

103^D CONGRESS
2^D SESSION

H. R. 3773

To amend the Rural Electrification Act of 1936 to return the Rural Electrification Administration to its original mission of providing credit to rural electric cooperatives which are unable to obtain needed financing in the private sector.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1994

Mr. INGLIS of South Carolina introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Rural Electrification Act of 1936 to return the Rural Electrification Administration to its original mission of providing credit to rural electric cooperatives which are unable to obtain needed financing in the private sector.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ELIGIBILITY FOR LOANS.**

4 (a) IN GENERAL.—Title I of the Rural Electrification
5 Act of 1936 (7 U.S.C. 901–918) is amended by adding
6 at the end the following:

1 **“SEC. 19. ELIGIBILITY FOR LOANS.**

2 “Notwithstanding any other provision of this Act, a
3 person shall not be eligible for a loan under this Act to
4 finance an activity for a period of time unless the person
5 is unable to obtain sufficient credit elsewhere to finance
6 the activity at reasonable rates and terms, taking into con-
7 sideration prevailing private and cooperative rates and
8 terms for loans for similar activities and periods of time.”.

9 (b) CONFORMING AMENDMENTS.—Section 307 of
10 such Act (7 U.S.C. 937) is hereby repealed.

11 **SEC. 2. REDUCTION OF LOAN SUBSIDIES.**

12 (a) IN GENERAL.—Title I of the Rural Electrification
13 Act of 1936 (7 U.S.C. 901–918) is amended by adding
14 after the section added by section 1(a) of this Act the fol-
15 lowing:

16 **“SEC. 20. INTEREST RATE ON LOANS AND ADVANCES**
17 **UNDER THIS ACT.**

18 “The rate of interest on any loan made on or after
19 the date of the enactment of this section, and on any ad-
20 vance made on or after such date under loan commitments
21 made at any time, under this Act, shall equal such rate
22 (exceeding the coupon equivalent yield on obligations of
23 the Treasury of the United States of comparable maturity,
24 at the most recent auction of such obligations by the De-
25 partment of the Treasury) as the Administrator deter-
26 mines is appropriate, taking into account the purpose for

1 which the loan is to be made, the creditworthiness of the
2 borrower, and the term of the loan.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 4 of such Act (7 U.S.C. 904) is
5 amended by striking “, and shall bear interest at the
6 rate of 2 per centum per annum”.

7 (2) Section 5 of such Act (7 U.S.C. 905) is
8 amended by striking “, and shall be at a rate of in-
9 terest of 2 per centum per annum”.

10 (3) Section 305 of such Act (7 U.S.C. 935) is
11 amended by striking subsection (b), and by redesignig-
12 nating subsections (c) and (d) as subsections (b) and
13 (c), respectively.

14 (4) Section 408(b) of such Act (7 U.S.C.
15 948(b)) is amended by striking paragraph (3), and
16 by redesignating paragraphs (4) through (8) as
17 paragraphs (3) through (7), respectively.

18 **SEC. 3. TERMINATION OF AUTHORITIES RELATED TO TELE-**
19 **PHONE LOANS, AND AUTHORITIES RELATED**
20 **TO GRANTS.**

21 (a) AMENDMENTS TO SECTION 2.—Section 2 of such
22 Act (7 U.S.C. 902) is amended—

23 (1) by striking “and for the purpose of furnish-
24 ing and improving telephone service in rural areas”;
25 and

1 (2) by striking “and the furnishing of adequate
2 telephone service in rural areas”.

3 (b) AMENDMENT TO SECTION 3.—Section 3(a) of
4 such Act (7 U.S.C. 903(a)) is amended by striking “and
5 for the purpose of financing the improvement, expansion,
6 construction, acquisition, and operation of facilities to
7 render telephone service”.

8 (c) AMENDMENTS TO SECTION 11A.—Section 11A of
9 such Act (7 U.S.C. 911a) is amended—

10 (1) in subsection (a), by striking “and tele-
11 phone”;

12 (2) in subsection (c)(1), by striking “or tele-
13 phone”; and

14 (3) in subsection (c)(2), by striking “and the
15 Assistant Administrator for Telephone”.

16 (d) AMENDMENT TO SECTION 18.—Section 18 of
17 such Act (7 U.S.C. 918) is amended by striking “and the
18 Governor of the telephone bank”.

19 (e) REPEAL OF TITLE II.—Title II of such Act (7
20 U.S.C. 922–928) is hereby repealed.

21 (f) AMENDMENTS TO SECTION 301.—Section 301 of
22 such Act (7 U.S.C. 931) is amended—

23 (1) in the section heading, by striking “AND
24 TELEPHONE”; and

1 (2) in subsection (a), in the matter preceding
2 paragraph (1), by striking “and Telephone”.

3 (g) AMENDMENTS TO SECTION 302.—Section 302 of
4 such Act (7 U.S.C. 932) is amended—

5 (1) in subsection (b)—

6 (A) in paragraph (1), by striking “4, 5,
7 and 201” and inserting “4 and 5”; and

8 (B) in paragraph (2), by striking “and
9 telephone”; and

10 (2) by striking subsection (c).

11 (h) AMENDMENT TO SECTION 305.—Section 305 of
12 such Act (7 U.S.C. 935) is amended by striking subsection
13 (d).

14 (i) AMENDMENTS TO SECTION 306.—Section 306 of
15 such Act (7 U.S.C. 936) is amended—

16 (1) by striking “Rural Telephone Bank,”; and

17 (2) by striking the 2nd sentence.

18 (j) AMENDMENTS TO SECTION 309.—Section 309 of
19 such Act (7 U.S.C. 939) is amended—

20 (1) by striking “(a) IN GENERAL.—”; and

21 (2) by striking subsection (b).

22 (k) AMENDMENTS TO SECTION 313.—Section 313 of
23 such Act (7 U.S.C. 940c) is amended, in each of sub-
24 sections (a)(1), (b)(1)(A), and (b)(2)(A), by striking “and
25 Telephone”.

1 (l) AMENDMENTS TO SECTION 314.—Section 314 of
2 such Act (7 U.S.C. 940d) is amended—

3 (1) in the section heading, by striking “**AND**
4 **TELEPHONE**”;

5 (2) in each of subsections (a) and (b)(1), by
6 striking “and Telephone”;

7 (3) in subsection (d)(3), by striking “, the
8 Rural Telephone Bank,”; and

9 (4) in subsection (e), by striking paragraph (2).

10 (m) REPEAL OF TITLE IV.—Title IV of such Act (7
11 U.S.C. 941–950b) is hereby repealed.

12 (n) REPEAL OF TITLE V.—Title V of such Act (7
13 U.S.C. 951) is hereby repealed.

14 **SEC. 4. LOAN PRIORITY.**

15 Title I of the Rural Electrification Act of 1936 (7
16 U.S.C. 901–918) is amended by adding after the sections
17 added by sections 1(a) and 2(a) of this Act the following:

18 **“SEC. 21. LOAN PRIORITY.**

19 “Notwithstanding any other provision of law, in mak-
20 ing loans under this Act during any calendar quarter, the
21 Administrator shall make such loans to persons otherwise
22 eligible for such loans who—

23 “(1) applied for such loans not later than the
24 end of the immediately preceding calendar quarter;
25 and

1 “(2) have the greatest need for such loans, as
2 determined by the Administrator.”.

3 **SEC. 5. TRANSITION RULES.**

4 (a) DISPOSITION OF PAYMENTS ON TELEPHONE
5 LOANS MADE BEFORE THIS ACT.—The Administrator of
6 the Rural Electrification Administration shall return to
7 the Treasury of the United States such amounts received
8 by the Rural Electrification Revolving Fund, with respect
9 to loans made under the Rural Electrification Act of 1936
10 the authority for the making of which has been terminated
11 by this Act, as the Administrator deems unnecessary to
12 meet reserve requirements with respect to such loans.

13 (b) DISPOSITION OF ASSETS RELATED TO TELE-
14 PHONE LOANS.—The Administrator of the Rural Elec-
15 trification Administration shall determine the disposition
16 of assets held by the Administration with respect to loans
17 referred to in subsection (a).

18 (c) RETIREMENT OF STOCK OF THE RURAL TELE-
19 PHONE BANK.—After the payment or retirement, as the
20 case may be, first, of all liabilities incurred under title IV
21 of the Rural Electrification Act of 1936 (as in effect be-
22 fore the effective date of this Act), second, of all class A
23 stock of the capital stock of the Rural Telephone Bank
24 at par, third, of all class B stock of such bank at par,
25 and fourth, of all class C stock of such bank at par, any

1 remaining surplus or contingency reserve shall be paid to
2 the holders of such class A and such class B stock issued
3 and outstanding before such effective date, pro rata.

4 **SEC. 6. EFFECTIVE DATE.**

5 This Act and the amendments made by this Act shall
6 take effect on the 1st day of the first Federal fiscal year
7 that begins 60 or more days after the date of the enact-
8 ment of this Act.

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