSBG funds in accordance with the strategic plan within two years from the "date of designation of the Empowerment Zone or Enterprise Community." (See page 2706, middle column.) This time frame is incorrect. This paragraph should have provided that the State must obligate funds two years from the date "the funds are paid to the State." This paragraph is also corrected by this document to add that "funds not obligated must be remitted to the Secretary of Health and Human Services." This sentence was inadvertently dropped in the rule text.

f. Two requirements pertaining to the strategic plan were inadvertently omitted from paragraph (d)(12). One requirement provides that the strategic plan must indicate how the EZ/EC SSBG funds will be invested and used for the period of designation, and the second provides that the strategic plan must provide for periodic reporting of information by the relevant State. These requirements are now set forth in (d)(12)(vii) and (viii).

g. In addition to the above corrections, this document corrects missing or erroneous punctuation in paragraph

(d)(12). For example, some paragraphs ended in periods, and should have ended in semicolons.

4. In § 597.200, paragraph (d)(17) is corrected by removing the "and" which follows the semicolon at the end of this paragraph. (See 59 FR 2706, third column.)

5. In § 597.200, paragraph (d)(18) is corrected by removing the period at the end of the paragraph, and replacing it with a semicolon. (See 59 FR 2706, third column.)

6. In § 597.201 (Evaluating the strategic plan), paragraph (b)(9) should end with a semicolon and not a period. (See 59 FR 2707, third column.)

7. In § 597.201 (Evaluating the strategic plan), paragraph (c)(1) should end with a semicolon and not a period. (See 59 FR 2708, first column.)

8. In § 597.301 (Selection factors for designation of nominated urban areas), paragraphs (a) (1), (2) and (3) should each end with a semicolon instead of a period, and the word "and" should follow the semicolon in paragraph (a)(3). (See 59 FR 2709, first column.)

The above changes are the only ones that have been made to the interim rule by this final rule.

III. The Public Comments

General Comments

The January 18, 1994 interim rule provided for a 30-day public comment period. The public comment period expired on February 17, 1994. Comments, however, were accepted through March 1, 1994. By this date, a total of 45 comments had been received. The commenters consisted of State and local jurisdictions (or agencies of such jurisdictions), State legislators and non-profit organizations. Twenty-two (22) of the commenters were from the State of California.

The majority of the commenters gave the interim regulations favorable marks, stating that, overall, the interim rule clearly delineates the role of the State and participating entities. As noted earlier in this preamble, HUD received several good suggestions and recommendations from the commenters that will be considered in any future rulemaking needed for a new round of designation. Other suggestions raised by commenters, although equally with merit, could not be adopted (even if HUD were making substantive changes at this time) given the current statutory framework of the EZ/EC Program, and other requests for changes or clarification were determined to be adequately addressed by the January 18, 1994 interim rule. The following provides a summary of the significant