

## Stakeholder Announcement

Feb. 6, 2013 – USDA today announced publication of a final rule to expand access to broadband service in rural areas. The Rural Utilities Service (RUS) regulation announced today finalizes interim rules issued in March 2011.

The new rule implements the changes to the broadband program Congress incorporated in the 2008 Farm Bill. These changes from the 2002 Farm Bill include restricting funding in areas with three or more incumbent service providers and requiring that at least 25 percent of the households in the proposed service area do not have access to more than one incumbent service provider. The new rule, however, waives these restrictions for incumbent service providers who upgrade the quality of broadband service in their existing service territory.

Also incorporating 2008 Farm Bill measures, the new rule allows areas not adjacent and contiguous to areas with a population of more than 50,000 inhabitants to be eligible for funding, and lowers the equity requirement to 10 percent of the loan value. The new rule also eliminates the market study requirement for applicants that relied on a penetration rate of less than 20 percent.

The broadband program was first enacted by the 2002 Farm Bill, which directed RUS to establish a broadband loan program to fund construction, improvement and acquisition of facilities and equipment for broadband service in rural areas. Regulations were first published on January 30, 2003.

To enhance the program, RUS proposed amendments in May 2007. The 2008 Farm Bill incorporated many of those proposals, such as reducing the original equity requirement from 20 to 10 percent of the loan value, and restricting funding in areas with three or more broadband service providers. RUS published an interim rule in March 2011, requesting comments regarding proposed procedures to implement the 2008 Farm Bill. The agency received seven sets of comments, which were addressed in the final rule.

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