

SUBCHAPTER II—RURAL TELEPHONE  
SERVICE

**§ 921. Congressional declaration of policy**

It is declared to be the policy of the Congress that adequate telephone service be made generally available in rural areas through the improvement and expansion of existing telephone facilities and the construction and operation of such additional facilities as are required to assure the availability of adequate telephone service to the widest practicable number of rural users of such service.

(Oct. 28, 1949, ch. 776, § 1, 63 Stat. 948.)

CODIFICATION

Section is composed of the first sentence of section 1 of act Oct. 28, 1949. The second sentence of section 1 of that act, which provided that: "In order to effectuate this policy, the Rural Electrification Act of 1936 [this chapter] is amended as hereinafter provided", is omitted from the Code.

Section was not enacted as part of title II of the Rural Electrification Act of 1936 which comprises subchapter II of this chapter.

**§ 921a. Policy of financing of rural telephone program**

It is hereby declared to be the policy of the Congress that the growing capital needs of the rural telephone systems require the establishment of a rural telephone bank which will furnish assured and viable sources of supplementary financing with the objective that said bank will become an entirely privately owned, operated, and financed corporation. The Congress further finds that many rural telephone systems require financing under the terms and conditions provided in this subchapter.

(Pub. L. 92-12, § 1, May 7, 1971, 85 Stat. 29.)

CODIFICATION

The last sentence of section 1 of Pub. L. 92-12 provided that: "In order to effectuate this policy, the Rural Electrification Act of 1936, as amended (7 U.S.C. 921-924), is amended as hereinafter provided."

Section was not enacted as part of title II of the Rural Electrification Act of 1936 which comprises this subchapter.

EFFECTIVE DATE

Section 7 of Pub. L. 92-12 provided that: "This Act [enacting sections 921a, 931, 932, and 941 to 950b of this title and amending sections 903(f) and 922 of this title] shall take effect upon enactment [May 7, 1971]."

RESERVATION OF RIGHT TO REPEAL, ALTER, OR AMEND  
PUB. L. 92-12

Section 6 of Pub. L. 92-12 provided that: "The right to repeal, alter, or amend this Act [enacting sections 921a, 931, 932, and 941 to 950b of this title, amending sections 903 and 922 of this title and sections 856 and 868 of former Title 31, and enacting provisions set out as notes under sections 856 and 868 of former Title 31] is expressly reserved."

**§ 921b. Policy of expansion of markets for debentures**

It is hereby declared to be the policy of the Congress that the Rural Telephone Bank should have the capability of obtaining adequate funds for its supplementary financing program at the

lowest possible costs. In order to effectuate this policy, it will be necessary to expand the market for debentures to be issued by the Telephone Bank.

(Pub. L. 92-324, § 1, June 30, 1972, 86 Stat. 390.)

CODIFICATION

The last sentence of section 1 of Pub. L. 92-324 provided that: "The Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), is therefore further amended as hereinafter provided."

Section was not enacted as part of the title II of the Rural Electrification Act of 1936 which comprises this subchapter.

EFFECTIVE DATE

Section 4 of Pub. L. 92-324 provided that: "This Act [enacting this section and amending section 947 of this title] shall take effect upon enactment [June 30, 1972]."

RESERVATION OF RIGHT TO REPEAL, ALTER, OR AMEND  
PUB. L. 92-324

Section 3 of Pub. L. 92-324 provided that: "The right to repeal, alter, or amend this Act [enacting this section and amending section 947 of this title] is expressly reserved."

**§ 922. Loans for rural telephone service**

From such sums as are from time to time made available by the Congress to the Secretary for such purpose, pursuant to section 903 of this title, the Secretary is authorized and empowered to make loans to persons now providing or who may hereafter provide telephone service in rural areas, to public bodies now providing telephone service in rural areas and to cooperative, nonprofit, limited dividend, or mutual associations. Except as otherwise provided by this subchapter, such loans shall be made under the same terms and conditions as are provided in section 904 of this title, for the purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telephone service in rural areas: *Provided, however,* That the Secretary, in making such loans, shall give preference to persons providing telephone service in rural areas, to public bodies now providing telephone service in rural areas, and to cooperative, nonprofit, limited, dividend, or mutual associations: *And provided further,* That for a period of one year from and after October 28, 1949, applications for loans received by the Secretary from persons who on October 28, 1949, are engaged in the operation of existing telephone service in rural areas shall be considered and acted upon before action is taken upon any application received from any other person for any loan to finance the furnishing or improvement of telephone service to substantially the same subscribers. The Secretary in making such loans shall, insofar as possible, obtain assurance that the telephone service to be furnished or improved thereby will be made available to the widest practical number of rural users. When it is determined by the Secretary to be necessary in order to furnish or improve telephone service in rural areas, such loans may be made for the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems without regard to their geographical location. The Secretary is

further authorized and empowered to make loans for the purpose of refinancing outstanding indebtedness of persons furnishing telephone service in rural areas: *Provided*, That such refinancing shall be determined by the Secretary to be necessary in order to furnish and improve telephone service in rural areas: *And provided further*, That such refinancing shall constitute not more than 40 per centum of any loan made under this subchapter. Loans under this section shall not be made unless the Secretary finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed, nor shall such loan be made in any State which now has or may hereafter have a State regulatory body having authority to regulate telephone service and to require certificates of convenience and necessity to the applicant unless such certificate from such agency is first obtained. In a State in which there is no such agency or regulatory body legally authorized to issue such certificates to the applicant, no loan shall be made under this section unless the Secretary shall determine (and set forth his reasons therefor in writing) that no duplication of lines, facilities, or systems, providing reasonably adequate services will result therefrom.

(May 20, 1936, ch. 432, title II, § 201, as added Oct. 28, 1949, ch. 776, § 5, 63 Stat. 948; amended Pub. L. 92-12, § 3(b), May 7, 1971, 85 Stat. 37; Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

#### AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator” wherever appearing.

1971—Pub. L. 92-12 inserted “; to public bodies now providing telephone service in rural areas” after “areas” in first sentence and after “areas” in first proviso of second sentence.

#### EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 92-12 effective May 7, 1971, see section 7 of Pub. L. 92-12, set out as an Effective Date note under section 921a of this title.

### § 923. State regulation of telephone service

Nothing contained in this chapter shall be construed to deprive any State commission, board, or other agency of jurisdiction, under any State law, now or hereafter effective, to regulate telephone service which is not subject to regulation by the Federal Communications Commission, under the Communications Act of 1934 [47 U.S.C. 151 et seq.], including the rates for such service.

(May 20, 1936, ch. 432, title II, § 202, as added Oct. 28, 1949, ch. 776, § 5, 63 Stat. 948.)

#### REFERENCES IN TEXT

The Communications Act of 1934, referred to in text, is act June 19, 1934, ch. 652, 48 Stat. 1064, as amended, which is classified principally to chapter 5 (§ 151 et seq.) of Title 47, Telegraphs, Telephones, and Radiotelegraphs. For complete classification of this Act to the Code, see section 609 of Title 47 and Tables.

### § 924. Definition of telephone service and rural area

(a) As used in this subchapter, the term “telephone service” shall be deemed to mean any

communication service for the transmission or reception of voice, data, sounds, signals, pictures, writing, or signs of all kinds by wire, fiber, radio, light, or other visual or electromagnetic means, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean message telegram service or community antenna television system services or facilities other than those intended exclusively for educational purposes, or radio broadcasting services or facilities within the meaning of section 153(o)<sup>1</sup> of title 47.

(b) As used in this subchapter, the term “rural area” shall be deemed to mean any area of the United States not included within the boundaries of any incorporated or unincorporated city, village, or borough having a population in excess of 5,000 inhabitants.

(May 20, 1936, ch. 432, title II, § 203, as added Oct. 28, 1949, ch. 776, § 5, 63 Stat. 948; amended Pub. L. 87-862, Oct. 23, 1962, 76 Stat. 1140; Pub. L. 101-624, title XXIII, § 2354, Nov. 28, 1990, 104 Stat. 4039; Pub. L. 103-129, § 2(c)(5), Nov. 1, 1993, 107 Stat. 1364.)

#### REFERENCES IN TEXT

Section 153 of title 47, referred to in subsec. (a), was subsequently amended and no longer contains a subsec. (o). However, the term “broadcasting” is defined elsewhere in that section.

#### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-129 substituted “5,000” for “one thousand five hundred”.

1990—Subsec. (a). Pub. L. 101-624 inserted “or reception” after “transmission” and “data,” after “voice,” and substituted “by wire, fiber, radio, light, or other visual or electromagnetic means” for “through the use of electricity between the transmitting and receiving apparatus”.

1962—Subsec. (a). Pub. L. 87-862 included the transmission of sounds, signals, pictures, writing, or signs of all kinds within “telephone service”, and substituted “message telegram service or community antenna television system services or facilities other than those intended exclusively for educational purposes” for “telegraph services or facilities”.

### § 925. Loan feasibility

The Secretary and the Governor of the telephone bank may not, as a condition of making a telephone loan to an applicant therefor, require the applicant to—

- (1) increase the rates charged to the applicant’s customers or subscribers; or
- (2) increase the applicant’s ratio of—
  - (A) net income or margins before interest; to
  - (B) the interest requirements on all of the applicant’s outstanding and proposed loans.

(May 20, 1936, ch. 432, title II, § 204, as added Pub. L. 101-624, title XXIII, § 2355, Nov. 28, 1990, 104 Stat. 4039; amended Pub. L. 103-354, title II, § 235(a)(13), Oct. 13, 1994, 108 Stat. 3221.)

#### AMENDMENTS

1994—Pub. L. 103-354 substituted “Secretary” for “Administrator”.

<sup>1</sup> See References in Text note below.