

107TH CONGRESS
1ST SESSION

H. R. 2847

To encourage the deployment of broadband telecommunications in rural America, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 6, 2001

Mr. BOSWELL (for himself and Mr. OSBORNE) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committees on Ways and Means, Energy and Commerce, and Education and the Workforce, 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 encourage the deployment of broadband telecommunications in rural America, 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 “Rural America Tech-
5 nology Enhancement Act of 2001”.

6 **TITLE I—RURAL TELEWORK**

7 **SEC. 101. FINDINGS AND PURPOSES.**

8 (a) FINDINGS.—Congress finds that—

1 (1) many rural communities and Indian res-
2 ervations have not benefited from the historic eco-
3 nomic expansion in recent years, and high levels of
4 unemployment and underemployment persist in the
5 rural communities and reservations;

6 (2) many economic opportunities, especially in
7 information technology fields, are located away from
8 many rural communities and reservations;

9 (3) the United States has a significant and
10 growing need for skilled information technology
11 workers;

12 (4) unemployed and underemployed rural em-
13 ployees represent a potential workforce to fill infor-
14 mation technology jobs;

15 (5) teleworking allows rural employees to per-
16 form skill intensive information technology jobs from
17 their communities for firms located outside rural
18 communities; and

19 (6) employing a rural teleworkforce in informa-
20 tion technology fields will require—

21 (A) employers that are willing to hire rural
22 residents or contract for work to be performed
23 in rural communities;

1 (B) recruitment and training of rural resi-
2 dents appropriate for work in information tech-
3 nology fields;

4 (C) means of connecting employers with
5 employees through advanced telecommuni-
6 cations services; and

7 (D) innovative approaches and collabo-
8 rative models to create rural technology busi-
9 ness opportunities and facilitate the employ-
10 ment of rural individuals.

11 (b) PURPOSES.—The purposes of this Act are—

12 (1) to authorize the Secretary of Agriculture to
13 make competitive grants to establish National Cen-
14 ters for Distance Working in rural areas to provide
15 assistance to individuals in rural communities to
16 support the use of teleworking in information tech-
17 nology fields;

18 (2) to promote teleworking arrangements, small
19 electronic business development, and creation of in-
20 formation technology jobs in rural areas for the pur-
21 pose of creating sustainable economic opportunities
22 in rural communities;

23 (3) to promote the practice of teleworking to in-
24 formation technology jobs among rural, urban, and
25 suburban residents, Indian tribes, job training and

1 workforce development providers, educators, and em-
2 ployers;

3 (4) to meet the needs of information technology
4 and other industries for skilled employees by accel-
5 erating the training and hiring of rural employees to
6 fill existing and future jobs from rural communities
7 and Indian reservations;

8 (5) to promote teleworking and small electronic
9 business as sustainable income sources for rural
10 communities and Indian tribes; and

11 (6) to study, collect information, and develop
12 best practices for rural teleworking employment
13 practices.

14 **SEC. 102. NATIONAL CENTERS FOR DISTANCE WORKING**
15 **PROGRAM.**

16 Subtitle D of the Consolidated Farm and Rural De-
17 velopment Act (7 U.S.C. 1981 et seq.) is amended by add-
18 ing at the end the following:

19 **“SEC. 376. NATIONAL CENTERS FOR DISTANCE WORKING**
20 **PROGRAM.**

21 “(a) DEFINITIONS.—In this section:

22 “(1) CENTER.—The term ‘Center’ means a Na-
23 tional Center for Distance Working established
24 under subsection (b) that receives a grant under this
25 section.

1 “(2) ELIGIBLE ORGANIZATION.—The term ‘eli-
2 gible organization’ means a nonprofit entity, an edu-
3 cational institution, a tribal government, or any
4 other organization that meets the requirements of
5 this section and such other requirements as are es-
6 tablished by the Secretary.

7 “(3) INFORMATION TECHNOLOGY.—The term
8 ‘information technology’ means any equipment, or
9 interconnected system or subsystem of equipment,
10 that is used in the automatic acquisition, storage,
11 manipulation, management, movement, control, dis-
12 play, switching, interchange, transmission, or recep-
13 tion of data or information, including a computer,
14 ancillary equipment, software, firmware and similar
15 procedures, services (including support services), and
16 related resources.

17 “(4) RURAL AREA.—The terms ‘rural’ and
18 ‘rural area’ have the meaning given the terms in sec-
19 tion 381A.

20 “(5) SECRETARY.—The term ‘Secretary’ means
21 the Secretary, acting through the Administrator of
22 the Rural Utilities Service.

23 “(6) TELEWORKING.—The term ‘teleworking’
24 means the use of telecommunications to perform
25 work functions over a distance and to reduce or

1 eliminate the need to perform work at a traditional
2 worksite.

3 “(b) ESTABLISHMENT.—

4 “(1) IN GENERAL.—The Secretary shall estab-
5 lish a National Centers for Distance Working Pro-
6 gram under which the Secretary shall make competi-
7 tive grants to eligible organizations to pay the Fed-
8 eral share of the cost of establishing National Cen-
9 ters for Distance Working in rural areas to conduct
10 projects in accordance with subsection (c).

11 “(2) ELIGIBLE ORGANIZATION.—The Secretary
12 shall establish criteria that an organization must
13 meet to be eligible to receive a grant under this sec-
14 tion.

15 “(c) PROJECTS.—A Center shall use a grant received
16 under this section to conduct a 5-year project—

17 “(1) to provide training, referral, assessment,
18 and employment-related services and assistance to
19 individuals in rural communities and Indian tribes to
20 support the use of teleworking in information tech-
21 nology fields, including services and assistance re-
22 lated to high technology training, telecommuni-
23 cations infrastructure, capital equipment, job place-
24 ment services, and other means of promoting tele-
25 working;

1 “(2) to identify skills that are needed by the
2 business community and that will enable trainees to
3 secure employment after the completion of training;

4 “(3) to recruit employers for rural individuals
5 and residents of Indian reservations;

6 “(4) to provide for high-speed communications
7 between the individuals in the targeted rural com-
8 munity or reservation and employers that carry out
9 information technology work that is suitable for tele-
10 working;

11 “(5) to provide for access to or ownership of
12 the facilities, hardware, software, and other equip-
13 ment necessary to perform information technology
14 jobs; and

15 “(6) to perform such other functions as the
16 Secretary considers appropriate.

17 “(d) ELIGIBILITY CRITERIA.—

18 “(1) APPLICATION AND PLAN.—As a condition
19 of receiving a grant under this section for use with
20 respect to a rural area, an organization shall submit
21 to the Secretary, and obtain the approval of the Sec-
22 retary of, an application and 5-year plan for the use
23 of the grant to carry out a project described in sub-
24 section (c), including a description of—

1 “(A) the businesses and employers that
2 will provide employment opportunities in the
3 rural area;

4 “(B) fundraising strategies;

5 “(C) training and training delivery meth-
6 ods to be employed;

7 “(D) the rural community of individuals to
8 be targeted to receive assistance;

9 “(E) any support from State and local gov-
10 ernments and other non-Federal sources; and

11 “(F) outreach activities to be carried out
12 to reach potential information technology em-
13 ployers.

14 “(2) NON-FEDERAL SHARE.—

15 “(A) IN GENERAL.—As a condition of re-
16 ceiving a grant under this section, an organiza-
17 tion shall agree to obtain, after the application
18 of the organization has been approved and no-
19 tice of award has been issued, contributions
20 from non-Federal sources that are equal to—

21 “(i) during each of the first, second,
22 and third years of a project, 1 non-Federal
23 dollar for each 2 Federal dollars provided
24 under the grant; and

1 “(ii) during each of the fourth and
2 fifth years of the project, 1 non-Federal
3 dollar for each Federal dollar provided
4 under the grant.

5 “(B) INDIAN TRIBES.—Notwithstanding
6 subparagraph (A), an Indian tribe may use
7 Federal funds made available to the tribe for
8 self-governance to pay the non-Federal con-
9 tributions required under subparagraph (A).

10 “(C) FORM.—The non-Federal contribu-
11 tions required under subparagraph (A) may be
12 in the form of in-kind contributions, including
13 office equipment, office space, and services.

14 “(e) SELECTION CRITERIA.—

15 “(1) IN GENERAL.—The Secretary shall—

16 “(A) establish criteria for the selection of
17 eligible organizations to receive grants under
18 this section; and

19 “(B) evaluate, rank, and select eligible or-
20 ganizations on the basis of the selection cri-
21 teria.

22 “(2) FACTORS.—The selection criteria estab-
23 lished under paragraph (1) shall include—

24 “(A) the experience of the eligible organi-
25 zation in conducting programs or ongoing ef-

1 forts designed to improve or upgrade the skills
2 of rural employees or members of Indian tribes;

3 “(B) the ability of the eligible organization
4 to initiate a project within a minimum period of
5 time;

6 “(C) the ability and experience of the eligi-
7 ble organization in providing training to rural
8 individuals who are economically disadvantaged
9 or who face significant barriers to employment;

10 “(D) the ability and experience of the eligi-
11 ble organization in conducting information tech-
12 nology skill training;

13 “(E) the degree to which the eligible orga-
14 nization has entered into partnerships or con-
15 tracts with local, tribal, and State governments,
16 community-based organizations, and prospective
17 employers to provide training, employment, and
18 supportive services;

19 “(F) the ability and experience of the eligi-
20 ble organization in providing job placement for
21 rural employees with employers that are suit-
22 able for teleworking;

23 “(G) the computer and telecommunications
24 equipment that the eligible organization has or

1 expects to possess or use under contract on ini-
2 tiation of the project; and

3 “(H) the means the applicant proposes,
4 such as high-speed Internet access, to allow
5 communication between rural employees and
6 employers.

7 “(3) PUBLICATION.—The Secretary shall—

8 “(A) publish the selection criteria estab-
9 lished under this subsection in the Federal Reg-
10 ister; and

11 “(B) include a description of the selection
12 criteria in any solicitation for applications for
13 grants made by the Secretary.

14 “(f) STUDIES OF TELEWORKING.—

15 “(1) IN GENERAL.—To promote the develop-
16 ment of teleworking in rural areas, the Secretary
17 may make grants to entities to conduct research on
18 economic, operational, social, and policy issues relat-
19 ing to teleworking in rural areas, including the de-
20 velopment of best practices for businesses that em-
21 ploy teleworkers.

22 “(2) LIMITATION.—The Secretary shall use not
23 more than \$1,000,000 of funds made available for a
24 fiscal year under subsection (g) to carry out this
25 subsection.

1 “(g) AUTHORIZATION OF APPROPRIATION.—There is
 2 authorized to be appropriated to carry out this section
 3 \$11,000,000 for each fiscal year.”.

4 **TITLE II—RURAL TELE-**
 5 **COMMUNICATIONS MOD-**
 6 **ERNIZATION**

7 **SEC. 201. CREDIT FOR TELECOMMUNICATIONS FACILITIES**
 8 **DEVELOPMENT IN RURAL AREAS.**

9 (a) IN GENERAL.—Section 46(a) of the Internal Rev-
 10 enue Code of 1986 (relating to amount of investment cred-
 11 it) is amended by striking “and” at the end of paragraph
 12 (2), by striking the period at the end of paragraph (3)
 13 and inserting “, and”, and by adding at the end the fol-
 14 lowing:

15 “(4) the rural telecommunications facilities
 16 credit.”

17 (b) AMOUNT OF CREDIT.—Subpart E of part IV of
 18 subchapter A of chapter 1 of the Internal Revenue Code
 19 of 1986 (relating to rules for computing investment credit)
 20 is amended by inserting after section 47 the following:

21 **“SEC. 47A. RURAL TELECOMMUNICATIONS FACILITIES**
 22 **CREDIT.**

23 “(a) IN GENERAL.—For purposes of section 46, the
 24 rural telecommunications facilities credit for any taxable
 25 year is an amount equal to the applicable percentage of

1 the qualified broadband local access facilities expenditures
2 for such taxable year.

3 “(b) APPLICABLE PERCENTAGE.—For purposes of
4 subsection (a), the applicable percentage in the case of
5 qualified broadband local access facilities expenditures in
6 connection with—

7 “(1) broadband telecommunications facilities, is
8 10 percent, and

9 “(2) enhanced broadband telecommunications
10 facilities, is 15 percent.

11 “(c) QUALIFIED BROADBAND LOCAL ACCESS FACILI-
12 TIES EXPENDITURE.—For purposes of this section, the
13 term ‘qualified broadband local access facilities expendi-
14 ture’ means any expenditure—

15 “(1) chargeable to capital account—

16 “(A) for property for which depreciation is
17 allowable under section 168, and

18 “(B) incurred in connection with
19 broadband telecommunications facilities or en-
20 hanced broadband telecommunications facilities
21 serving rural subscribers, and

22 “(2) incurred during the period—

23 “(A) beginning with the taxpayer’s (or any
24 predecessor’s) first taxable year beginning after
25 the date of the enactment of this section, and

1 “(B) ending with the taxpayer’s (or any
2 predecessor’s) third taxable year beginning
3 after such date.

4 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
5 poses of this section—

6 “(1) BROADBAND TELECOMMUNICATIONS FA-
7 CILITIES.—The term ‘broadband telecommunications
8 facilities’ means broadband local access facilities ca-
9 pable of—

10 “(A) transmitting voice, and

11 “(B) downloading data at a rate of 1.5
12 megabits of data per second and uploading data
13 at a rate of 0.5 megabits of data per second.

14 “(2) ENHANCED BROADBAND TELECOMMUNI-
15 CATIONS FACILITIES.—The term ‘enhanced
16 broadband telecommunications facilities’ means the
17 broadband local access facilities capable of—

18 “(A) transmitting voice, and

19 “(B) downloading and uploading data at a
20 rate of 10 megabits of data per second.

21 “(3) DETERMINATION OF BROADBAND LOCAL
22 ACCESS FACILITIES.—Broadband local access
23 facilities—

24 “(A) begin at the switching point closest to
25 the rural subscriber, which is—

1 “(i) the subscriber side of the nearest
2 switching facility in the case of local ex-
3 change carriers,

4 “(ii) the subscriber side of the
5 headend or the node in the case of cable
6 television operators, and

7 “(iii) the subscriber side of the trans-
8 mission and reception facilities in the case
9 of a wireless or satellite carrier,

10 “(B) end at the interface between the net-
11 work and the rural subscriber’s location, and

12 “(C) do not include any switching facility.

13 “(4) RURAL SUBSCRIBER.—The term ‘rural
14 subscriber’ means a subscriber who lives in an incor-
15 porated or unincorporated place which is not located
16 in an area designated as a Metropolitan Area by the
17 Office of Management and Budget.”.

18 (c) SPECIAL RULE FOR MUTUAL OR COOPERATIVE
19 TELEPHONE COMPANIES.—Section 501(c)(12)(B) of the
20 Internal Revenue Code of 1986 (relating to list of exempt
21 organizations) is amended by striking “or” at the end of
22 clause (iii), by striking the period at the end of clause (iv)
23 and inserting “, or”, and by adding at the end the fol-
24 lowing new clause:

1 “(v) which is not described in sub-
2 paragraph (A), in an amount which does
3 not exceed in any year an amount equal to
4 the applicable percentage of the qualified
5 broadband local access facilities expendi-
6 tures (as determined in section 47A) of the
7 mutual or cooperative telephone company
8 for such year.”

9 (d) CONFORMING AMENDMENT.—The table of sec-
10 tions for subpart E of part IV of subchapter A of chapter
11 1 of the Internal Revenue Code of 1986 is amended by
12 inserting after the item relating to section 47 the fol-
13 lowing:

 “Sec. 47A. Rural telecommunications facilities credit.”

14 (e) EFFECTIVE DATES.—

15 (1) IN GENERAL.—Except as provided in para-
16 graph (2), the amendments made by this section
17 shall apply to expenditures incurred after the date of
18 the enactment of this Act.

19 (2) SPECIAL RULE.—The amendments made by
20 subsection (e) shall apply to amounts received after
21 the date of the enactment of this Act.

1 **TITLE III—RURAL BROADBAND**
2 **ENHANCEMENT**

3 **SEC. 301. FEDERAL COMMUNICATIONS COMMISSION TO**
4 **PROVIDE SUPPORT FROM UNIVERSAL SERV-**
5 **ICE FUND.**

6 Section 254(e) of the Communications Act of 1934
7 (47 U.S.C. 254(e)) is amended—

8 (1) by redesignating so much of the text of such
9 subsection as follows “(e) UNIVERSAL SERVICE SUP-
10 PORT.—” as paragraph (1);

11 (2) by inserting before “After” the following
12 heading: “(1) IN GENERAL.—”; and

13 (3) by adding at the end the following:

14 “(2) RURAL AREA BROADBAND SUPPORT.—In
15 addition to any other support provided under para-
16 graph (1), the Commission shall, within 90 days
17 after the date of enactment of the Rural Broadband
18 Enhancement Act, initiate a proceeding to provide
19 Federal universal service support for the deployment
20 of broadband service (as defined in section 156(e)(1)
21 of the National Telecommunications and Informa-
22 tion Administration Organization Act) to eligible
23 rural communities (as defined in section 156(e)(2)
24 of that Act). The proceeding shall be completed
25 within 240 days. Federal universal service support

1 provided as a result of that proceeding shall be de-
2 termined without cost averaging of any above-aver-
3 age cost areas with any lower cost areas, such as
4 would occur in statewide or study averaging, and
5 may be used for the deployment of—

6 “(A) loop treatments and digital subscriber
7 line access multiplexers;

8 “(B) cable modems;

9 “(C) wireless technology; and

10 “(D) satellite technology.”.

11 **SEC. 302. RURAL UTILITIES SERVICE LOAN PROGRAM.**

12 Part C of title I of the National Telecommunications
13 and Information Administration Organization Act (47
14 U.S.C. 901 et seq.) is amended by adding at the end there-
15 of the following:

16 **“SEC. 156. BROADBAND TELECOMMUNICATIONS SERVICES.**

17 “(a) IN GENERAL.—The Rural Utilities Service of
18 the Department of Agriculture, after consultation with the
19 NTIA, shall make loans or other extensions of credit to
20 companies certified as eligible telecommunications carriers
21 providers, or that accept the obligations of an eligible tele-
22 communications carrier, in accordance with the provisions
23 of this section to finance the deployment of broadband
24 telecommunications services to eligible rural communities.

1 “(b) ELIGIBILITY REQUIREMENTS.—To be eligible
2 for a loan or other extension of credit under this section,
3 a project shall—

4 “(1) be capable of delivering broadband service;

5 “(2) be for the purpose of making access to
6 broadband service available to an eligible rural com-
7 munity where broadband service is not otherwise
8 generally available throughout that community; and

9 “(3) be subject to the standards for service and
10 area wide coverage applicable to other projects ad-
11 ministered by the Rural Utilities Service.

12 “(c) TERMS AND CONDITIONS.—Loans made under
13 this section—

14 “(1) shall be made available in accordance with
15 the requirements of the Federal Credit Reform Act
16 of 1990 (2 U.S.C. 661);

17 “(2) shall bear interest at an annual rate of not
18 more than 2 percent per annum; and

19 “(3) shall be made for the longer of—

20 “(A) a term of 30 years; or

21 “(B) the useful life of the assets con-
22 structed, reconstructed, or acquired.

23 “(d) LIMITATIONS.—

24 “(1) TECHNOLOGY NEUTRALITY.—In making
25 loans under this section, the Rural Utilities Service

1 may not take into consideration the technology pro-
2 posed to be employed.

3 “(2) SECURITY INTEREST.—The Rural Utilities
4 Service may take a security interest in assets or rev-
5 enue streams, in connection with a loan or other ex-
6 tension of credit made under this section, of not
7 more than the amount sufficient to cover the assets
8 financed by that loan or extension of credit.

9 “(e) DEFINITIONS.—In this section:

10 “(1) BROADBAND SERVICE.—The term
11 ‘broadband service’ includes, without regard to any
12 particular transmission medium or technology, high-
13 speed, switched, broadband telecommunications ca-
14 pable of delivering not less than 1.0 megabits of
15 data per second to the user and 0.5 megabits of
16 data per second from the user that enables users to
17 originate and receive high-quality voice, data, graph-
18 ics, and video telecommunications. The Commission
19 shall, from time-to-time as circumstances warrant,
20 revise the rate-of-data-transmission criteria stated in
21 the preceding sentence upward to reflect techno-
22 logical advances, and the criteria, as so revised, shall
23 be applied under the preceding sentence in lieu of
24 the rate-of-data-transmission criteria stated or pre-

1 viously revised by the Commission under this sen-
2 tence.

3 “(2) ELIGIBLE RURAL COMMUNITY.—The term
4 ‘eligible rural community’ means any incorporated or
5 unincorporated place that is not located in an area
6 designated as a Metropolitan Area by the Office of
7 Management and Budget.”.

8 **SEC. 303. FUNDING.**

9 There are authorized to be appropriated to the Sec-
10 retary of Agriculture to carry out the provisions of section
11 156 of the National Telecommunications and Information
12 Administration Organization Act \$3,000,000,000 for fis-
13 cal years 2001, 2002, 2003, 2004, through 2005, such
14 amount to remain available until expended.

15 **TITLE IV—OFFICE OF RURAL**
16 **TECHNOLOGY.**

17 **SEC. 401. ESTABLISHMENT.**

18 (a) ESTABLISHMENT.—The Secretary of Agriculture
19 shall establish in the Department of Agriculture the Office
20 of Rural Technology, which shall have the functions de-
21 scribed in subsection (b).

22 (b) FUNCTIONS.—Within 6 months after the date of
23 the enactment of this Act, the Secretary of Agriculture
24 shall ensure that the Office of Rural Technology can per-
25 form the following functions:

1 (1) Act as a centralized repository of informa-
2 tion about all public and private programs that offer
3 technology assistance to entities in rural areas.

4 (2) Make such information available and easily
5 accessible to the public.

6 (3) Inform the public of the existence and pur-
7 pose of, and how to obtain information from, the Of-
8 fice of Rural Technology.

9 (c) TECHNOLOGY ASSISTANCE DEFINED.—In this
10 section, the term “technology assistance” includes finan-
11 cial assistance of any kind to enable an entity to create,
12 modify, or use electronic information or electronic devices.

13 **TITLE V—TAX CREDIT FOR**
14 **HIRING IN RURAL AREAS**

15 **SEC. 501. CREDIT TO HIGH-TECH EMPLOYERS WHO HIRE**
16 **EMPLOYEES RESIDING IN RURAL AREAS.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-
18 chapter A of chapter 1 of the Internal Revenue Code of
19 1986 (relating to business-related credits) is amended by
20 adding at the end the following new section:

21 **“SEC. 45G. HIGH-TECH EMPLOYERS WHO HIRE EMPLOYEES**
22 **RESIDING IN RURAL AREAS.**

23 “(a) ALLOWANCE OF CREDIT.—

24 “(1) IN GENERAL.—For purposes of section 38,
25 in the case of a employer, the rural high-tech em-

1 ployment credit determined under this section for
2 such taxable year is an amount equal to 20 percent
3 of the qualified rural wages paid or incurred during
4 the calendar year which ends with or within such
5 taxable year.

6 “(b) QUALIFIED RURAL WAGES.—

7 “(1) IN GENERAL.—For purposes of this sec-
8 tion, the term ‘qualified rural wages’ means any
9 wages paid or incurred by an employer for services
10 performed by an employee while such employee is a
11 qualified rural employee.

12 “(2) ONLY FIRST \$15,000 OF WAGES PER YEAR
13 TAKEN INTO ACCOUNT.—With respect to each quali-
14 fied rural employee, the amount of qualified zone
15 wages which may be taken into account for a cal-
16 endar year shall not exceed \$15,000.

17 “(3) COORDINATION WITH OTHER EMPLOY-
18 MENT CREDITS.—

19 “(A) IN GENERAL.—The term ‘qualified
20 rural wages’ shall not include wages taken into
21 account in determining the credit under section
22 51 or 1396.

23 “(B) COORDINATION WITH PARAGRAPH
24 (2).—The \$15,000 amount in paragraph (2)
25 shall be reduced for any calendar year by the

1 amount of wages paid or incurred during such
2 year which are taken into account in deter-
3 mining the credit under section 51 or 1396.

4 “(c) QUALIFIED RURAL EMPLOYEE.—For purposes
5 of this section—

6 “(1) IN GENERAL.—Except as otherwise pro-
7 vided in this subsection, the term ‘qualified rural
8 employee’ means, with respect to any period, any
9 employee of an employer if—

10 “(A) substantially all of the services per-
11 formed during such period by such employee for
12 such employer are information or communica-
13 tion technology services and are performed
14 within a rural area in a high-tech trade or busi-
15 ness of the employer, and

16 “(B) the principal place of abode of such
17 employee while performing such services is
18 within a rural area.

19 “(2) CERTAIN INDIVIDUALS NOT ELIGIBLE.—
20 The term ‘qualified rural employee’ shall not
21 include—

22 “(A) any individual described in subpara-
23 graph (A), (B), or (C) of section 51(i)(1),

24 “(B) any 5-percent owner (as defined in
25 section 416(i)(1)(B),

1 “(C) any individual employed by the em-
2 ployer for less than 90 days,

3 “(D) any individual employed by the em-
4 ployer at any facility described in section
5 144(c)(6)(B), and

6 “(E) any individual employed by the em-
7 ployer in a trade or business the principal activ-
8 ity of which is farming (within the meaning of
9 subparagraphs (A) or (B) of section
10 2032A(e)(5)), but only if, as of the close of the
11 taxable year, the sum of—

12 “(i) the aggregate unadjusted bases
13 (or, if greater, the fair market value) of
14 the assets owned by the employer which
15 are used in such a trade or business, and

16 “(ii) the aggregate value of assets
17 leased by the employer which are used in
18 such a trade or business (as determined
19 under regulations prescribed by the Sec-
20 retary),

21 exceeds \$500,000.

22 “(3) SPECIAL RULES RELATED TO TERMI-
23 NATION OF EMPLOYMENT.—

24 “(A) IN GENERAL.—Paragraph (2)(C)
25 shall not apply to—

1 “(i) a termination of employment of
2 an individual who before the close of the
3 period referred to in paragraph (2)(C) be-
4 comes disabled to perform the services of
5 such employment unless such disability is
6 removed before the close of such period
7 and the taxpayer fails to offer reemploy-
8 ment to such individual, or

9 “(ii) a termination of employment of
10 an individual if it is determined under the
11 applicable State unemployment compensa-
12 tion law that the termination was due to
13 the misconduct of such individual.

14 “(B) CHANGES IN FORM OF BUSINESS.—

15 For purposes of paragraph (2)(C), the employ-
16 ment relationship between the taxpayer and an
17 employee shall not be treated as terminated—

18 “(i) by a transaction to which section
19 381(a) applies if the employee continues to
20 be employed by the acquiring corporation,
21 or

22 “(ii) by reason of a mere change in
23 the form of conducting the trade or busi-
24 ness of the taxpayer if the employee con-
25 tinues to be employed in such trade or

1 business and the taxpayer retains a sub-
2 stantial interest in such trade or business.

3 “(d) HIGH-TECH.—For purposes of this section, the
4 term ‘high-tech’ means, with respect to services or a trade
5 or business, the latest developments and advances within
6 the area of information and communication technology
7 services.

8 “(e) WAGES.—For purposes of this section—

9 “(1) IN GENERAL.—The term ‘wages’ has the
10 same meaning as when used in section 51.

11 “(2) CERTAIN TRAINING AND EDUCATIONAL
12 BENEFITS.—

13 “(A) IN GENERAL.—The following
14 amounts shall be treated as wages paid to an
15 employee:

16 “(i) Any amount paid or incurred by
17 an employer which is excludable from the
18 gross income of an employee under section
19 127, but only to the extent paid or in-
20 curred to a person not related to the em-
21 ployer.

22 “(ii) In the case of an employee who
23 has not attained the age of 19, any
24 amount paid or incurred by an employer
25 for any youth training program operated

1 by such employer in conjunction with local
2 education officials.

3 “(B) RELATED PERSON.—A person is re-
4 lated to any other person if the person bears a
5 relationship to such other person specified in
6 section 267(b) or 707(b)(1), or such person and
7 such other person are engaged in trades or
8 businesses under common control (within the
9 meaning of subsections (a) and (b) of section
10 52). For purposes of the preceding sentence, in
11 applying section 267(b) or 707(b)(1), ‘10 per-
12 cent’ shall be substituted for ‘50 percent’.

13 “(f) CONTROLLED GROUPS.—For purposes of this
14 section.—

15 “(1) all employers treated as a single employer
16 under subsection (a) or (b) of section 52 shall be
17 treated as a single employer for purposes of this sec-
18 tion, and

19 “(2) the credit (if any) determined under this
20 section with respect to each such employer shall be
21 its proportionate share of the wages giving rise to
22 such credit.

23 “(g) CERTAIN OTHER RULES MADE APPLICABLE.—
24 For purposes of this section, rules similar to the rules of

1 section 51(k) and subsections (c), (d), and (e) of section
2 52 shall apply.”

3 (b) CREDIT MADE PART OF GENERAL BUSINESS
4 CREDIT.—

5 (1) IN GENERAL.—Subsection (b) of section 38
6 of such Code is amended by striking “plus” at the
7 end of paragraph (14), by striking the period at the
8 end of paragraph (15) and inserting “, plus”, and
9 by adding at the end the following new paragraph:
10 “(16) the rural high-tech employment credit de-
11 termined under section 45G(a).”.

12 (2) LIMITATION ON CARRYBACK.—Subsection
13 (d) of section 39 of such Code is amended by adding
14 at the end the following new paragraph:

15 “(11) NO CARRYBACK OF RURAL HIGH-TECH
16 EMPLOYMENT CREDIT BEFORE JANUARY 1, 2001.—
17 No portion of the unused business credit for any
18 taxable year which is attributable to the credit under
19 section 45G may be carried back to a taxable year
20 ending before January 1, 2001.”.

21 (c) DEDUCTION FOR UNUSED CREDIT.—Subsection
22 (c) of section 196 of such Code is amended by striking
23 “and” at the end of paragraph (9), by striking the period
24 at the end of paragraph (10) and inserting “, and”, and
25 by adding at the end the following new paragraph:

1 “(11) the rural high-tech employment credit de-
2 termined under section 45G(a).”.

3 (d) CLERICAL AMENDMENT.—The table of sections
4 for subpart D of part IV of subchapter A of chapter 1
5 of such Code is amended by adding at the end the fol-
6 lowing new item:

“Sec. 45G. Employers who hire high-tech employees residing in
rural areas.”.

7 (e) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to individuals who begin work for
9 the employer after the date of the enactment of this Act.

10 **TITLE VI—RURAL TECHNOLOGY**
11 **EDUCATION PROGRAM.**

12 **SEC. 601. ESTABLISHMENT OF PROGRAM.**

13 The Higher Education Act of 1965 is amended by
14 adding after title VII (20 U.S.C. 1134 et seq.) the fol-
15 lowing new title:

16 **“TITLE VIII—RURAL**
17 **TECHNOLOGY EDUCATION**

18 **“SEC. 801. PROGRAM AUTHORIZED.**

19 “From the funds appropriated under section 805, the
20 Secretary is authorized to make competitive grants to eli-
21 gible recipients to support the expansion of opportunities
22 in rural areas for instruction in high technology fields and
23 enterprises.

1 **“SEC. 802. ELIGIBLE RECIPIENTS.**

2 “The Secretary may make grants under this title to
3 the following eligible recipients:

4 “(1) an institution of higher education located
5 in a rural area;

6 “(2) a State educational agency, or other agen-
7 cy of a State, that provides educational services in
8 rural areas;

9 “(3) a private nonprofit entity that the Sec-
10 retary of education certifies is eligible for purposes
11 of this title; and

12 “(4) a consortium composed of two or more of
13 the institutions, agencies, or entities described in
14 paragraphs (1), (2), and (3).

15 **“SEC. 803. SELECTION OF GRANT RECIPIENTS.**

16 “In selecting eligible recipients for the award of a
17 grant under this title, the Secretary shall award grants
18 to those eligible recipients whose grant applications dem-
19 onstrate the greatest promise of placing graduating stu-
20 dents from rural areas in occupations in high technology
21 fields and enterprises.

22 **“SEC. 804. APPLICATIONS.**

23 “An eligible recipient that desires to obtain a grant
24 under this title shall submit to the Secretary an applica-
25 tion at such time, in such manner, and containing or ac-
26 companied by such information and assurances as the Sec-

1 retary may require to carry out the purposes of this title.

2 Such application shall contain—

3 “(1) a description of the uses to be made of the
4 funds provided under title, which may include sala-
5 ries, equipment, software, course development ex-
6 penses, and staff training;

7 “(2) assurances that the applicant will provide
8 a follow-up evaluation and report within 6 months
9 after the end of the period covered by the grant
10 award; and

11 “(3) such other information as the Secretary
12 requires to carry out this title.

13 **“SEC. 805. AUTHORIZATION OF APPROPRIATIONS.**

14 There are authorized to be appropriated to make
15 grants under this title \$100,000,000 for each of the fiscal
16 years 2002 through 2006.

17 **“SEC. 806. DEFINITIONS.**

18 “For purposes of this title:

19 “(1) **RURAL AREAS.**—The term ‘rural areas’
20 any incorporated or unincorporated place—

21 “(A) that has not more than 35,000 inhab-
22 itants, based on the most recent available popu-
23 lation statistics of the Bureau of the Census;
24 and

1 “(B) that is not located in an area des-
2 ignated as a Metropolitan Area by the Office of
3 Management and Budget.

4 “(2) HIGH TECHNOLOGY FIELDS AND ENTER-
5 PRISES.—The term ‘high technology fields and en-
6 terprises’ means fields and enterprises related to the
7 use and development of the Internet, telecommuni-
8 cations and computer technology, and any other field
9 or enterprise designated by regulation for the pur-
10 poses of this title by the Secretary.”.

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