

118TH CONGRESS
1ST SESSION

H. R. 3964

To increase access to broadband telecommunications services in rural areas, to increase minimum broadband speeds in rural areas, and to provide grants, loans, and loan guarantees to finance the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas, and other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2023

Mr. FEENSTRA (for himself, Mrs. MILLER-MEEKS, Mr. BOST, and Mr. BOWMAN) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on Energy and Commerce, 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 increase access to broadband telecommunications services in rural areas, to increase minimum broadband speeds in rural areas, and to provide grants, loans, and loan guarantees to finance the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas, and other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Rural Broadband Mod-
3 ernization Act”.

4 **SEC. 2. RURAL BROADBAND MODERNIZATION.**

5 (a) IN GENERAL.—Section 601 of the Rural Elec-
6 trification Act of 1936 (7 U.S.C. 950bb) is amended to
7 read as follows:

8 **“SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS**
9 **SERVICES IN RURAL AREAS.**

10 “(a) PURPOSE.—The purpose of this section is to
11 provide grants, provide loans, and provide loan guarantees
12 to provide funds for the costs of the construction, improve-
13 ment, and acquisition of facilities and equipment for
14 broadband service in rural areas.

15 “(b) DEFINITIONS.—In this section:

16 “(1) BROADBAND SERVICE.—The term
17 ‘broadband service’ means any technology identified
18 by the Secretary as having the capacity to transmit
19 data to enable a subscriber to the service to origi-
20 nate and receive high-quality voice, data, graphics,
21 and video.

22 “(2) RURAL AREA.—

23 “(A) IN GENERAL.—The term ‘rural area’
24 means any area other than—

25 “(i) an area described in clause (i) or
26 (ii) of section 343(a)(13)(A) of the Con-

1 solidated Farm and Rural Development
2 Act (7 U.S.C. 1991(a)(13)(A)); and

3 “(ii) in the case of a grant or direct
4 loan, a city, town, or incorporated area
5 that has a population of greater than
6 20,000 inhabitants.

7 “(B) URBAN AREA GROWTH.—The Sec-
8 retary may, by regulation only, consider an area
9 described in section 343(a)(13)(F)(i)(I) of such
10 Act to not be a rural area for purposes of this
11 section.

12 “(C) EXCLUSION OF CERTAIN POPU-
13 LATIONS.—The term does not include any pop-
14 ulation described in subparagraph (H) or (I) of
15 section 343(a)(13) of such Act (7 U.S.C.
16 1991(a)(13)).

17 “(c) GRANTS, LOANS, AND LOAN GUARANTEES.—

18 “(1) IN GENERAL.—The Secretary shall make
19 grants, shall make loans, and shall guarantee loans
20 to eligible entities described in subsection (d) to pro-
21 vide funds for the construction, improvement, or ac-
22 quisition of facilities and equipment for the provision
23 of broadband service in rural areas that, at a min-
24 imum, delivers 100 Mbps (or such greater rate as
25 the Secretary may establish) symmetrical through-

1 put for each rural household in the proposed service
2 area.

3 “(2) APPLICATIONS.—The Secretary shall es-
4 tablish an application process for grants under this
5 section that—

6 “(A) permits a single application for a
7 grant and a loan under title I, II, or this title
8 that is associated with the grant;

9 “(B) provides a single decision to award
10 such a grant and loan; and

11 “(C) ensures timely consideration of appli-
12 cations by approving or denying applications
13 within 30 days after submission.

14 “(3) PRIORITY.—

15 “(A) IN GENERAL.—In making grants,
16 making loans, and guaranteeing loans under
17 paragraph (1), the Secretary shall—

18 “(i) give the highest priority to appli-
19 cations for projects to provide broadband
20 service to unserved rural communities that
21 do not have any residential broadband
22 service of at least—

23 “(I) a 25-Mbps downstream
24 transmission capacity; and

1 “(II) a 3-Mbps upstream trans-
2 mission capacity;

3 “(ii) give priority to applications for
4 projects to provide the maximum level of
5 broadband service to the greatest propor-
6 tion of rural households in the proposed
7 service area identified in the application;

8 “(iii) give priority to eligible entities
9 that have provided broadband service or
10 utility service in rural areas for at least 5
11 years in the State for which an award is
12 sought;

13 “(iv) provide equal consideration to all
14 eligible entities, based on organizational
15 form; and

16 “(v) with respect to 2 or more appli-
17 cations that are given the same priority
18 under clause (i), give priority to an appli-
19 cation that requests less grant funding
20 than loan funding.

21 “(B) OTHER.—After giving priority to the
22 applications described in clauses (i) through
23 (iii) of subparagraph (A), the Secretary shall
24 give priority to applications—

1 “(i) for projects to provide broadband
2 service to rural communities—

3 “(I) with a population of less
4 than 10,000 permanent residents;

5 “(II) that are experiencing out-
6 migration and have adopted a stra-
7 tegic community investment plan
8 under section 379H(d) of the
9 Consolidated Farm and Rural Devel-
10 opment Act that includes consider-
11 ations for improving and expanding
12 broadband service;

13 “(III) with a high percentage of
14 low income families or persons (as de-
15 fined in section 501(b) of the Housing
16 Act of 1949 (42 U.S.C. 1471(b)));

17 “(IV) that are isolated from
18 other significant population centers;
19 or

20 “(V) that provide rapid and ex-
21 panded deployment of fixed and mo-
22 bile broadband on cropland and
23 rangeland within a service territory
24 for use in various applications of pre-
25 cision agriculture; and

1 “(ii) that were developed with the par-
2 ticipation of, and will receive a substantial
3 portion of the funding for the project from,
4 2 or more stakeholders, including—

5 “(I) State, local, and tribal gov-
6 ernments;

7 “(II) nonprofit institutions; that
8 provide community development or as-
9 sistance services;

10 “(III) community anchor institu-
11 tions, such as—

12 “(aa) public libraries;

13 “(bb) elementary schools
14 and secondary schools (as defined
15 in section 8101 of the Elemen-
16 tary and Secondary Education
17 Act of 1965 (20 U.S.C. 7801));

18 “(cc) institutions of higher
19 education; and

20 “(dd) health care facilities;

21 “(IV) private entities; and

22 “(V) philanthropic organizations.

23 “(4) GRANT AMOUNTS.—

24 “(A) MAXIMUM.—Except as provided in
25 subparagraph (B), the amount of any grant

1 made under this section shall not exceed 75
2 percent of the total project cost.

3 “(B) SECRETARIAL AUTHORITY TO AD-
4 JUST.—

5 “(i) IN GENERAL.—The Secretary
6 may make grants of 100 percent of the de-
7 velopment costs of the project for which
8 the grant is provided to an eligible entity
9 if the Secretary determines that the project
10 serves an area of rural households where
11 the population density is fewer than 7
12 households per square mile.

13 “(ii) DEFINITION OF DEVELOPMENT
14 COSTS.—In this paragraph, the term ‘de-
15 velopment costs’ means costs of—

16 “(I) construction, including labor
17 and materials;

18 “(II) project applications; and

19 “(III) other development activi-
20 ties, as determined by the Secretary.

21 “(iii) DENSITY DETERMINATIONS.—In
22 determining population density under this
23 section, the Secretary shall prescribe a cal-
24 culation method which—

1 “(I) utilizes publicly available
2 data; and

3 “(II) includes only those areas in
4 which the applicant is able to meet
5 the service requirements under this
6 section, as determined by the Sec-
7 retary.

8 “(5) FEES.—In the case of loan guarantees
9 issued or modified under this section, the Secretary
10 shall charge and collect from the lender fees in such
11 amounts as to reduce the costs of subsidies for guar-
12 anteed loans, except that the amount of the fees
13 shall be determined so as to not act as a bar to par-
14 ticipation in the programs and to not be inconsistent
15 with current practices in the marketplace.

16 “(d) ELIGIBILITY.—

17 “(1) ELIGIBLE ENTITIES.—

18 “(A) IN GENERAL.—To be eligible to ob-
19 tain a grant, loan, or loan guarantee under this
20 section, an entity shall—

21 “(i) demonstrate the ability to furnish
22 or improve service in order to meet the
23 broadband buildout requirements estab-
24 lished under subsection (e)(3) in all or part
25 of an unserved rural area;

1 “(ii) submit to the Secretary an appli-
2 cation at such time, in such manner, and
3 containing such information as the Sec-
4 retary may require; and

5 “(iii) agree to complete buildout of
6 the broadband infrastructure described in
7 the application by not later than 5 years
8 after the initial date on which the applica-
9 tion is approved and the initial funds pur-
10 suant to that award are received by the ap-
11 plicant.

12 “(B) LIMITATION.—The Secretary may
13 not provide to an eligible entity that provides
14 telecommunications or broadband service to at
15 least 20 percent of the households in the United
16 States, funds under this section for a fiscal year
17 in excess of 15 percent of the funds made avail-
18 able under subsection (j) for the fiscal year.

19 “(2) ELIGIBLE PROJECTS.—

20 “(A) GRANT.—To be eligible for a grant
21 under this section, a project shall—

22 “(i) be carried out in a proposed serv-
23 ice territory in which not less than 90 per-
24 cent of the households are unserved by ter-
25 restrial wireline or licensed wireless

1 broadband service speeds of at least 100
2 Mbps downstream transmission capacity
3 and 20 Mbps upstream transmission ca-
4 pacity, or such higher speed thresholds as
5 the Secretary may determine constitute an
6 unserved rural area pursuant to subsection
7 (e)(2); and

8 “(ii) not concurrently receive any
9 other broadband grant administered by the
10 Rural Utilities Service, the Department of
11 the Treasury, the National Telecommuni-
12 cations and Information Administration, or
13 a State grant program.

14 “(B) LOAN OR LOAN GUARANTEE.—A bor-
15 rower may use a loan or loan guarantee pro-
16 vided under this section to carry out a project
17 in a proposed service territory only if, as of the
18 date on which the application for the loan or
19 loan guarantee is submitted, not less than 50
20 percent of the locations in the proposed service
21 territory are unserved or have service levels
22 below the minimum acceptable level of fixed ter-
23 restrial broadband service, whether wireline or
24 licensed wireless, established under subsection
25 (e).

1 “(3) EQUITY AND MARKET SURVEY REQUIRE-
2 MENTS.—

3 “(A) IN GENERAL.—The Secretary may re-
4 quire an entity to provide matching funds under
5 this section in an amount not to exceed 10 per-
6 cent of the amount of the grant, loan, or loan
7 guarantee requested in the application of the
8 entity, unless the Secretary determines that a
9 higher percentage is required for financial feasi-
10 bility.

11 “(B) MARKET SURVEY.—

12 “(i) IN GENERAL.—The Secretary
13 may require an entity that proposes to
14 have a subscriber projection of more than
15 20 percent of the broadband service mar-
16 ket in a rural area to submit to the Sec-
17 retary a market survey.

18 “(ii) LESS THAN 20 PERCENT.—The
19 Secretary may not require an entity that
20 proposes to have a subscriber projection of
21 less than 20 percent of the broadband
22 service market in a rural area to submit a
23 market survey under clause (i).

1 “(iii) INFORMATION.—Information
2 submitted under this subparagraph shall
3 be—

4 “(I) certified by the affected
5 community, city, county, or designee;
6 or

7 “(II) demonstrated on—

8 “(aa) the broadband map of
9 the affected State if the map con-
10 tains address-level data; or

11 “(bb) the National
12 Broadband Map if address-level
13 data is unavailable.

14 “(4) STATE AND LOCAL GOVERNMENTS AND IN-
15 DIAN TRIBES.—Subject to paragraph (1), a State or
16 local government (including any agency, subdivision,
17 or instrumentality thereof (including consortia there-
18 of)) and an Indian tribe shall be eligible for assist-
19 ance under this section to provide broadband serv-
20 ices to a rural area.

21 “(5) TECHNICAL ASSISTANCE AND TRAINING.—

22 “(A) IN GENERAL.—The Secretary may
23 provide to any eligible entity described in para-
24 graph (1) of this subsection that is applying for
25 assistance under this section for a project de-

1 scribed in subsection (c)(3)(A)(i) technical as-
2 sistance and training—

3 “(i) to prepare reports and surveys
4 necessary to request grants, loans, and
5 loan guarantees under this section for
6 broadband deployment;

7 “(ii) to improve management, includ-
8 ing financial management, relating to the
9 proposed broadband deployment;

10 “(iii) to prepare applications for
11 grants, loans, and loan guarantees under
12 this section; or

13 “(iv) to assist with other areas of
14 need identified by the Secretary.

15 “(B) FUNDING.—Not less than 3 percent
16 and not more than 5 percent of the amounts
17 appropriated to carry out this section for a fis-
18 cal year shall be used for technical assistance
19 and training under this paragraph.

20 “(e) BROADBAND SERVICE.—

21 “(1) IN GENERAL.—Subject to paragraph (2),
22 for purposes of this section, the minimum acceptable
23 level of broadband service for a rural area to be
24 deemed served for purposes of this section shall be

1 via terrestrial wireline or licensed wireless networks
2 with at least—

3 “(A) a 100-Mbps downstream transmission
4 capacity; and

5 “(B) a 20-Mbps upstream transmission ca-
6 pacity.

7 “(2) ADJUSTMENTS.—At least once every 2
8 years and more frequently as the Secretary deems
9 necessary and appropriate, the Secretary shall re-
10 view, and may adjust through notice published in
11 the Federal Register—

12 “(A) the minimum acceptable level of
13 broadband service established under paragraph
14 (1) for an area to be deemed unserved and thus
15 eligible for an award under this section; and

16 “(B) the broadband buildout requirements
17 under paragraph (3), to ensure that high qual-
18 ity, cost-effective broadband service is provided
19 to rural areas.

20 “(3) BROADBAND BUILDOUT REQUIREMENTS.—

21 “(A) IN GENERAL.—The term ‘broadband
22 buildout requirement’ means the level of
23 broadband service an applicant receiving assist-
24 ance under this section must agree, at the time
25 the application is finalized, to provide for the

1 duration of any project-related agreement be-
2 tween the applicant and the Secretary.

3 “(B) MINIMUM REQUIREMENT.—The
4 broadband buildout requirement shall, at a min-
5 imum, deliver 100 Mbps symmetrical through-
6 out for each rural household in the proposed
7 service area. The Secretary may increase this
8 minimum requirement for the performance
9 broadband service in considering new applica-
10 tions.

11 “(C) SUBSTITUTE SERVICE STANDARDS
12 FOR UNIQUE SERVICE TERRITORIES.—If an ap-
13 plicant shows that it would be cost prohibitive
14 to meet the broadband buildout requirements
15 established under this paragraph for the en-
16 tirety of a proposed service territory due to the
17 unique characteristics of the proposed service
18 territory, the Secretary and the applicant may
19 agree to utilize substitute standards for any
20 unserved portion of the project that should con-
21 tinue to consider the best technology available
22 to meet the needs of the residents in the
23 unserved area.

24 “(f) TECHNOLOGICAL NEUTRALITY.—For purposes
25 of determining whether to provide assistance for a project

1 under this section, the Secretary shall use criteria that are
2 technologically neutral and criteria that ensures the tech-
3 nology can meet program broadband buildout require-
4 ments and the evolving needs of rural households and
5 businesses, including precision agriculture.

6 “(g) TERMS AND CONDITIONS FOR LOANS AND LOAN
7 GUARANTEES.—

8 “(1) IN GENERAL.—Notwithstanding any other
9 provision of law, a loan or loan guarantee under this
10 section shall—

11 “(A) bear interest at an annual rate of, as
12 determined by the Secretary—

13 “(i) in the case of a direct loan, a rate
14 equivalent to—

15 “(I) the cost of borrowing to the
16 Department of the Treasury for obli-
17 gations of comparable maturity; or

18 “(II) 4 percent; and

19 “(ii) in the case of a guaranteed loan,
20 the current applicable market rate for a
21 loan of comparable maturity; and

22 “(B) have a term of such length, not ex-
23 ceeding 35 years, as the borrower may request,
24 if the Secretary determines that the loan is ade-
25 quately secured.

1 “(2) RECURRING REVENUE.—The Secretary
2 shall consider the recurring revenues of the entity at
3 the time of application in determining an adequate
4 level of credit support.

5 “(h) ADEQUACY OF SECURITY.—

6 “(1) IN GENERAL.—The Secretary shall ensure
7 that the type and amount of, and method of security
8 used to secure, any loan or loan guarantee under
9 this section is commensurate to the risk involved
10 with the loan or loan guarantee, particularly in any
11 case in which the loan or loan guarantee is issued
12 to a financially strong and stable entity, as deter-
13 mined by the Secretary.

14 “(2) DETERMINATION OF AMOUNT AND METH-
15 OD OF SECURITY.—In determining the amount of,
16 and method of security used to secure, a loan or
17 loan guarantee under this section, the Secretary
18 shall consider reducing the security in a rural area
19 that does not have broadband service.

20 “(i) PAYMENT ASSISTANCE FOR CERTAIN LOAN AND
21 GRANT RECIPIENTS.—

22 “(1) USE OF GRANT FUNDS.—The Secretary
23 may use the funds appropriated for a grant under
24 this title for the cost (as defined by section 502 of

1 the Congressional Budget Act of 1974) of providing
2 assistance under paragraph (2) of this subsection.

3 “(2) PAYMENT ASSISTANCE.—When providing a
4 grant under this title, the Secretary, at the sole dis-
5 cretion of the Secretary, may make—

6 “(A) a subsidized loan, which shall bear a
7 reduced interest rate at such a rate as the Sec-
8 retary determines appropriate to meet the ob-
9 jectives of the program; or

10 “(B) a payment assistance loan, which
11 shall—

12 “(i) require no interest and principal
13 payments while the borrower is—

14 “(I) in material compliance with
15 the loan agreement; and

16 “(II) meeting the milestones and
17 objectives of the project agreed to
18 under paragraph (3); and

19 “(ii) require such nominal periodic
20 payments as the Secretary determines to
21 be appropriate.

22 “(3) AGREEMENT ON MILESTONES AND OBJEC-
23 TIVES.—With respect to payment assistance pro-
24 vided under paragraph (2), before entering into the
25 agreement under which the payment assistance will

1 be provided, the applicant and the Secretary shall
2 agree to milestones and objectives of the project.

3 “(4) AMENDMENT OF MILESTONES AND OBJEC-
4 TIVES.—The Secretary and the applicant may jointly
5 agree to amend the milestones and objectives agreed
6 to under paragraph (3).

7 “(5) CONSIDERATIONS.—In deciding to utilize
8 the payment assistance authority under paragraph
9 (2), the Secretary shall consider whether or not the
10 payment assistance will—

11 “(A) improve the compliance of the grant-
12 ee with any commitments made through the
13 grant agreement;

14 “(B) promote the completion of the
15 broadband project;

16 “(C) protect taxpayer resources; and

17 “(D) support the integrity of the
18 broadband programs administered by the Sec-
19 retary.

20 “(6) LIMITATIONS ON PAYMENT ASSISTANCE.—
21 The Secretary may not make a payment assistance
22 loan under paragraph (2)(B) to an entity receiving
23 a grant under this section that is a recipient of a
24 loan under title I or II that is associated with the
25 grant.

1 “(j) FUNDING.—

2 “(1) LIMITATIONS ON AUTHORIZATION OF AP-
3 PROPRIATIONS.—There is authorized to be appro-
4 priated to the Secretary to carry out this section not
5 more than \$500,000,000 for each of fiscal years
6 2024 through 2028, to remain available until ex-
7 pended.

8 “(2) ALLOCATION OF FUNDS.—

9 “(A) IN GENERAL.—From amounts made
10 available for each fiscal year under this sub-
11 section, the Secretary shall—

12 “(i) establish a national reserve for
13 loans and loan guarantees to eligible enti-
14 ties in States under this section; and

15 “(ii) allocate amounts in the reserve
16 to each State for each fiscal year for loans
17 and loan guarantees to eligible entities in
18 the State.

19 “(B) AMOUNT.—The amount of an alloca-
20 tion made to a State for a fiscal year under
21 subparagraph (A) shall bear the same ratio to
22 the amount of allocations made for all States
23 for the fiscal year as—

1 “(i) the number of communities with
2 a population of 2,500 or fewer inhabitants
3 in the State; bears to

4 “(ii) the number of communities with
5 a population of 2,500 or fewer inhabitants
6 in all States.

7 “(C) UNOBLIGATED AMOUNTS.—Any
8 amounts in the reserve established for a State
9 for a fiscal year under subparagraph (B) that
10 are not obligated by April 1 of the fiscal year
11 shall be available to the Secretary to make
12 loans and loan guarantees under this section to
13 eligible entities in any State, as determined by
14 the Secretary.

15 “(k) TERMINATION OF AUTHORITY.—No grant, or
16 loan, or loan guarantee may be made under this section
17 after September 30, 2028.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 subsection (a) shall take effect on October 1, 2023.

○