

does not permit exclusions as suggested by the commenters.

#### *Comments on the Definition of Rural Area*

Comment: Several comments involved the definition of a 'rural area'. The current definition of rural in the regulation excludes communities where predominantly rural populations reside within Metropolitan Areas (MA) or where more than 50 percent of the population resides within a designated Metropolitan Area. Metropolitan Area does not have an exact definition in the Bureau of the Census Dictionary of Geographical Terms. Tracts within MA's are restricted from applying unless they are contiguous to and part of a multicounty application.

Response: No rule changes are required. Statute Section 1393(a)(2)(B) and § 25.504(b) of part 25 give the Secretary sufficient discretionary power to define a rural area.

#### *General Comments on the Rule*

Comment: Apparent conflict between the EZ/EC rules and the Cash Management Act of 1990. Concern was expressed that while, under the Cash Management Act, States drawing Federal monies must make expenditures within three days of receipt or pay interest, EZ/EC SSBG funds are transferred to the states to be passed on to the implementing entities and that the State has two years to obligate these funds to the implementing entities.

Response: Department of Health and Human Services has advised that the Cash Management Act does not apply to SSBG funds.

Comment: The Governor of Texas and the Texas Department of Commerce requested that the application deadline be extended to six months from the issue date of the Interim Rule to allow time to prepare comprehensive applications.

Response: USDA disagrees with the commenters. Extension of the deadline would penalize States that have allocated funds and technical assistance in order to meet the June 30, 1994 deadline.

Comment: One commenter stated that the interim rule as a whole did not adequately address the needs of extremely low-income persons.

Response: USDA disagrees with the commenter. The eligibility for designation as an Empowerment Zone or Enterprise Community requires a significant level of poverty, and the strategic plan is required to include various descriptions of how the nominated area would address the need of low-income persons, for example,

through the creation of economic opportunities, home ownership, education or other route to economic independence for low-income families, youth and other individuals. (See § 25.200.)

Comment: One commenter stated that the definition of "State-chartered economic development corporation" was not very clear.

Response: The statute defined this term, and the rule simply incorporated the statutory definition.

Comment: Three commenters stated that the strategic plan principle concerning employment should emphasize job creation for low-income persons. Another commenter stated that the strategic plan principle concerning employment should emphasize job creation for minority businesses.

Response: USDA agrees with the commenters and such emphasis will be considered in future rulemaking that may be necessary for any additional rounds of designations that may be authorized.

Comment: One commenter raised the concern of possible channeling of EDA assistance from Economic Development Districts, which may not qualify the EZ/EC designation, to designated EZ/EC areas.

Response: The intent of the legislation is to provide assistance to distressed communities by encouraging creation of jobs and opportunities for local development as part of a Federal-State-local and private-sector partnership. Although this effort addresses 'local' issues within each community, the context of revitalization applies nationally. Therefore diversion of programmed assistance from one distressed area to the designated EZ/EC communities is not consistent with the purpose of the EZ/EC program.

Comment: One commenter stated that labor union should be added to the list among the segments of the community that could form Community-based Partnerships.

Response: While labor unions were not named specifically, they are included under the regulation. Subpart C (Nomination Procedure) § 25.200 Paragraph (c)(3) states that "Community based partnerships, involve the participation of all segments of the community groups, health and social service groups, environmental groups, religious organizations, the private and non-profit sectors, centers of learning, and other community institutions and individual citizens." The organizations listed are examples of the kinds of partnerships that could be formed by communities.

Comment: One commenter addressed issues related to the use of certain statistics in the determination of applicant eligibility for the EZ/EC program.

Response: These suggestions will be considered in any future rulemaking needed for a new round of designation.

Comment: Two commenters stated that the rule should allow designated communities to use funds and other resources identified in the strategic plans for properties directly adjacent to the boundaries of the designated census tracts.

Response: The regulation is clear on the use of EZ/EC SSBG funds for approved EZ/EC activities identified in the community strategic plans. A issue of this type can be addressed during the approval process.

#### **V. Other Matters**

##### *National Environmental Policy Act*

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." It is the determination of USDA that this action does not constitute a major Federal action significantly affecting the quality of the human environment and in accordance the National Environmental Policy Act of 1969, Pub. L. 91-190, an Environmental Impact Statement is not required.

##### *Executive Order 12866, Regulatory Planning and Review*

This rule was reviewed and approved by the Office of Management and Budget as a significant rule, as that term is defined in Executive Order 12866, which was signed by the President on September 30, 1993. The economic analysis required by Executive Order 12866 will be retained in the public file with the Department's Rule Docket Clerk.

##### *Regulatory Flexibility Act*

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this rule before publication and by approving it certifies that the rule will not have a significant economic impact on a substantial number of small entities. The Act is intended to encourage Federal agencies to utilize innovative administrative procedures in dealing with individuals, small businesses, small organizations, and small governmental bodies that would otherwise be unnecessarily adversely affected by Federal regulations. To the extent that this rule affects those entities, its purpose is to reduce any disproportionate burden by providing for the waiver of regulations