To amend the Rural Electrification Act of 1936 to reauthorize and improve the ReConnect loan and grant program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. Thune (for himself, Mr. Luján, Ms. Klobuchar, and Mrs. Fischer) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Rural Electrification Act of 1936 to reauthorize and improve the ReConnect loan and grant program, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Rural Internet Im-

provement Act of 2023”.

SEC. 2. STREAMLINING BROADBAND AUTHORITIES.

(a) In General.—Section 601 of the Rural Elec-

trification Act of 1936 (7 U.S.C. 950bb) is amended—
(1) by striking the section heading and inserting “RECONNECT PROGRAM”;

(2) in subsection (b)—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following:

“(3) RECONNECT PROGRAM.—The term ‘Re-Connect Program’ means the program established under this section.”;

(3) in subsection (c)—

(A) in paragraph (2)(A)—

(i) in clause (i)—

(I) in subclause (I), by striking “10-Mbps” and inserting “25-Mbps”; and

(II) in subclause (II), by striking “1-Mbps” and inserting “3-Mbps”; and

(ii) by striking clause (iv) and inserting the following:

“(iv) give priority to applications from applicants that have demonstrated the technical and financial experience required
to construct and operate broadband networks.”; and

(B) by adding at the end the following:

“(5) APPLICATIONS.—The Secretary shall es-
tablish an application process for grants, loans, and
loan guarantees under this section that—

“(A) reduces the amount of data required
to apply by limiting the required data to only—

“(i) the entity applying, excluding any
parent or affiliate entity that is not a party
to the application, to the greatest extent
practicable; and

“(ii) the geographic area affected by
the application, if a parent or affiliate is
not a party to the application;

“(B) simplifies the data interfaces for sub-
mission to the greatest extent practicable; and

“(C) allows all applicants, regardless of
whether an applicant is publicly traded, to rely
on a bond rating of at least investment grade
(when bond ratings are available) in place of fi-
nancial documentation.”;

(4) in subsection (d)—

(A) in paragraph (1)—
(i) in subparagraph (B), by striking “subsection (j)” and inserting “subsection (l)”; and

(ii) by adding at the end the following:

“(C) GRANT REQUIREMENTS.—The Secretary—

“(i) shall not restrict the eligibility of an entity for a grant under this section based on the legal structure of the entity;

“(ii) shall allow entities to apply for a grant under this section without regard to, or preference for, the legal structure of an entity;

“(iii) in determining the financial ability of an entity to carry out a project using a grant under this section, shall allow the entity to demonstrate that financial ability by methods that—

“(I) the Secretary determines to be the least burdensome; and

“(II) subject to clause (v), are not limited to providing the Federal Government an exclusive first lien on
all grant-funded assets during the service obligation of the grant;

“(iv) subject to clause (v), in determining the required collateral to secure grant funds or to secure performance during the service obligation of a grant, shall allow an awardee to offer alternative security, such as a letter of credit, in lieu of providing the Federal Government an exclusive first lien on all grant-funded assets; and

“(v) if the Secretary reasonably determines that alternative methods or alternative security established under clause (iii)(II) or (iv) are insufficient to secure performance with respect to a project under this section—

“(I) may require an entity to provide the Federal Government an exclusive first lien all grant-funded assets during the service obligation of the grant; and

“(II) shall release that lien after the Secretary determines that the en-
tity is performing to the satisfaction of the Secretary.”; and

(B) in paragraph (2)—

(i) in subparagraph (A)(i), by striking “50” and inserting “90”; and

(ii) by adding at the end the following:

“(D) Obligations to provide broadband service in the same service territory.—

“(i) Definition of broadband infrastructure.—In this subparagraph, the term ‘broadband infrastructure’ means any cables, fiber optics, wiring, or other permanent infrastructure that is integral to the structure, including fixed wireless infrastructure, that—

“(I) is capable of providing access to internet connections in individual locations; and

“(II) offers an advanced telecommunications capability (as defined in section 706(d) of the Telecommunications Act of 1996 (47 U.S.C. 1302(d))).
“(ii) OTHER PROVIDERS.—The Secretary shall consider a proposed service territory with respect to which an eligible entity submits an application to carry out a project under this section to be served by broadband service if a broadband service provider other than that eligible entity is subject to an obligation by a Federal, State, or local government entity to build broadband infrastructure and offer broadband service in that service territory, subject to conditions—

“(I) under a Federal, State, or local funding award program; or

“(II) otherwise required by the Federal, State, or local government entity.

“(iii) OTHER FUNDING.—Subject to clause (iv), the Secretary shall not be required to consider a proposed service territory with respect to which an eligible entity submits an application to carry out a project under this section to be served by broadband service if that eligible entity has accepted an obligation under a Federal,
State, or local funding award program to build broadband infrastructure and offer broadband service in that service territory, if the proposed project under this section—

“(I) would not be duplicative of the obligation under the other award program; and

“(II) would build broadband infrastructure that results in faster speeds or expedited milestones of deployment of broadband infrastructure in that service territory, as compared to the obligation under the other award program.

“(iv) Other obligations for lower transmission capacity.—The Secretary shall consider a proposed service territory with respect to which an eligible entity submits an application to carry out a project under this section to be unserved by broadband service if an obligation under another award program described in clause (iii) would not provide broadband service of at least—
“(I) a 25-Mbps downstream transmission capacity; and

“(II) a 3-Mbps upstream transmission capacity.

“(E) REQUIREMENTS FOR FUNDING.—

“(i) AFFILIATE OWNED AND OPERATED NETWORKS.—A grant, loan, or loan guarantee under this section may be used to construct networks that will be owned and operated by an affiliate of the eligible entity receiving the grant, loan, or loan guarantee, subject to the condition that the eligible entity, the affiliate, or both, as the Secretary determines to be necessary, shall provide adequate security for the grant, loan, or loan guarantee.

“(ii) NEGATIVE COVENANTS AND CONDITIONS.—To the greatest extent practicable, a project carried out using a grant, loan, or loan guarantee under this section shall not add any new negative covenants or conditions to the grant, loan, or loan guarantee agreement that were not previously disclosed to the eligible entity at
the time of application for the grant, loan, or loan guarantee.

“(iii) Ownership of Systems.—

“(I) In General.—A network constructed with a grant, loan, or loan guarantee under this section may be transferred to an unaffiliated provider that agrees—

“(aa) to assume the service obligation; and

“(bb) to provide appropriate and sufficient security for that network.

“(II) Determination.—The Secretary shall not unreasonably withhold consent to enter into an appropriate agreement described in subclause (I) with the transferee based on an evaluation by the Secretary of the ability of the transferee to assume the agreement and provide security described in item (bb) of that subclause.

“(iv) Reporting and Auditing.—

The Secretary shall—
“(I) simplify, to the maximum extent practicable, ongoing reporting and auditing requirements for recipients of a grant, loan, or loan guarantee under this section; and

“(II) allow a recipient described in subclause (I) whose financial information is consolidated with the financial information of a parent entity to rely on that consolidated financial information in complying with the requirements described in that subclause if the parent entity is providing a guarantee on behalf of a subsidiary of the parent entity with respect to the grant, loan, or loan guarantee.

“(v) PROCUREMENT AND CONTRACTING.—The Secretary—

“(I) shall simplify, to the maximum extent practicable, requirements for recipients of a grant, loan, or loan guarantee under this section relating to the procurement of materials and retention of contractors; and
“(II) shall not unreasonably restrict the ability of a recipient described in subclause (I) to obtain goods and services from affiliated entities.”;

(5) in subsection (c)(1)—

(A) in subparagraph (A), by striking “25-Mbps” and inserting “100-Mbps”; and

(B) in subparagraph (B), by striking “3-Mbps” and inserting “20-Mbps”;

(6) by redesignating subsections (j) and (k) as subsections (l) and (m), respectively;

(7) by inserting after subsection (i) the following:

“(j) REGULATIONS.—The Secretary shall issue regulations to carry out this section in accordance with section 553 of title 5, United States Code.

“(k) ANNUAL REPORTS.—Not later than 120 days after the date of enactment of the Rural Internet Improvement Act of 2023, and not less frequently than annually thereafter, the Secretary shall—

“(1) publish a report describing—

“(A) the distribution of amounts made available under the ReConnect Program for the preceding year;
“(B) the number of locations at which broadband service was made available using amounts under the ReConnect Program for the preceding year;

“(C) the number of locations described in subparagraph (B) at which broadband service was used; and

“(D) the highest level of broadband service made available at each location described in subparagraph (B); and

“(2) submit the report described in paragraph (1) to—

“(A) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

“(B) the Committee on Commerce, Science, and Transportation of the Senate;

“(C) the Committee on Agriculture of the House of Representatives; and

“(D) the Committee on Energy and Commerce of the House of Representatives.”;

(8) in subsection (l) (as so redesignated), in paragraph (1), by striking “$350,000,000 for each of fiscal years 2019 through 2023” and inserting “such sums as are necessary for each fiscal year”.
(b) SUNSET.—Beginning on the date that is 120 days after the date of enactment of this Act, section 779 of division A of the Consolidated Appropriations Act, 2018 (Public Law 115–141; 132 Stat. 399), shall have no force or effect.

(c) TRANSFER OF AMOUNTS.—The unobligated balance, as of the date that is 120 days after the date of enactment of this Act, of any amounts made available to carry out the pilot program described in section 779 of division A of the Consolidated Appropriations Act, 2018 (Public Law 115–141; 132 Stat. 399)—

(1) is transferred to, and merged with, amounts made available to carry out section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb); and

(2) shall remain available, until expended, and without further appropriation, to carry out the Re-Connect Program established under that section.

(d) EFFECT.—Title VI of the Rural Electrification Act of 1936 (7 U.S.C. 950bb et seq.) is amended by adding at the end the following:

“SEC. 607. EFFECT.

“Nothing in this title authorizes the Secretary to regulate rates charged for broadband service.”.
(c) Public Notice, Assessments, and Reporting Requirements.—Section 701 of the Rural Electrification Act of 1936 (7 U.S.C. 950cc) is amended—

(1) in subsection (a)—

(A) in paragraph (1)(A), by inserting ,, including a complete shapefile map'' after “applicant”; and

(B) in paragraph (2)(D), by striking “(c)” and inserting “(d)”;

(2) by redesignating subsections (b) through (e) as subsections (e) through (f), respectively;

(3) by inserting after subsection (a) the following:

“(b) Challenge Process.—

“(1) In General.—The Secretary shall establish a transparent, evidence based, and expeditious process for challenging, with respect to any area for which assistance is sought under an application described in subsection (a)(1), whether that area has access to broadband service.

“(2) Notice.—The Secretary shall make publicly available on the website of the Department of Agriculture a written notice describing—

“(A) the decision of the Secretary on each challenge submitted under paragraph (1); and
“(B) the reasons for each decision described in subparagraph (A).”; and

(4) by adding at the end the following:

“(g) PUBLIC NOTICE OF ELIGIBLE FUNDING AREAS.—Prior to making available to the public the database under subsection (a), the Secretary shall make available to the public a fully searchable database on the website of the Rural Utilities Service that contains information on areas eligible for assistance under retail broadband projects that are administered by the Secretary in accordance with the maps created by the Federal Communications Commission under section 802(c)(1) of the Communications Act of 1934 (47 U.S.C. 642(e)(1)).”.

(f) FEDERAL BROADBAND PROGRAM COORDINATION.—Section 6212 of the Agriculture Improvement Act of 2018 (7 U.S.C. 950bb–6) is amended—

(1) by redesignating subsections (a), (b), (c), and (d) as subsections (b), (c), (e), and (a), respectively, and moving the subsections so as to appear in alphabetical order;

(2) in subsection (a) (as so redesignated), in paragraph (3), by striking “section 601(b)(3) of the Rural Electrification Act of 1936” and inserting “section 601(b) of the Rural Electrification Act of 1936 (7 U.S.C. 950bb(b))”;
(3) in subsection (c) (as so redesignated), in paragraph (1)—

(A) by striking “The Secretary” and inserting the following:

“(A) IN GENERAL.—The Secretary”; and

(B) by adding at the end the following:

“(B) RECONNECT PROGRAM.—On awarding a grant, loan, or loan guarantee under the ReConnect Program established under section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb), the Secretary shall notify the Commission of that award.”; and

(4) by inserting after subsection (c) (as so redesignated) the following:

“(d) MEMORANDUM OF UNDERSTANDING RELATING TO OUTREACH.—The Secretary shall enter into a memorandum of understanding with the Assistant Secretary and the Commission to facilitate outreach to residents and businesses in rural areas, including—

“(1) to evaluate the broadband service needs in rural areas;

“(2) to inform residents and businesses in rural areas of available Federal programs that promote broadband access, broadband affordability, and broadband inclusion; and
“(3) for such additional goals as the Secretary, the Assistant Secretary, and the Commission determine to be appropriate.”.