

106TH CONGRESS
2D SESSION

H. R. 5069

To encourage the deployment of broadband telecommunications in rural America, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2000

Mr. MINGE (for himself, Ms. HOOLEY of Oregon, Mr. BAIRD, Mr. RODRIGUEZ, Mr. UDALL of New Mexico, Mr. BOSWELL, Ms. KAPTUR, Mr. OLVER, Mr. BISHOP, Mr. LUCAS of Kentucky, Mr. THOMPSON of California, Mr. DEFAZIO, and Ms. BALDWIN) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Ways and Means, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To encourage the deployment of broadband telecommunications in rural America, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Comprehensive Rural
5 Telecommunications Act”.

1 **TITLE I—RURAL TELEWORK**

2 **SEC. 101. FINDINGS AND PURPOSES.**

3 (a) FINDINGS.—Congress finds that—

4 (1) many rural communities and Indian res-
5 ervations have not benefited from the historic eco-
6 nomic expansion in recent years, and high levels of
7 unemployment and underemployment persist in the
8 rural communities and reservations;

9 (2) many economic opportunities, especially in
10 information technology fields, are located away from
11 many rural communities and reservations;

12 (3) the United States has a significant and
13 growing need for skilled information technology
14 workers;

15 (4) unemployed and underemployed rural em-
16 ployees represent a potential workforce to fill infor-
17 mation technology jobs;

18 (5) teleworking allows rural employees to per-
19 form skill intensive information technology jobs from
20 their communities for firms located outside rural
21 communities; and

22 (6) employing a rural teleworkforce in informa-
23 tion technology fields will require—

1 (A) employers that are willing to hire rural
2 residents or contract for work to be performed
3 in rural communities;

4 (B) recruitment and training of rural resi-
5 dents appropriate for work in information tech-
6 nology fields;

7 (C) means of connecting employers with
8 employees through advanced telecommuni-
9 cations services; and

10 (D) innovative approaches and collabo-
11 rative models to create rural technology busi-
12 ness opportunities and facilitate the employ-
13 ment of rural individuals.

14 (b) PURPOSES.—The purposes of this Act are—

15 (1) to authorize the Secretary of Agriculture to
16 make competitive grants to establish National Cen-
17 ters for Distance Working in rural areas to provide
18 assistance to individuals in rural communities to
19 support the use of teleworking in information tech-
20 nology fields;

21 (2) to promote teleworking arrangements, small
22 electronic business development, and creation of in-
23 formation technology jobs in rural areas for the pur-
24 pose of creating sustainable economic opportunities
25 in rural communities;

1 (3) to promote the practice of teleworking to in-
2 formation technology jobs among rural, urban, and
3 suburban residents, Indian tribes, job training and
4 workforce development providers, educators, and em-
5 ployers;

6 (4) to meet the needs of information technology
7 and other industries for skilled employees by accel-
8 erating the training and hiring of rural employees to
9 fill existing and future jobs from rural communities
10 and Indian reservations;

11 (5) to promote teleworking and small electronic
12 business as sustainable income sources for rural
13 communities and Indian tribes; and

14 (6) to study, collect information, and develop
15 best practices for rural teleworking employment
16 practices.

17 **SEC. 102. NATIONAL CENTERS FOR DISTANCE WORKING**
18 **PROGRAM.**

19 Subtitle D of the Consolidated Farm and Rural De-
20 velopment Act (7 U.S.C. 1981 et seq.) is amended by add-
21 ing at the end the following:

22 **“SEC. 376. NATIONAL CENTERS FOR DISTANCE WORKING**
23 **PROGRAM.**

24 “(a) DEFINITIONS.—In this section:

1 “(1) CENTER.—The term ‘Center’ means a Na-
2 tional Center for Distance Working established
3 under subsection (b) that receives a grant under this
4 section.

5 “(2) ELIGIBLE ORGANIZATION.—The term ‘eli-
6 gible organization’ means a nonprofit entity, an edu-
7 cational institution, a tribal government, or any
8 other organization that meets the requirements of
9 this section and such other requirements as are es-
10 tablished by the Secretary.

11 “(3) INFORMATION TECHNOLOGY.—The term
12 ‘information technology’ means any equipment, or
13 interconnected system or subsystem of equipment,
14 that is used in the automatic acquisition, storage,
15 manipulation, management, movement, control, dis-
16 play, switching, interchange, transmission, or recep-
17 tion of data or information, including a computer,
18 ancillary equipment, software, firmware and similar
19 procedures, services (including support services), and
20 related resources.

21 “(4) RURAL AREA.—The terms ‘rural’ and
22 ‘rural area’ have the meaning given the terms in sec-
23 tion 381A.

1 “(5) SECRETARY.—The term ‘Secretary’ means
2 the Secretary, acting through the Administrator of
3 the Rural Utility Service.

4 “(6) TELEWORKING.—The term ‘teleworking’
5 means the use of telecommunications to perform
6 work functions over a distance and to reduce or
7 eliminate the need to perform work at a traditional
8 worksite.

9 “(b) ESTABLISHMENT.—

10 “(1) IN GENERAL.—The Secretary shall estab-
11 lish a National Centers for Distance Working Pro-
12 gram under which the Secretary shall make competi-
13 tive grants to eligible organizations to pay the Fed-
14 eral share of the cost of establishing National Cen-
15 ters for Distance Working in rural areas to conduct
16 projects in accordance with subsection (c).

17 “(2) ELIGIBLE ORGANIZATION.—The Secretary
18 shall establish criteria that an organization must
19 meet to be eligible to receive a grant under this sec-
20 tion.

21 “(c) PROJECTS.—A Center shall use a grant received
22 under this section to conduct a 5-year project—

23 “(1) to provide training, referral, assessment,
24 and employment-related services and assistance to
25 individuals in rural communities and Indian tribes to

1 support the use of teleworking in information tech-
2 nology fields, including services and assistance re-
3 lated to high technology training, telecommuni-
4 cations infrastructure, capital equipment, job place-
5 ment services, and other means of promoting tele-
6 working;

7 “(2) to identify skills that are needed by the
8 business community and that will enable trainees to
9 secure employment after the completion of training;

10 “(3) to recruit employers for rural individuals
11 and residents of Indian reservations;

12 “(4) to provide for high-speed communications
13 between the individuals in the targeted rural com-
14 munity or reservation and employers that carry out
15 information technology work that is suitable for tele-
16 working;

17 “(5) to provide for access to or ownership of
18 the facilities, hardware, software, and other equip-
19 ment necessary to perform information technology
20 jobs; and

21 “(6) to perform such other functions as the
22 Secretary considers appropriate.

23 “(d) ELIGIBILITY CRITERIA.—

24 “(1) APPLICATION AND PLAN.—As a condition
25 of receiving a grant under this section for use with

1 respect to a rural area, an organization shall submit
2 to the Secretary, and obtain the approval of the Sec-
3 retary of, an application and 5-year plan for the use
4 of the grant to carry out a project described in sub-
5 section (c), including a description of—

6 “(A) the businesses and employers that
7 will provide employment opportunities in the
8 rural area;

9 “(B) fundraising strategies;

10 “(C) training and training delivery meth-
11 ods to be employed;

12 “(D) the rural community of individuals to
13 be targeted to receive assistance;

14 “(E) any support from State and local gov-
15 ernments and other non-Federal sources; and

16 “(F) outreach activities to be carried out
17 to reach potential information technology em-
18 ployers.

19 “(2) NON-FEDERAL SHARE.—

20 “(A) IN GENERAL.—As a condition of re-
21 ceiving a grant under this section, an organiza-
22 tion shall agree to obtain, after the application
23 of the organization has been approved and no-
24 tice of award has been issued, contributions
25 from non-Federal sources that are equal to—

1 “(i) during each of the first, second,
2 and third years of a project, 1 non-Federal
3 dollar for each 2 Federal dollars provided
4 under the grant; and

5 “(ii) during each of the fourth and
6 fifth years of the project, 1 non-Federal
7 dollar for each Federal dollar provided
8 under the grant.

9 “(B) INDIAN TRIBES.—Notwithstanding
10 subparagraph (A), an Indian tribe may use
11 Federal funds made available to the tribe for
12 self-governance to pay the non-Federal con-
13 tributions required under subparagraph (A).

14 “(C) FORM.—The non-Federal contribu-
15 tions required under subparagraph (A) may be
16 in the form of in-kind contributions, including
17 office equipment, office space, and services.

18 “(e) SELECTION CRITERIA.—

19 “(1) IN GENERAL.—The Secretary shall—

20 “(A) establish criteria for the selection of
21 eligible organizations to receive grants under
22 this section; and

23 “(B) evaluate, rank, and select eligible or-
24 ganizations on the basis of the selection cri-
25 teria.

1 “(2) FACTORS.—The selection criteria estab-
2 lished under paragraph (1) shall include—

3 “(A) the experience of the eligible organi-
4 zation in conducting programs or ongoing ef-
5 forts designed to improve or upgrade the skills
6 of rural employees or members of Indian tribes;

7 “(B) the ability of the eligible organization
8 to initiate a project within a minimum period of
9 time;

10 “(C) the ability and experience of the eligi-
11 ble organization in providing training to rural
12 individuals who are economically disadvantaged
13 or who face significant barriers to employment;

14 “(D) the ability and experience of the eligi-
15 ble organization in conducting information tech-
16 nology skill training;

17 “(E) the degree to which the eligible orga-
18 nization has entered into partnerships or con-
19 tracts with local, tribal, and State governments,
20 community-based organizations, and prospective
21 employers to provide training, employment, and
22 supportive services;

23 “(F) the ability and experience of the eligi-
24 ble organization in providing job placement for

1 rural employees with employers that are suit-
2 able for teleworking;

3 “(G) the computer and telecommunications
4 equipment that the eligible organization has or
5 expects to possess or use under contract on ini-
6 tiation of the project; and

7 “(H) the means the applicant proposes,
8 such as high-speed Internet access, to allow
9 communication between rural employees and
10 employers.

11 “(3) PUBLICATION.—The Secretary shall—

12 “(A) publish the selection criteria estab-
13 lished under this subsection in the Federal Reg-
14 ister; and

15 “(B) include a description of the selection
16 criteria in any solicitation for applications for
17 grants made by the Secretary.

18 “(f) STUDIES OF TELEWORKING.—

19 “(1) IN GENERAL.—To promote the develop-
20 ment of teleworking in rural areas, the Secretary
21 may make grants to entities to conduct research on
22 economic, operational, social, and policy issues relat-
23 ing to teleworking in rural areas, including the de-
24 velopment of best practices for businesses that em-
25 ploy teleworkers.

1 “(2) LIMITATION.—The Secretary shall use not
2 more than \$1,000,000 of funds made available for a
3 fiscal year under subsection (g) to carry out this
4 subsection.

5 “(g) AUTHORIZATION OF APPROPRIATION.—There is
6 authorized to be appropriated to carry out this section
7 \$11,000,000 for each fiscal year.”.

8 **TITLE II—RURAL TELE-**
9 **COMMUNICATIONS MOD-**
10 **ERNIZATION**

11 **SEC. 201. CREDIT FOR TELECOMMUNICATIONS FACILITIES**

12 **DEVELOPMENT IN RURAL AREAS.**

13 (a) IN GENERAL.—Section 46(a) of the Internal Rev-
14 enue Code of 1986 (relating to amount of investment cred-
15 it) is amended by striking “and” at the end of paragraph
16 (2), by striking the period at the end of paragraph (3)
17 and inserting “, and”, and by adding at the end the fol-
18 lowing:

19 “(4) the rural telecommunications facilities
20 credit.”

21 (b) AMOUNT OF CREDIT.—Subpart E of part IV of
22 subchapter A of chapter 1 of the Internal Revenue Code
23 of 1986 (relating to rules for computing investment credit)
24 is amended by inserting after section 47 the following:

1 **“SEC. 47A. RURAL TELECOMMUNICATIONS FACILITIES**
2 **CREDIT.**

3 “(a) IN GENERAL.—For purposes of section 46, the
4 rural telecommunications facilities credit for any taxable
5 year is an amount equal to the applicable percentage of
6 the qualified broadband local access facilities expenditures
7 for such taxable year.

8 “(b) APPLICABLE PERCENTAGE.—For purposes of
9 subsection (a), the applicable percentage in the case of
10 qualified broadband local access facilities expenditures in
11 connection with—

12 “(1) broadband telecommunications facilities, is
13 10 percent, and

14 “(2) enhanced broadband telecommunications
15 facilities, is 15 percent.

16 “(c) QUALIFIED BROADBAND LOCAL ACCESS FACILI-
17 TIES EXPENDITURE.—For purposes of this section, the
18 term ‘qualified broadband local access facilities expendi-
19 ture’ means any expenditure—

20 “(1) chargeable to capital account—

21 “(A) for property for which depreciation is
22 allowable under section 168, and

23 “(B) incurred in connection with
24 broadband telecommunications facilities or en-
25 hanced broadband telecommunications facilities
26 serving rural subscribers, and

1 “(2) incurred during the period—

2 “(A) beginning with the taxpayer’s (or any
3 predecessor’s) first taxable year beginning after
4 the date of the enactment of this section, and

5 “(B) ending with the taxpayer’s (or any
6 predecessor’s) third taxable year beginning
7 after such date.

8 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
9 poses of this section—

10 “(1) BROADBAND TELECOMMUNICATIONS FA-
11 CILITIES.—The term ‘broadband telecommunications
12 facilities’ means broadband local access facilities ca-
13 pable of—

14 “(A) transmitting voice, and

15 “(B) downloading data at a rate of 1.5
16 MBPS and uploading data at a rate of .5
17 MBPS.

18 “(2) ENHANCED BROADBAND TELECOMMUNI-
19 CATIONS FACILITIES.—The term ‘enhanced
20 broadband telecommunications facilities’ means the
21 broadband local access facilities capable of—

22 “(A) transmitting voice, and

23 “(B) downloading and uploading data at a
24 rate of 10 MBPS.

1 “(3) DETERMINATION OF BROADBAND LOCAL
2 ACCESS FACILITIES.—Broadband local access
3 facilities—

4 “(A) begin at the switching point closest to
5 the rural subscriber, which is—

6 “(i) the subscriber side of the nearest
7 switching facility in the case of local ex-
8 change carriers,

9 “(ii) the subscriber side of the
10 headend or the node in the case of cable
11 television operators, and

12 “(iii) the subscriber side of the trans-
13 mission and reception facilities in the case
14 of a wireless or satellite carrier,

15 “(B) end at the interface between the net-
16 work and the rural subscriber’s location, and

17 “(C) do not include any switching facility.

18 “(4) RURAL SUBSCRIBER.—The term ‘rural
19 subscriber’ means a subscriber who lives in an incor-
20 porated or unincorporated place which is not located
21 in an area designated as a Metropolitan Area by the
22 Office of Management and Budget.”.

23 (c) SPECIAL RULE FOR MUTUAL OR COOPERATIVE
24 TELEPHONE COMPANIES.—Section 501(c)(12)(B) of the
25 Internal Revenue Code of 1986 (relating to list of exempt

1 organizations) is amended by striking “or” at the end of
 2 clause (iii), by striking the period at the end of clause (iv)
 3 and inserting “, or”, and by adding at the end the fol-
 4 lowing new clause:

5 “(v) which is not described in sub-
 6 paragraph (A), in an amount which does
 7 not exceed in any year an amount equal to
 8 the applicable percentage of the qualified
 9 broadband local access facilities expendi-
 10 tures (as determined in section 47A) of the
 11 mutual or cooperative telephone company
 12 for such year.”

13 (d) CONFORMING AMENDMENT.—The table of sec-
 14 tions for subpart E of part IV of subchapter A of chapter
 15 1 of the Internal Revenue Code of 1986 is amended by
 16 inserting after the item relating to section 47 the fol-
 17 lowing:

“Sec. 47A. Rural telecommunications facilities credit.”

18 (e) EFFECTIVE DATES.—

19 (1) IN GENERAL.—Except as provided in para-
 20 graph (2), the amendments made by this section
 21 shall apply to expenditures incurred after the date of
 22 the enactment of this Act.

23 (2) SPECIAL RULE.—The amendments made by
 24 subsection (e) shall apply to amounts received after
 25 the date of the enactment of this Act.

1 **TITLE III—RURAL BROADBAND**
2 **ENHANCEMENT**

3 **SEC. 301. FEDERAL COMMUNICATIONS COMMISSION TO**
4 **PROVIDE SUPPORT FROM UNIVERSAL SERV-**
5 **ICE FUND.**

6 Section 254(e) of the Communications Act of 1934
7 (47 U.S.C. 254(e)) is amended—

8 (1) by redesignating so much of the text of such
9 subsection as follows “(e) UNIVERSAL SERVICE SUP-
10 PORT.—” as paragraph (1);

11 (2) by inserting before “After” the following
12 heading: “(1) IN GENERAL.—”; and

13 (3) by adding at the end the following:

14 “(2) RURAL AREA BROADBAND SUPPORT.—In
15 addition to any other support provided under para-
16 graph (1), the Commission shall, within 90 days
17 after the date of enactment of the Rural Broadband
18 Enhancement Act, initiate a proceeding to provide
19 Federal universal service support for the deployment
20 of broadband service (as defined in section 156(e)(1)
21 of the National Telecommunications and Informa-
22 tion Administration Organization Act) to eligible
23 rural communities (as defined in section 156(e)(2)
24 of that Act). The proceeding shall be completed
25 within 240 days. Federal universal service support

1 provided as a result of that proceeding shall be de-
2 termined without cost averaging of any above-aver-
3 age cost areas with any lower cost areas, such as
4 would occur in statewide or study averaging, and
5 may be used for the deployment of—

6 “(A) loop treatments and digital subscriber
7 line access multiplexers;

8 “(B) cable modems;

9 “(C) wireless technology; and

10 “(D) satellite technology.”.

11 **SEC. 302. RURAL UTILITIES SERVICE LOAN PROGRAM.**

12 Part C of title I of the National Telecommunications
13 and Information Administration Organization Act (47
14 U.S.C. 901 et seq.) is amended by adding at the end there-
15 of the following:

16 **“SEC. 156. BROADBAND TELECOMMUNICATIONS SERVICES.**

17 “(a) IN GENERAL.—The Rural Utilities Service of
18 the Department of Agriculture, after consultation with the
19 NTIA, shall make loans or other extensions of credit to
20 companies certified as eligible telecommunications carriers
21 providers, or that accept the obligations of an eligible tele-
22 communications carrier, in accordance with the provisions
23 of this section to finance the deployment of broadband
24 telecommunications services to eligible rural communities.

1 “(b) ELIGIBILITY REQUIREMENTS.—To be eligible
2 for a loan or other extension of credit under this section,
3 a project shall—

4 “(1) be capable of delivering broadband service;

5 “(2) be for the purpose of making access to
6 broadband service available to an eligible rural com-
7 munity where broadband service is not otherwise
8 generally available throughout that community; and

9 “(3) be subject to the standards for service and
10 area wide coverage applicable to other projects ad-
11 ministered by the Rural Utilities Service.

12 “(c) TERMS AND CONDITIONS.—Loans made under
13 this section—

14 “(1) shall be made available in accordance with
15 the requirements of the Federal Credit Reform Act
16 of 1990 (2 U.S.C. 661);

17 “(2) shall bear interest at an annual rate of not
18 more than 2 percent per annum; and

19 “(3) shall be made for the longer of—

20 “(A) a term of 30 years; or

21 “(B) the useful life of the assets con-
22 structed, reconstructed, or acquired.

23 “(d) LIMITATIONS.—

24 “(1) TECHNOLOGY NEUTRALITY.—In making
25 loans under this section, the Rural Utilities Service

1 may not take into consideration the technology pro-
2 posed to be employed.

3 “(2) SECURITY INTEREST.—The Rural Utilities
4 Service may take a security interest in assets or rev-
5 enue streams, in connection with a loan or other ex-
6 tension of credit made under this section, of not
7 more than the amount sufficient to cover the assets
8 financed by that loan or extension of credit.

9 “(e) DEFINITIONS.—In this section:

10 “(1) BROADBAND SERVICE.—The term
11 ‘broadband service’ includes, without regard to any
12 particular transmission medium or technology, high-
13 speed, switched, broadband telecommunications ca-
14 pable of delivering not less than 1.0 megabits of
15 data per second to the user and 0.5 megabits of
16 data per second from the user that enables users to
17 originate and receive high-quality voice, data, graph-
18 ics, and video telecommunications. The Commission
19 shall, from time-to-time as circumstances warrant,
20 revise the rate-of-data-transmission criteria stated in
21 the preceding sentence upward to reflect techno-
22 logical advances, and the criteria, as so revised, shall
23 be applied under the preceding sentence in lieu of
24 the rate-of-data-transmission criteria stated or pre-

1 viously revised by the Commission under this sen-
2 tence.

3 “(2) ELIGIBLE RURAL COMMUNITY.—The term
4 ‘eligible rural community’ means any incorporated or
5 unincorporated place that is not located in an area
6 designated as a Metropolitan Area by the Office of
7 Management and Budget.”.

8 **SEC. 303. FUNDING.**

9 There are authorized to be appropriated to the Sec-
10 retary of Agriculture to carry out the provisions of section
11 156 of the National Telecommunications and Information
12 Administration Organization Act \$3,000,000,000 for fis-
13 cal years 2001, 2002, 2003, 2004, through 2005, such
14 amount to remain available until expended.

○