Reinforcing Utility Restoration After Losses (RURAL) Act

Summary

- Allows USDA to establish a line of credit for rural utilities experiencing qualified losses during an emergency, in the amount of:
  - 25% of the total revenue received by the borrower during the 12-month period; or
  - $5,000,000
- USDA may make a loan from that line of credit to the borrower in an amount equal to the lesser of:
  - The qualified loss; or
  - The unused amount of the line of credit
- A “qualified loss” is eligible for a loan made from the line of credit if the loss is incurred not more than 180 days after the date of determination
- No payments on the loan will be required during the emergency
- Once the emergency ends, the loan will be consolidated 60 days after the eligibility period, under these terms:
  - 2-year grace period before payments must begin, with no interest accruing
  - Interest will accrue at a rate of 1% per year during the 3-year period following the grace period
  - The loan must be repaid in full at the end of the 5-year period beginning on the date loan consolidation occurs
- Borrowers may declare qualified write-offs for payment(s) they believe they will not recover and receive partial loan forgiveness, in an amount equal to:
  - 90% of the first $500,000 of the total amount of the qualified write-offs;
  - 60% of the next $1,000,000 of the total amount of the qualified write-offs;
  - and
  - 30% of the next $1,000,000 of the total amount of the qualified write-offs
AMENDMENT TO THE COMMITTEE PRINT
OFFERED BY MR. CRAWFORD OF ARKANSAS

Page 41, after line 4, insert the following:

SEC. _____, RURAL UTILITY BRIDGE LOANS.
(a) In GENERAL.—Title VII of the Rural Electrification Act of 1936 (7 U.S.C. 950cc–950cc–2) is amended by adding at the end the following:

"SEC. 704. RURAL UTILITY BRIDGE LOANS.

"(a) LINE OF CREDIT.—

"(1) IN GENERAL.—The Secretary may provide an eligible borrower with a line of credit from which a loan may be made to replace qualified losses as a result of a covered emergency.

"(2) AMOUNT.—The amount of the line of credit shall be the lesser of—

"(A) 25 percent of the total revenue received by the borrower during the 12-month period ending with the day before the date of the determination referred to in subsection (c)(3) with respect to the covered emergency; or

"(B) $5,000,000.

"(b) LOANS.—
“(1) IN GENERAL.—On receipt by the Secretary of documentation that the eligible borrower has a qualified loss as a result of a covered emergency, the Secretary shall make a loan to the borrower from the line of credit in an amount equal to the lesser of—

“(A) the qualified loss; or

“(B) the unused amount of the line of credit.

“(2) ELIGIBILITY OF QUALIFIED LOSS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, a qualified loss is eligible for a loan made from the line of credit if the loss is incurred not more than 180 days after the date of the determination referred to in subsection (c)(3) with respect to the covered emergency.

“(B) AUTHORITY TO ADJUST.—The Secretary may—

“(i) on request of the eligible borrower, reduce the length of eligibility period described in subparagraph (A); or

“(ii) on a determination that the borrower is continuing to incur significant qualified losses as a result of a covered
emergency, increase the length of the period.

"(3) LOAN TERMS.—

"(A) NO PAYMENT REQUIRED DURING EMERGENCY.—During the covered emergency, interest on the loan shall not accrue, and repayment of principal on the loan shall not be required.

"(B) LOAN CONSOLIDATION AFTER EMERGENCY ENDS.—Unless the Secretary determines that the borrower requires additional time to submit documentation of qualified losses, on the date that is 60 days after the eligibility period described in paragraph (2) ends, the Secretary shall close the line of credit, and consolidate all loans made to the borrower under this section with respect to the emergency into a single loan with the following terms:

"(i) GRACE PERIOD.—During the 2-year period that begins with the date the consolidated loan is made, interest on the consolidated loan shall not accrue, and repayment of principal on the consolidated loan shall not be required.
“(ii) Interest.—Interest on the consolidated loan shall accrue at a rate of 1 percent per year during the 3-year period that begins at the end of that 2-year period.

“(iii) Repayment period.—The loan shall be repayable in full by the end of the 5-year period that begins with the date the consolidated loan is made.

“(c) No Fee or Prepayment Penalty.—The Secretary may not impose a fee or prepayment penalty with respect to any loan made under this section.

“(4) Forgiveness.—

“(a) In general.—Except as provided in subparagraph (b), if the borrower makes 1 or more qualified write-offs after the 1-year period that begins with the date a consolidated loan is made to the borrower under this section, the Secretary shall forgive repayment of a portion of the loan, in an amount equal to—

“(i) 90 percent of the first $500,000 of the total amount of the qualified write-offs;
"(ii) 60 percent of the next $1,000,000 of the total amount of the qualified write-offs; and

"(iii) 30 percent of the next $1,000,000 of the total amount of the qualified write-offs.

"(B) INELIGIBILITY OF BORROWER WHO INTERRUPTS SERVICE DURING EMERGENCY.— Subparagraph (A) shall not apply with respect to the borrower if, during the covered emergency, the borrower suspends or interrupts utility service to any customer or subscriber of the borrower for non-payment of an amount owed to the borrower.

"(c) DEFINITIONS.—In this section:

"(1) ELIGIBLE BORROWER.—The term ‘eligible borrower’ means an entity that—

"(A) provides electric, telecommunications, clean water, waste water, or waste disposal services; and

"(B) is eligible for assistance under—

"(i) section 4, 201, or 601 of the Rural Electrification Act of 1936; or

"(ii) section 306(a) of the Consolidated Farm and Rural Development Act.
"(2) QUALIFIED LOSS.—

"(A) IN GENERAL.—Subject to subparagraph (B), the term ‘qualified loss’ means, with respect to a borrower and a covered emergency—

"(i) an amount owed to the borrower for services provided during the emergency, which are more than 15 days past due; and

"(ii) an amount not received by the borrower because of reduced demand for services sold by the borrower on a per-unit basis, to the extent that the reduction is attributable to the emergency.

"(B) REDUCTION.—The total amount determined under subparagraph (A) shall be reduced by the fair market value of any assistance received by the borrower from any source while the line of credit is open, for the purpose of offsetting the loss of routine operating revenue or covering the cost of routine operating expenses, during the covered emergency, excluding any assistance provided to repair, recover, or rebuild from damage due to the emergency.

"(3) COVERED EMERGENCY.—The term ‘covered emergency’ means—
“(A) a major disaster or emergency, as determined by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act;

“(B) a natural disaster, as determined by the Secretary of Agriculture; or

“(C) an emergency involving Federal primary responsibility determined to exist by the President under the section 501(b) of such Act.

“(4) QUALIFIED WRITE-OFF.—The term ‘qualified write-off’ means, with respect to a borrower—

“(A) an amount described in paragraph (2)(A)(i), if the borrower assigns to the Secretary the right to any payment of the amount; and

“(B) 90 percent of an amount described in paragraph (2)(A)(ii).

“(d) REGULATIONS.—The Secretary may, on an expedited basis, prescribe such regulations as are necessary to carry out the preceding provisions of this section.

“(e) RURAL UTILITY BRIDGE LOAN FUND.—

“(1) ESTABLISHMENT.—There is established in the Treasury of the United States a revolving fund to be known as the ‘Rural Utility Bridge Loan Fund’ (in this subsection referred to as the ‘Fund’).
“(2) DEPOSITS AND CREDITS.—There shall be
deposited in, or credited to, the Fund the following:
“(A) All amounts appropriated to the
Fund.
“(B) All amounts paid as principal or in-
terest on a loan made under this section.
“(C) All interest on, and proceeds from the
sale or redemption of, any obligations invested
in under paragraph (4).
“(3) USE OF FUNDS.—
“(A) IN GENERAL.—The amounts in the
Fund shall be available for the cost of making
loans under this section without further appro-
priation.
“(B) ADMINISTRATIVE EXPENSES.—With
respect to each covered emergency, the Secre-
tary may use amounts in the Fund for admin-
istrative expenses, as follows:
“(i) ESTABLISHMENT OF LINES OF
CREDIT.—For expenses incurred in estab-
lishing lines of credit under this section, an
amount equal to 1 percent of the Fund
balance as of the date of the determination
referred to in subsection (e)(3) with re-
spect to the covered emergency.
"(ii) MAKING AND SERVICING OF LOANS.—During each fiscal year, for expenses incurred in making and servicing loans (including consolidated loans) under this section, an amount equal to 3 percent of the average total amount of loans outstanding under this section during the fiscal year with respect to the covered emergency.

"(iii) LIMITATION.—In addition, the Secretary may not use more than $30,000,000 during each fiscal year for any administrative expense incurred in carrying out this section.

"(4) INVESTMENTS.—

"(A) IN GENERAL.—The Secretary may request the Secretary of the Treasury to invest the portion of the Fund that is not, in the judgment of the Secretary of Agriculture, required to meet the current needs of the Fund.

"(B) ELIGIBLE INVESTMENTS.—On receipt of such a request, the Secretary of the Treasury shall invest the amount involved in obligations of the United States or obligations that are guaranteed as to principal and interest
by the United States, with maturities suitable
to the needs of the Fund as determined by the
Secretary of Agriculture.”.

(b) APPROPRIATION.—Out of any amounts in the
Treasury of the United States not otherwise appropriated,
there are appropriated to the Rural Utility Bridge Loan
Fund $5,000,000,000, to remain available until Sep-
tember 30, 2031. For purposes of section 704(c)(3)(B)(i)
of the Rural Electrification Act of 1936, with respect to
a covered emergency declared in response to the COVID–
19 pandemic, the Fund balance is deemed to be the
amount specified in the preceding sentence.