

105TH CONGRESS  
2D SESSION

# H. R. 4324

To amend the Communications Act of 1934 to reduce telephone rates, provide advanced telecommunications services to schools, libraries, and certain health care facilities, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 23, 1998

Mr. TAUZIN (for himself, Mr. WELLER, Mr. HULSHOF, Mr. COX of California, Mr. ROGAN, Mr. SHIMKUS, Mr. SUNUNU, Mr. GOSS, Mr. WHITFIELD, Mr. SMITH of Michigan, and Mr. LEWIS of Kentucky) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Ways and Means, 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

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## A BILL

To amend the Communications Act of 1934 to reduce telephone rates, provide advanced telecommunications services to schools, libraries, and certain health care facilities, 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 “Schools and Libraries  
5 Internet Access Act”.

1 **SEC. 2. REPEAL OF FEDERAL COMMUNICATIONS COMMIS-**  
 2 **SION AUTHORITY.**

3 Section 254 of the Communications Act of 1934 (47  
 4 U.S.C. 254) is amended—

5 (1) in subsection (b)—

6 (A) by striking paragraph (6); and

7 (B) by redesignating paragraph (7) as  
 8 paragraph (6);

9 (2) in subsection (c)—

10 (A) in paragraph (1)(A), by striking “edu-  
 11 cation, public health, or”; and

12 (B) by striking paragraph (3); and

13 (3) by striking subsection (h).

14 **SEC. 3. REDUCTION OF EXCISE TAX ON TELEPHONE AND**  
 15 **OTHER COMMUNICATIONS SERVICES.**

16 (a) PHASE-OUT OF TAX.—Section 4251(b)(2) of the  
 17 Internal Revenue Code of 1986 is amended to read as fol-  
 18 lows:

19 “(2) APPLICABLE PERCENTAGE.—The term  
 20 ‘applicable percentage’ means—

21 “(A) 3.0 percent with respect to amounts  
 22 paid pursuant to bills first rendered before Jan-  
 23 uary 1, 1999; and

24 “(B) 1.0 percent with respect to amounts  
 25 paid pursuant to bills first rendered on or after  
 26 January 1, 1999, and before October 1, 2003.”

1 (b) REPEAL OF TAX.—Subchapter B of chapter 33  
 2 of the Internal Revenue Code of 1986 is repealed effective  
 3 with respect to bills first rendered on or after October 1,  
 4 2003.

5 **SEC. 4. TELECOMMUNICATIONS TECHNOLOGY TRUST**  
 6 **FUND.**

7 (a) IN GENERAL.—Chapter 98 of the Internal Reve-  
 8 nue Code of 1986 is amended by inserting after section  
 9 9510 the following:

10 **“SEC. 9511. TELECOMMUNICATIONS TECHNOLOGY TRUST**  
 11 **FUND.**

12 “(a) CREATION OF TRUST FUND.—There is estab-  
 13 lished in the Treasury of the United States a trust fund  
 14 to be known as the “Telecommunications Technology  
 15 Trust Fund”, consisting of such amounts as may be ap-  
 16 propriated or credited pursuant to this section or section  
 17 9602(b).

18 “(b) TRANSFER TO TELECOMMUNICATIONS TECH-  
 19 NOLOGY TRUST FUND AMOUNTS EQUIVALENT TO CER-  
 20 TAIN TAXES.—There are hereby appropriated to the Tele-  
 21 communications Technology Trust Fund amounts equiva-  
 22 lent to 100 percent of the taxes received in the Treasury  
 23 after December 31, 1998, under section 4251 (relating to  
 24 tax on communications).

1       “(c) EXPENDITURES FROM TELECOMMUNICATIONS  
 2 TECHNOLOGY TRUST FUND.—Amounts in the Tele-  
 3 communications Technology Trust Fund shall be available  
 4 for making expenditures to carry out the provisions of sec-  
 5 tion 106 of the National Telecommunications and Infor-  
 6 mation Administration Organization Act.

7       “(d) SUNSET.—The provisions of this section shall  
 8 cease to be effective on October 1, 2003.”.

9   **SEC. 5. PROVISION OF TELECOMMUNICATIONS SERVICES**  
 10                   **TO SCHOOLS, LIBRARIES, AND RURAL**  
 11                   **HEALTH CARE PROVIDERS.**

12       Part A of the National Telecommunications and In-  
 13 formation Administration Organization Act (47 U.S.C.  
 14 901 et seq.) is amended by adding at the end the following  
 15 new section:

16   **“SEC. 106. PROVISION OF ADVANCED TELECOMMUNI-**  
 17                   **CATIONS SERVICES.**

18       “(a) PROVISION OF CERTAIN TELECOMMUNICATIONS  
 19 AND RELATED SERVICES.—

20               “(1) GRANTS AUTHORIZED.—The Secretary (or  
 21 the Secretary’s designee) shall award a grant for a  
 22 fiscal year to each State having an approved plan  
 23 under paragraph (3) for the following purposes:

24                   “(A) To assist in acquiring telecommuni-  
 25 cations and related services which are necessary

1 for the provision of health care services, includ-  
2 ing instruction relating to such telecommuni-  
3 cations and related services, by any public or  
4 nonprofit health care provider that serves per-  
5 sons who reside in a rural area, as defined in  
6 section 1886(d)(2)(D) of the Social Security  
7 Act (42 U.S.C. 1395ww(d)(2)(D)).

8 “(B) To assist in acquiring telecommuni-  
9 cations and related services for elementary  
10 schools, secondary schools, and libraries for  
11 educational purposes.

12 “(2) ALLOCATION OF FUNDS.—From amounts  
13 appropriated pursuant to subsection (b), the Sec-  
14 retary shall allocate to each of the 50 States, the  
15 District of Columbia, and the Commonwealth of  
16 Puerto Rico as follows, except that no State shall re-  
17 ceive less than  $\frac{1}{2}$  of 1 percent of such amount:

18 “(A) Fifty percent shall be allocated  
19 among such jurisdictions on the basis of their  
20 relative populations of individuals aged five  
21 through 17, as determined by the Secretary on  
22 the basis of the most recent satisfactory data.

23 “(B) Fifty percent shall be allocated  
24 among such jurisdictions in accordance with the  
25 relative amounts such jurisdictions received

1 under part A of title I of the Elementary and  
2 Secondary Education Act of 1965 for the pre-  
3 ceding fiscal year.

4 “(3) STATE PLANS.—In order for a State to re-  
5 ceive a grant or an allocation of funds under this  
6 part for any fiscal year, such State shall have in ef-  
7 fect for such fiscal year a State plan. Such plan  
8 shall—

9 “(A) designate the State educational agen-  
10 cy (as such term is defined in section 14101 of  
11 the Elementary and Secondary Education Act  
12 of 1965) as the State agency responsible for the  
13 administration of the program assisted under  
14 this part;

15 “(B) set forth a program under which  
16 funds paid to the State in accordance with this  
17 section will be expended solely for—

18 “(i) acquiring certain telecommuni-  
19 cations and related services under sub-  
20 section (a); and

21 “(ii) administration of the State plan,  
22 except that the amount used for adminis-  
23 tration of the State plan in any fiscal year  
24 shall not exceed 2 percent of the amount

1           available to such State under this section  
2           for such fiscal year;

3           “(C) set forth criteria to be used in allot-  
4           ting funds among the eligible entities in the  
5           State, taking into consideration the relative eco-  
6           nomic need of the eligible entities, including the  
7           number of students or other persons who are—

8                   “(i) living in areas with high con-  
9                   centrations of low-income families;

10                   “(ii) from or part of a low-income  
11                   family; and

12                   “(iii) living in sparsely populated  
13                   areas; and

14           “(D) contain assurance that funds paid to  
15           the State in accordance with this section will be  
16           expended in accordance with the regulations  
17           prescribed by the Secretary under paragraph  
18           (5).

19           “(4) TERMS AND CONDITIONS.—Telecommuni-  
20           cations and related services and network capacity  
21           provided to a school, library, or health care provider  
22           under this section may not be sold, resold, or other-  
23           wise transferred by such user in consideration for  
24           money or any other thing of value.

1           “(5) RULEMAKING AUTHORITY.—The Secretary  
2           (or the Secretary’s designee) shall prescribe such  
3           regulations as may be necessary to establish quali-  
4           fications and conditions to carry out the provisions  
5           of this section. Such regulations shall include cri-  
6           teria by which States shall determine, in the case of  
7           any acquisition of telecommunications and related  
8           services for elementary schools, secondary schools,  
9           and libraries for educational purposes that includes  
10          the installation of equipment within any such school  
11          or library, whether the installation is essential to  
12          permit such school or library to have access to ad-  
13          vanced technologies.

14          “(6) DEFINITIONS.—For purposes of this sec-  
15          tion:

16                 “(A) ELEMENTARY AND SECONDARY  
17                 SCHOOLS.—The terms ‘elementary schools’ and  
18                 ‘secondary schools’ have the same meanings  
19                 given those terms in paragraphs (14) and (25),  
20                 respectively, of section 14101 of the Elementary  
21                 and Secondary Education Act of 1965.

22                 “(B) HEALTH CARE PROVIDER.—The term  
23                 ‘health care provider’ includes—

1 “(i) post-secondary educational insti-  
2 tutions offering health care instructions,  
3 teaching hospitals, and medical schools;

4 “(ii) community health centers or  
5 health centers providing health care to mi-  
6 grants;

7 “(iii) local health departments or  
8 agencies;

9 “(iv) community mental health cen-  
10 ters;

11 “(v) not-for-profit hospitals;

12 “(vi) rural health clinics; and

13 “(vii) consortia of health care provid-  
14 ers consisting of 1 or more of the above  
15 described entities.

16 “(C) ELIGIBLE ENTITIES.—Notwithstand-  
17 ing subparagraph (A) or (B), no entity shall be  
18 entitled to receive grants authorized under this  
19 section if such entity operates as other than a  
20 not-for-profit business, is a school described in  
21 subparagraph (A) with an endowment of more  
22 than \$50,000,000, or is a library or library con-  
23 sortium not eligible for assistance from a State  
24 library administrative agency under the Library  
25 Services and Technology Act.

1 “(b) EXPENDITURE AUTHORITY.—

2 “(1) APPROPRIATIONS FROM TRUST FUND.—

3 “(A) AUTHORIZATION.—Subject to sub-  
4 paragraphs (B) and (C), there are authorized to  
5 be appropriated from the Telecommunications  
6 Technology Trust Fund, established pursuant  
7 to section 9511 of the Internal Revenue Code of  
8 1986, such funds as may be necessary for each  
9 of the fiscal years 1999 through 2003 to  
10 fund—

11 “(i) the grants authorized by section  
12 (a)(1); and

13 “(ii) such expenditures as may be nec-  
14 essary to administer the programs estab-  
15 lished by this section.

16 “(B) LIMITATION BASED ON COLLEC-  
17 TIONS.—No amount may be appropriated pur-  
18 suant to subparagraph (A) for a fiscal year for  
19 grants pursuant to section (a)(1) that in the  
20 aggregate exceed 100 percent of the trust fund  
21 receipts credited to the Telecommunications  
22 Technology Trust Fund with respect to the pre-  
23 ceding fiscal year.

24 “(C) FISCAL YEAR 1999 LIMITATION.—The  
25 amount appropriated under subparagraph (A)

1 for fiscal year 1999 shall not exceed  
2 \$1,700,000,000.

3 “(D) UNEXPENDED BALANCES.—Any bal-  
4 ances in the Telecommunications Technology  
5 Trust Fund after deduction of the amount ap-  
6 propriated under subparagraph (A) for any fis-  
7 cal year are authorized to be transferred to and  
8 deposited in the general fund of the Treasury,  
9 to the extent so provided in an appropriations  
10 Act.

11 “(2) APPROPRIATIONS AFTER EXPIRATION OF  
12 TAX RECEIPTS.—For fiscal year 2004 and each of  
13 the succeeding fiscal years, there are authorized to  
14 be appropriated, from funds in the Treasury not  
15 otherwise appropriated, not to exceed \$500,000,000  
16 to fund—

17 “(A) the grants authorized by section  
18 (a)(1); and

19 “(B) such expenditures as may be nec-  
20 essary to administer the programs established  
21 by this section.”.

22 **SEC. 6. EFFECTIVE DATES.**

23 (a) DELAYED DATE.—The amendments made by sec-  
24 tions 2 and 5 of this Act shall be effective 180 days after  
25 the date of enactment of this Act.

1       (b) IMMEDIATE EFFECT.—The amendments made by  
2 sections 3 and 4 of this Act shall be effective on the date  
3 of enactment of this Act.

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