#### 107TH CONGRESS 1ST SESSION

# H. R. 3484

To resolve administrative disputes regarding certain spectrum licenses; and for other purposes.

### IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2001

Mr. Tauzin (for himself, Mr. Sensenbrenner, Mr. Thomas, and Mr. Conyers) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on the Judiciary, Ways and Means, and the Budget, 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 resolve administrative disputes regarding certain spectrum licenses; 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 "Prompt Utilization of
- 5 Wireless Spectrum Act of 2001".
- 6 SEC. 2. SETTLEMENT OF LITIGATION AND PROMPT UTILI-
- 7 ZATION OF WIRELESS SPECTRUM.
- 8 (a) Resolution of Litigation.—

- 1 APPROVAL OF SETTLEMENT.—Congress 2 hereby authorizes and approves the decision by the Federal Communications Commission and the De-3 4 partment of Justice to settle the case entitled NextWave Personal 5 Communications 6 NextWave Power Partners Inc. v. Federal Commu-7 nications Commission and the United States of 8 America, D.C. Cir. Nos. 00–1402 and 00–1403, pe-9 titions for certiorari filed, Nos. 01–653, et al. (Octo-10 ber 19, 2001), and their claims in the case entitled 11 In re NextWave Personal Communications Inc., 12 Bankr. S.D.N.Y. No. 98 B 21529 (ASH), in accord-13 ance with the terms of the settlement agreement.
  - (2) AUTHORIZATION.—There are hereby authorized to be appropriated \$9,550,000,000, to remain available until expended, to carry out this section.
  - (3) APPROPRIATION.—There is appropriated to the Commission, out of any money in the Treasury not otherwise appropriated, the sum of \$9,550,000,000, to remain available until expended, to carry out this section.
  - (4) PAYMENT OBLIGATION.—In accordance with the terms of the settlement agreement, subject to the conditions set forth therein (including the

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1 condition that the final bankruptcy settlement ap-2 proval date shall have occurred, on or before Decem-3 ber 31, 2002), and in consideration for NextWave's complete relinquishment of any and all claims re-5 lated to the designated licenses or the covered spec-6 trum, the Commission shall pay to or on behalf of NextWave the sum of \$9,550,000,000 no later than 7 8 December 31, 2002. The Commission will make a 9 \$6,498,000,000 payment directly to NextWave and 10 will make a \$3,052,000,000 nonrefundable advance 11 tax payment on behalf of and for the benefit of 12 NextWave for the taxable period. This advance pay-13 ment of \$3,052,000,000 can be used by NextWave 14 only toward satisfaction of its Federal income tax li-15 ability for the taxable period and not on a subse-16 quent claim for refund; and it cannot be carried for-17 ward or carried back to any other tax period and is 18 not available for use or tax benefit in any year other 19 than the taxable period. Notwithstanding any other 20 provision of law, the United States is authorized and 21 directed to retain all of NextWave's advance pay-22 ment, irrespective of the total Federal income tax li-23 ability of NextWave.

(5) NEXTWAVE RELINQUISHMENT OF CLAIMS.—In accordance with the terms of the settle-

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- ment agreement, on or before the 10th business day after the final bankruptcy settlement approval date occurs, NextWave shall completely relinquish any and all claims related to the designated licenses and the covered spectrum.
  - NEXTWAVE TAX LIABILITY.—NextWave shall pay to the Internal Revenue Service its full and complete tax liability with respect to the transaction that is the subject of the settlement agreement. Nothing in this section is to be construed as determining NextWave's Federal tax liability for the taxable period or any other tax year, and nothing in this section restricts the Internal Revenue Service's rights to determine NextWave's Federal income tax liability for the taxable period or any other tax year. Payment of its full and complete tax liability shall not permit NextWave to avoid payment to the United States of any other amounts it is obligated to pay the United States pursuant to the terms of the settlement agreement or otherwise.
    - (7) PAYGO PROVISION.—Notwithstanding Rule 3 of the Budget Scorekeeping Guidelines set forth in the Joint Explanatory Statement of the Committee of Conference accompanying Conference Report No. 105–217, any provision of this section that would

have been estimated as changing direct spending or receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 were it included in an Act other than an appropriations Act shall be treated as direct spending or receipts legislation, as appropriate, under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

### (b) Implementation of Auction 35.—

- (1) DISPOSITION OF LICENSE APPLICATIONS.—
  Notwithstanding any other provision of Federal,
  State, or local law, the Commission shall grant auction 35 licenses to each participating auction 35
  winning bidder that the Commission determines is
  qualified to hold the licenses. Any such grant of licenses pursuant to this subsection shall be subsequent to the final bankruptcy settlement approval
  date, and shall be governed by the terms of auction
  35 and the rules of the Commission, except insofar
  as those terms and rules of the Commission are
  modified by this section or by the terms of the settlement agreement.
- (2) WITHDRAWAL OF BIDS.—Any auction 35 winning bidder whose total winning bids for auction 35 licenses did not exceed \$10,000,000 may elect to

withdraw all of its bids for such auction 35 licenses without penalty and shall be entitled to a refund of its monies on deposit with the Commission associated with such auction 35 licenses, provided that such a winning bidder that elects to withdraw its bids must file with the Commission no later than January 30, 2002, a notice of election to withdraw accompanied by a waiver and release, acceptable to the Commission, of all rights and claims relating to such auction 35 licenses, auction 35, or the settlement agreement. Nothing in this section shall be construed to permit any auction 35 winning bidder to withdraw some, but not all, of its bids for auction 35 licenses.

(3) Letters of Credit and Partial Return of Certain amounts on Deposit.—A participating auction 35 winning bidder that provides letters of credit to the United States in accordance with the terms of the settlement agreement shall be entitled to a refund totaling 50 percent of its auction 35 deposits for winning bids for auction 35 licenses submitted by that auction 35 winning bidder. The Commission shall pay such refund upon instructions from the payor of record, in accordance with and within the time prescribed in the settlement

- agreement. Nothing in this paragraph shall prevent the United States from recouping the value of the refunded deposits at a later time, to the extent authorized by the settlement agreement.
  - (4) Nonparticipating auction 35 winning bidder that is not a participating auction 35 winning bidder that is not a participating auction 35 winning bidder shall remain subject to the full terms of auction 35, including but not limited to all payment and default obligations.
  - (5) Payment by participating auction 35 winning bidder that the conditions set forth therein (including the condition that the final bankruptcy settlement approval date shall have occurred, on or before December 31, 2002), and subject to paragraph (6), any participating auction 35 winning bidder that the Commission determines is qualified to hold any license or licenses bid on in auction 35 shall pay the amount due on receipt for each auction 35 license with respect to which the Commission has made such determination, as specified and by the time provided in the settlement agreement, and, in exchange, shall receive all such licenses.

- 1 (6) EARLY PAYMENT.—Any participating auc-2 tion 35 winning bidder may choose, in accordance 3 with the terms of the settlement agreement, to make 4 earlier payment for, and in exchange receive at the 5 time of payment, all auction 35 licenses that the 6 Commission is prepared to grant to it.
  - (7) QUALIFICATION REQUIREMENTS.—In the event the Commission determines that any auction 35 winning bidder is not qualified, under the rules of the Commission or the Communications Act of 1934, to hold an auction 35 license for which it submitted the winning bid, that auction 35 winning bidder remains subject—
    - (A) to the rules of the Commission that would apply in the absence of the settlement agreement, including without limitation any and all payment and default obligations and refund rights; and
      - (B) to the settlement agreement.
  - (8) REFUNDS FOR PARTICIPATING AUCTION 35 WINNING BIDDERS.—In accordance with the terms of the settlement agreement, a participating auction 35 winning bidder that has previously been granted auction 35 licenses shall be entitled to receive from the Commission, and the Commission shall pay from

the budget accounts that received the payments from such bidder, a refund of amounts previously paid by such bidder for such auction 35 licenses as follows—

- (A) any and all amounts due on receipt previously paid by such auction 35 winning bidder, if an order is entered by any court in a proceeding under subsection (c) that denies or has the legal effect of denying a participating auction 35 winning bidder's right to use the spectrum covered by one or more auction 35 licenses that were previously granted to such participating auction 35 winning bidder, subject to the provisions set forth in the settlement agreement with respect to repayment on restoration of rights; and
- (B) any and all amounts due on receipt and auction 35 deposits previously paid by, and not previously refunded to, such auction 35 winning bidder for such licenses, under the following circumstances—
  - (i) if an order entered by any court in a proceeding under subsection (c) is in effect on or after December 31, 2002, that denies or has the legal effect of denying a participating auction 35 winning bidder's

1	right to use the spectrum covered by one
2	or more auction 35 licenses that were pre-
3	viously granted to such participating auc-
4	tion 35 winning bidder;
5	(ii) if a final court order precludes or
6	has the legal effect of precluding the Com-
7	mission from paying all or part of the
8	amounts set forth in subsection (a); or
9	(iii) if, on December 31, 2002, the
10	Commission has not released an order with
11	respect to one or more auction 35 licenses
12	for which a participating auction 35 win-
13	ning bidder submitted the winning bids de-
14	termining either that the Commission is
15	prepared to grant such auction 35 license
16	or that such participating auction 35 win-
17	ning bidder is not qualified to hold such
18	auction 35 license.
19	(9) Rule of Construction.—Nothing in this
20	section shall be construed to expand or limit any
21	right to a refund set forth in the settlement agree-
22	ment.
23	(c) Judicial Review.—
24	(1) Exclusive review.—Subject to the limita-
25	tions and preclusions in subsection (d), any pro-

ceeding for review within the scope of this subsection may be brought only in the United States Court of Appeals for the District of Columbia Circuit, which shall have exclusive jurisdiction over any such proceeding.

## (A) Any—

- (i) appeal of an order disposing of the motion filed by NextWave for approval of the settlement agreement; or
- (ii) petition seeking judicial review of the procedures provided by this section for the resolution of issues presented by such motion;

shall be commenced by the filing, within 10 days after entry of the order disposing of such motion, of a notice of expedited appeal or notice of expedited petition, as appropriate, which shall include a reference to the review provisions of this section. Nothing in this section shall affect the standard of review or substantive law applicable in any such proceeding. Except in a proceeding under this subparagraph, no court shall have jurisdiction to consider any issue that could have been raised in a proceeding filed under this subparagraph.

1	(B) Any petition seeking judicial review of
2	an order of the Commission approving the set-
3	tlement agreement shall be commenced by the
4	filing, within 10 days after the later of—
5	(i) the date on which public notice is
6	given of the order of the Commission; or
7	(ii) the effective date of this section;
8	of a petition for expedited review, which shall
9	include a reference to the review provisions of
10	this section.
11	(C) Any challenge to any aspect of the con-
12	stitutionality of this section, except for a chal-
13	lenge that must be brought pursuant to sub-
14	paragraph (A), shall be commenced by the fil-
15	ing, within 10 days after the effective date of
16	this section, of a petition for expedited review,
17	which shall include a reference to the review
18	provisions of this section.
19	(2) Expedited treatment.—The Court of
20	Appeals shall advance on its docket any and all pro-
21	ceedings brought under paragraph (1) and shall ex-
22	pedite them to the greatest extent possible, with a
23	view to deciding the cases within 55 days after the
24	filing of the last timely filed petition or notice of ap-

peal, if practicable. Such expedited procedures shall

apply to all such cases, including those that are before the court following any remand to the Commission or to the lower court with jurisdiction over further proceedings related to the motion filed by NextWave for approval of the settlement agreement. Any petition for rehearing or rehearing en banc of an order by the Court of Appeals in a case under paragraph (1) shall be filed within 10 days after the entry of judgment. The Court of Appeals shall expedite its consideration of any such petition to the greatest extent possible, with a view to resolving the petition within 20 days after it is filed, if practicable.

(3) CERTIORARI.—Any petition for a writ of certiorari seeking review by the Supreme Court of the United States of a judgment or order by the Court of Appeals under this subsection shall be filed within 10 days after the entry of the judgment or order. Any opposition shall be filed within 10 days after the filing of the petition. The Supreme Court shall advance any such petition on its docket and expedite its consideration of the petition to the greatest extent possible, with a view to acting on the petition within 30 days after it is filed, if practicable. In the event the petition is granted, the Supreme

- 1 Court shall expedite consideration to the greatest ex-2 tent possible, with a view to issuing an order within 3 70 days of the grant of the writ of certiorari, if 4 practicable.
  - (4) LIMITS ON INTERLOCUTORY RELIEF AFFECTING LICENSES.—In adjudicating matters arising under subparagraph (B) or (C) of paragraph
    (1), no court shall have jurisdiction to enter an
    order that would require an auction 35 winning bidder to surrender or relinquish an auction 35 license,
    or that would deny or have the legal effect of denying a licensee's right to use the spectrum covered by
    such a license, due to the invalidity of the settlement
    agreement, of an order of the Commission approving
    the settlement agreement, or of this section, at any
    time before there is a final judgment in a proceeding
    under such subparagraph that is no longer subject
    to further review.
    - (5) EXCLUSION OF BIDDER-SPECIFIC LITIGATION AND ENFORCEMENT PROCEEDINGS.—The following proceedings shall be excluded from the scope of this subsection:
    - (A) Any proceeding seeking judicial review of any decision or order of the Commission specific to an auction 35 winning bidder's license

- application, including, but not limited to, a proceeding pursuant to subparagraph (A) or (B) of subsection (d)(1) concerning the bidder's qualifications to hold a license.
  - (B) Any proceeding to enforce the terms of the settlement agreement, including, but not limited to, a proceeding pursuant to subparagraph (C) of subsection (d)(1).
  - (6) LIMITATION ON JURISDICTION.—Except in a proceeding filed under paragraph (1), no court shall have jurisdiction to consider any issue that could have been raised in an action filed under such paragraph.

## (d) Limitation and Preclusion of Actions.—

- (1) Limitation on administrative or judicial review, except that—
  - (A) administrative and judicial review of a decision of the Commission disposing of any petition to deny applications of an auction 35 winning bidder, which petition was timely filed on

or before March 9, 2001, in accordance with
the requirements of section 1.2108(b) of title
47, Code of Federal Regulations, and "C and F
Block Broadband PCS Auction: Applications
Accepted For Filing," Public Notice, DA 01–
520 (released February 27, 2001), is not precluded;

- (B) administrative and judicial review of a decision of the Commission determining that an auction 35 winning bidder is not qualified to hold a license, initiated by that auction 35 winning bidder, is not precluded;
- (C) any party to the settlement agreement may initiate a proceeding to enforce the terms of the settlement agreement;
- (D) subject to subsection (c)(1)(A), this section does not affect jurisdiction to rule on the motion filed by NextWave for approval of the settlement agreement; and
- (E) this section, the settlement agreement, and any Commission order approving the settlement agreement, shall be subject to review solely for constitutionality and solely as provided in subparagraphs (A), (B), and (C) of subsection (c)(1).

- 1 (2) Limitation on injunctions regarding
  2 Letters of credit.—No court shall have jurisdic3 tion to enjoin the United States or the Commission
  4 from exercising its rights to draw on the letters of
  5 credit that have been provided by a participating
  6 auction 35 winning bidder in accordance with the
  7 terms of the settlement agreement.
- 8 (3) Preservation of commission author-9 ITY.—Nothing in this subsection affects the jurisdic-10 tion or authority of the Commission, consistent with 11 the Communications Act of 1934, the rules of the 12 Commission, and the settlement agreement, to with-13 draw authorization to use spectrum or enforce li-14 cense conditions applicable to the affected spectrum. 15 Except as otherwise provided in this section or the 16 settlement agreement, auction 35 winning bidders 17 remain subject to the rules of the Commission and 18 the Communications Act of 1934.
- (e) Frivolous Actions.—Any person who files an action in derogation of limitations or deadlines set forth in subsections (c) and (d), or who is found to have acted without substantial justification in filing such action, shall be subject to sanctions under section 1927 of title 28, United States Code, and Rule 11 of the Federal Rules

of Civil Procedure.

(f) DEFINITIONS.—As used in this section:

- 2 (1) Amount due on receipt" means the amount equal to
  4 the balance due to the Commission, under the rules
  5 of the Commission, as of the applicable payment
  6 date under the settlement agreement for an auction
  7 35 license. The amount due on receipt for an auc8 tion 35 license does not include the auction 35 de9 posit for such license.
  - (2) Auction 35.—The term "auction 35" means the Commission-conducted spectrum auction number 35 that commenced on December 12, 2000, for Personal Communications Services licenses to operate covered spectrum and other spectrum.
  - (3) Auction 35 Deposit.—The term "auction 35 deposit" means any monies on deposit with the Commission paid by a participating auction 35 winning bidder for an auction 35 license. The auction 35 deposit for an auction 35 license does not include the amount due on receipt for such license.
  - (4) Auction 35 licenses.—The term "auction 35 licenses" means those licenses to use covered spectrum for which auction 35 winning bidders submitted winning bids in auction 35.

- 1 (5) AUCTION 35 WINNING BIDDER.—The term
  2 "auction 35 winning bidder" means those entities
  3 that submitted winning bids in auction 35 for cov4 ered spectrum.—
  - ORDER.—The term "bankruptcy settlement approval order" means an order authorizing and directing NextWave to enter into the transactions contemplated in the settlement agreement on the terms specified therein, to relinquish any and all claims to the covered spectrum and the designated licenses, and to return the designated licenses to the Commission in exchange for the payments provided in the settlement agreement.
    - (7) Business day.—The term "business day" means any day, other than Saturday or Sunday, on which commercial banks in New York City and the Commission's offices are open for the general transaction of business.
    - (8) COMMISSION.—The term "Commission" means the Federal Communications Commission.
    - (9) COVERED SPECTRUM.—The term "covered spectrum" means spectrum that NextWave had been authorized to use under the designated licenses.

1	(10) Days.—The term "days" means calendar
2	days, including weekends and holidays.
3	(11) Designated licenses.—The term "des-
4	ignated licenses" means the C Block and F Block li-
5	censes for which NextWave was the winning bidder
6	at auctions concluded in 1996 and 1997 by the
7	Commission under section 309(j) of the Communica-
8	tions Act of 1934.
9	(12) Final.—The term "final" means with re-
10	spect to any order that such an order has not been
11	reversed, modified or stayed and—
12	(A) the time to appeal such order has ex-
13	pired and no appeal or petition for review, re-
14	hearing or certiorari is pending; or
15	(B) any appeal has been fully decided and
16	no further appeal or petition for review, rehear-
17	ing, or certiorari can be timely taken or grant-
18	ed.
19	(13) Final bankruptcy settlement ap-
20	PROVAL DATE.—The term "final bankruptcy settle-
21	ment approval date" means the date on which all of
22	the following conditions have been satisfied:
23	(A) The bankruptcy settlement approval
24	order has become final.

- 1 (B) Any proceeding pursuant to paragraph
  2 (1)(A) of subsection (c) has been resolved by an
  3 order that has become final.
  - (C) Either Verizon Wireless has caused letters of credit to be issued in accordance with the terms of the settlement agreement, or, in the absence of the required letters of credit, the United States has not, within the time provided by the settlement agreement, exercised its right to terminate the settlement agreement.
  - (14) MOTION FILED BY NEXTWAVE FOR APPROVAL OF THE SETTLEMENT AGREEMENT.—The term "motion filed by NextWave for approval of the settlement agreement" means the motion filed by NextWave on November 30, 2001, including any supplements, amendments, or modifications thereto, in the case entitled In re NextWave Personal Communications Inc., Bankr. S.D.N.Y. No. 98 B 21529 (ASH), for approval of the settlement agreement, or any subsequent motion filed by NextWave for approval of the settlement agreement.
  - (15) Nextwave.—The term "NextWave" means NextWave Personal Communications Inc. and its affiliates, NextWave Telecom Inc., NextWave

- Partners Inc., NextWave Power Partners Inc., and
   NextWave Wireless Inc.
- (16) Participating auction 35 winning bid-DER.—The term "participating auction 35 winning bidder" means an auction 35 winning bidder that is a party to the settlement agreement on January 10, 2002, provided that any auction 35 winning bidder whose total winning bids for auction 35 licenses did not exceed \$10,000,000 may become a party by exe-cuting the settlement agreement no later than Janu-ary 30, 2002.
  - (17) Rules of the Commission.—The term "rules of the Commission" means any and all rules, regulations, policies, procedures, public notices, and orders of the Commission that are in effect at the time an action, event or matter in question occurs.
  - (18) Settlement agreement.—The term "settlement agreement" means the settlement agreement dated November 15, 2001, entered into by NextWave, the Commission, the United States, and participating auction 35 winning bidders.
  - (19) TAXABLE PERIOD.—The term "taxable period" means the tax period in which NextWave relinquishes any and all claims related to the designated

- licenses and the covered spectrum, as provided in
- 2 paragraph (5) of subsection (a).
- 3 (g) Effective Date.—This Act shall take effect on
- 4 the date of the enactment of this Act and shall supersede
- 5 any other Federal, State, or local law to the contrary.
- 6 (h) SEVERABILITY.—If a provision of this Act is held
- 7 invalid, all valid provisions that are severable from the in-
- 8 valid provision shall remain in effect.

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