

108TH CONGRESS
1ST SESSION

H. R. 138

To bridge the digital divide in rural areas.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2003

Mr. MCHUGH introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, and Science, 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 bridge the digital divide in rural areas.

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 “Rural America Digital
5 Accessibility Act”.

6 **SEC. 2. GRANTS TO FACILITATE DEPLOYMENT OF**
7 **BROADBAND TELECOMMUNICATIONS CAPA-**
8 **BILITIES TO UNDERSERVED RURAL AREAS.**

9 (a) IN GENERAL.—In order to facilitate the deploy-
10 ment by the private sector of broadband telecommuni-

1 cations networks and capabilities (including wireless and
2 satellite networks and capabilities) to underserved rural
3 areas, the Secretary of Commerce (in this section, referred
4 to as the “Secretary”) may—

5 (1) make grants to eligible recipients for that
6 purpose;

7 (2) guarantee loans, either whole or in part, of
8 eligible recipients the proceeds of which are to be
9 used for that purpose; or

10 (3) carry out activities under both paragraphs
11 (1) and (2).

12 (b) **ELIGIBLE RECIPIENTS.**—For purposes of this
13 section, an eligible recipient of a grant or loan guarantee
14 under subsection (a) is any person or entity selected by
15 the Secretary in accordance with such procedures as the
16 Secretary shall establish.

17 (c) **UNDERSERVED RURAL AREAS.**—The Secretary
18 shall identify the areas that constitute underserved rural
19 areas for purposes of this section.

20 (d) **EMPHASIS ON PARTICULAR CAPABILITIES.**—In
21 selecting a person or entity as an eligible recipient of a
22 grant or loan guarantee under subsection (a), the Sec-
23 retary shall give particular emphasis to persons or entities
24 that propose to use the grant or the proceeds of the loan

1 guaranteed, as the case may be, to leverage non-Federal
2 resources to do one or more of the following:

3 (1) Provide underserved rural areas with access
4 to Internet service by local telephone.

5 (2) Demonstrate new models or emerging tech-
6 nologies to bring broadband telecommunications
7 services to underserved rural areas on a cost-effec-
8 tive basis.

9 (3) Use broadband telecommunications services
10 to stimulate economic development, such as pro-
11 viding connections between and among industrial
12 parks located in such areas and providing high-speed
13 telecommunications service links to small business
14 incubators.

15 (e) CONSULTATION.—The Secretary may consult
16 with the Federal Communications Commission in carrying
17 out activities under this section.

18 (f) LIMITATION ON AMOUNT.—The amount of any
19 grants made under this section, and the cost (as defined
20 in section 502(5) of the Federal Credit Reform Act of
21 1990 (2 U.S.C. 661a(5)) of any loans guaranteed under
22 this section, may not, in the aggregate, exceed
23 \$100,000,000.

24 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
25 authorized to be appropriated for the Department of Com-

1 merce for purposes of grants and loan guarantees under
2 this section \$100,000,000 for fiscal year 2003, and such
3 sums as are necessary for each fiscal year thereafter.

4 **SEC. 3. RESEARCH ON ENHANCEMENT OF BROADBAND**
5 **TELECOMMUNICATIONS SERVICES.**

6 (a) IN GENERAL.—The Director of the National
7 Science Foundation (in this section, referred to as the
8 “Director”) shall carry out research on the following:

9 (1) Means of enhancing or facilitating the avail-
10 ability of broadband telecommunications services in
11 rural areas and other remote areas.

12 (2) Means of facilitating or enhancing access to
13 the Internet through broadband telecommunications
14 services.

15 (b) SCOPE OF AUTHORITY.—The Director may carry
16 out research under subsection (a) within the National
17 Science Foundation or pursuant to such grants, agree-
18 ments, or other arrangements as the Director considers
19 appropriate.

20 (c) RESULTS OF RESEARCH.—The Director shall
21 make available to the public, in such manner as the Direc-
22 tor considers appropriate, the results of any research car-
23 ried out under this section.

24 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
25 authorized to be appropriated for the National Science

1 Foundation for purposes of activities under this section
 2 \$25,000,000 for fiscal year 2003, and such sums as are
 3 necessary for each fiscal year thereafter.

4 **SEC. 4. TAX CREDIT TO HOLDERS OF QUALIFIED TECH-**
 5 **NOLOGY BONDS.**

6 (a) IN GENERAL.—Part IV of subchapter A of chap-
 7 ter 1 of the Internal Revenue Code of 1986 (relating to
 8 credits against tax) is amended by adding at the end the
 9 following new subpart:

10 **“Subpart H—Nonrefundable Credit for Holders of**
 11 **Qualified Technology Bonds**

“Sec. 54. Credit to holders of qualified technology bonds.

12 **“SEC. 54. CREDIT TO HOLDERS OF QUALIFIED TECH-**
 13 **NOLOGY BONDS.**

14 “(a) ALLOWANCE OF CREDIT.—In the case of a tax-
 15 payer who holds a qualified technology bond on a credit
 16 allowance date of such bond which occurs during the tax-
 17 able year, there shall be allowed as a credit against the
 18 tax imposed by this chapter for such taxable year the
 19 amount determined under subsection (b).

20 “(b) AMOUNT OF CREDIT.—

21 “(1) IN GENERAL.—The amount of the credit
 22 determined under this subsection with respect to any
 23 qualified technology bond is the amount equal to the
 24 product of—

1 “(A) the credit rate determined by the Sec-
2 retary under paragraph (2) for the month in
3 which such bond was issued, multiplied by

4 “(B) the face amount of the bond held by
5 the taxpayer on the credit allowance date.

6 “(2) DETERMINATION.—During each calendar
7 month, the Secretary shall determine a credit rate
8 which shall apply to bonds issued during the fol-
9 lowing calendar month. The credit rate for any
10 month is the percentage which the Secretary esti-
11 mates will permit the issuance of qualified tech-
12 nology bonds without discount and without interest
13 cost to the issuer.

14 “(c) LIMITATION BASED ON AMOUNT OF TAX.—The
15 credit allowed under subsection (a) for any taxable year
16 shall not exceed the excess of—

17 “(1) the sum of the regular tax liability (as de-
18 fined in section 26(b)) plus the tax imposed by sec-
19 tion 55, over

20 “(2) the sum of the credits allowable under this
21 part (other than this subpart and subpart C).

22 “(d) QUALIFIED TECHNOLOGY BOND.—For pur-
23 poses of this part—

1 “(1) IN GENERAL.—The term ‘qualified tech-
2 nology bond’ means any bond issued as part of an
3 issue if—

4 “(A) 95 percent or more of the proceeds of
5 such issue are to be used for any (or a series
6 of) qualified projects,

7 “(B) the bond is issued by a State or local
8 government within the jurisdiction of which
9 such project is located,

10 “(C) the issuer designates such bond for
11 purposes of this section,

12 “(D) the issuer certifies that it has ob-
13 tained the written approval of the Secretary of
14 Commerce for such project, and

15 “(E) the term of each bond which is part
16 of such issue does not exceed 15 years.

17 “(2) QUALIFIED PROJECT.—

18 “(A) IN GENERAL.—The term ‘qualified
19 project’ means a project—

20 “(i) to expand broadband tele-
21 communications services in an area within
22 the jurisdiction of a State or local govern-
23 ment,

1 “(ii) which is nominated by such State
2 or local government for a designation as a
3 qualified project, and

4 “(iii) which the Secretary of Com-
5 merce, after consultation with the Sec-
6 retary of Housing and Urban Develop-
7 ment, designates as a qualified project or
8 a series of qualified projects.

9 “(B) DESIGNATION PREFERENCES.—With
10 respect to designations under this section, pref-
11 erences shall be given to—

12 “(i) nominations of projects involving
13 underserved urban or rural areas lacking
14 access to high-speed Internet connections,
15 and

16 “(ii) nominations reflecting partner-
17 ships and comprehensive planning between
18 State and local governments and the pri-
19 vate sector.

20 “(e) LIMITATION ON AMOUNT OF BONDS DES-
21 IGNATED.—

22 “(1) NATIONAL LIMITATION.—There is a na-
23 tional technology bond limitation for each calendar
24 year. Such limitation is \$100,000,000 for 2003,

1 2004, 2005, 2006, and 2007, and, except as pro-
2 vided in paragraph (4), zero thereafter.

3 “(2) ALLOCATION OF LIMITATION.—The na-
4 tional technology bond limitation for a calendar year
5 shall be allocated by the Secretary among the quali-
6 fied projects designated for such year.

7 “(3) DESIGNATION SUBJECT TO LIMITATION
8 AMOUNT.—The maximum aggregate face amount of
9 bonds issued during any calendar year which may be
10 designated under subsection (d)(1) with respect to
11 any qualified project shall not exceed the limitation
12 amount allocated to such project under paragraph
13 (2) for such calendar year.

14 “(4) CARRYOVER OF UNUSED LIMITATION.—If
15 for any calendar year—

16 “(A) the national technology limitation
17 amount, exceeds

18 “(B) the amount of bonds issued during
19 such year which are designated under sub-
20 section (d)(1) with respect to qualified projects,
21 the national technology limitation amount for the
22 following calendar year shall be increased by the
23 amount of such excess.

24 “(f) OTHER DEFINITIONS.—For purposes of this
25 subpart—

1 “(1) BOND.—The term ‘bond’ includes any ob-
2 ligation.

3 “(2) CREDIT ALLOWANCE DATE.—The term
4 ‘credit allowance date’ means, with respect to any
5 issue, the last day of the 1-year period beginning on
6 the date of issuance of such issue and the last day
7 of each successive 1-year period thereafter.

8 “(3) STATE.—The term ‘State’ means the sev-
9 eral States and the District of Columbia.

10 “(g) CREDIT INCLUDED IN GROSS INCOME.—Gross
11 income includes the amount of the credit allowed to the
12 taxpayer under this section (determined without regard to
13 subsection (c)) and the amount so included shall be treat-
14 ed as interest income.

15 “(h) OTHER SPECIAL RULES.—

16 “(1) PARTNERSHIP; S CORPORATION; AND
17 OTHER PASS-THRU ENTITIES.—Under regulations
18 prescribed by the Secretary, in the case of a partner-
19 ship, trust, S corporation, or other pass-thru entity,
20 rules similar to the rules of section 41(g) shall apply
21 with respect to the credit allowable under subsection
22 (a).

23 “(2) BONDS HELD BY REGULATED INVEST-
24 MENT COMPANIES.—If any qualified technology bond
25 is held by a regulated investment company, the cred-

1 it determined under subsection (a) shall be allowed
2 to shareholders of such company under procedures
3 prescribed by the Secretary.

4 “(3) TREATMENT FOR ESTIMATED TAX PUR-
5 POSES.—Solely for purposes of sections 6654 and
6 6655, the credit allowed by this section to a tax-
7 payer by reason of holding a qualified technology
8 bond on a credit allowance date shall be treated as
9 if it were a payment of estimated tax made by the
10 taxpayer on such date.

11 “(4) REPORTING.—Issuers of qualified tech-
12 nology bonds shall submit reports similar to the re-
13 ports required under section 149(e).”.

14 (b) REPORTING.—Subsection (d) of section 6049 of
15 the Internal Revenue Code of 1986 (relating to returns
16 regarding payments of interest) is amended by adding at
17 the end the following new paragraph:

18 “(8) REPORTING OF CREDIT ON QUALIFIED
19 TECHNOLOGY BONDS.—

20 “(A) IN GENERAL.—For purposes of sub-
21 section (a), the term ‘interest’ includes amounts
22 includible in gross income under section 54(g)
23 and such amounts shall be treated as paid on
24 the credit allowance date (as defined in section
25 54(f)(2)).

1 “(B) REPORTING TO CORPORATIONS,
2 ETC.—Except as otherwise provided in regula-
3 tions, in the case of any interest described in
4 subparagraph (A) of this paragraph, subsection
5 (b)(4) of this section shall be applied without
6 regard to subparagraphs (A), (H), (I), (J), (K),
7 and (L)(i).

8 “(C) REGULATORY AUTHORITY.—The Sec-
9 retary may prescribe such regulations as are
10 necessary or appropriate to carry out the pur-
11 poses of this paragraph, including regulations
12 which require more frequent or more detailed
13 reporting.”.

14 (c) CLERICAL AMENDMENTS.—

15 (1) The table of subparts for part IV of sub-
16 chapter A of chapter 1 of the Internal Revenue Code
17 of 1986 is amended by adding at the end the fol-
18 lowing new item:

 “Subpart H. Nonrefundable Credit for Holders of Qualified Technology
 Bonds.”.

19 (2) Section 6401(b)(1) of such Code is amend-
20 ed by striking “and G” and inserting “G, and H”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to obligations issued after Decem-
23 ber 31, 2002.

1 **SEC. 5. GRANTS FOR TECHNOLOGY EXTENSION.**

2 (a) PURPOSE.—It is the purpose of this section—

3 (1) to encourage meaningful use of the most
4 advanced available technologies by small businesses
5 and medium-sized businesses to the maximum extent
6 possible to improve the productivity of those busi-
7 nesses and thereby to promote economic growth; and

8 (2) to promote regional partnerships between
9 educational institutions and businesses to develop
10 such technologies and products in the surrounding
11 areas.

12 (b) GRANT PROGRAM.—To achieve the purpose of
13 this section, the Secretary of Commerce (in this section,
14 referred to as the “Secretary”) shall carry out a program
15 to provide, through grants, financial assistance for the es-
16 tablishment and support of regional centers for the com-
17 mercial use of advanced technologies by small businesses
18 and medium-sized businesses.

19 (c) ELIGIBILITY.—An entity is eligible to receive a
20 grant as a regional center under this section if the enti-
21 ty—

22 (1) is affiliated with a United States-based in-
23 stitution or organization that is operated on a not-
24 for-profit basis, or any combination of two or more
25 of such institutions or organizations;

1 (2) offers to enter into an agreement with the
2 Secretary to function as a regional center for the
3 commercial use of advanced technologies for the pur-
4 pose of this section within a region determined ap-
5 propriate by the Secretary; and

6 (3) demonstrates that it has the capabilities
7 necessary to achieve the purpose of this section
8 through its operations as a center within that re-
9 gion.

10 (d) SELECTION OF APPLICANTS.—

11 (1) COMPETITIVE PROCESS.—The Secretary
12 shall use a competitive process for the awarding of
13 grants under this section and, under that process,
14 select recipients of the grants on the basis of merit,
15 with priority given to underserved areas.

16 (2) APPLICATIONS FOR GRANTS.—The Sec-
17 retary shall prescribe the form and content of appli-
18 cations required for grants under this section.

19 (e) SPECIFIC ACTIVITIES OF REGIONAL CENTERS.—

20 A regional center may use the proceeds of a grant under
21 this section for any activity that carries out the purpose
22 of this section, including such activities as the following:

23 (1) Assist small businesses and medium-sized
24 businesses to address their most critical needs for

1 the application of the latest technology, improvement
2 of infrastructure, and use of best business practices.

3 (2) In conjunction with institutions of higher
4 education and laboratories located in the region,
5 transfer technologies to small businesses and me-
6 dium-sized businesses located in such region to cre-
7 ate jobs and increase production in surrounding
8 areas.

9 (f) ADDITIONAL ADMINISTRATIVE AUTHORITIES.—

10 (1) COST-SHARING.—The Secretary may re-
11 quire the recipient of a grant to defray, out of funds
12 available from sources other than the Federal Gov-
13 ernment, a specific level of the operating expenses of
14 the regional center for which the grant is made.

15 (2) ADDITIONAL TERMS AND CONDITIONS.—
16 The Secretary, in awarding a grant, may impose any
17 other terms and conditions for the use of the pro-
18 ceeds of the grant that the Secretary determines ap-
19 propriate for carrying out the purposes of this sec-
20 tion and to protect the interests of the United
21 States.

22 (g) DEFINITIONS OF SMALL BUSINESS AND ME-
23 DIUM-SIZED BUSINESS.—

24 (1) SECRETARY TO PRESCRIBE.—The Secretary
25 shall prescribe the definitions of the terms “small

1 business” and “medium-sized business” for the pur-
2 pose of this section.

3 (2) SMALL BUSINESS STANDARDS.—In defining
4 the term “small business”, the Secretary shall apply
5 the standards applicable for the definition of the
6 term “small-business concern” under section 3 of
7 the Small Business Act (15 U.S.C. 632).

8 (h) REGULATIONS.—The Secretary shall prescribe
9 regulations for the grant program administered under this
10 section.

11 (i) AUTHORIZATION OF APPROPRIATIONS.—There is
12 authorized to be appropriated for the Department of Com-
13 merce for carrying out this section \$125,000,000 for fiscal
14 year 2003, and such sums as are necessary for each fiscal
15 year thereafter.

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