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FOR IMMEDIATE RELEASE

WASHINGTON, D.C. Oct. 21, 1969---Senate Agriculture Committee hearings on the Rural Telephone Bank Bill, introduced by Senator Bob Dole (R-Kans.) are scheduled to begin Nov. 6.

The bill, cosponsored by 13 other Senators, would permit the creation of a Rural Telephone Bank similar to the Federal Land Bank and would provide financing for rural telephone systems, both independent and cooperative.

Currently, rural telephone companies borrow funds directly from the Government, through funds specifically appropriated for them. Such telephone loans are part of the Rural Electric Association Act which was passed in 1936 and was extended to include rural telephone loans in 1949. Under this program, loans are granted to eligible borrowers at a 2% interest rate.

"The present REA 2% lending program is being maintained at about \$125 million per year," Dole said. "If this program alone were to bear the burden of the expected future capital requirements, it would mean doubling the current appropriations. The Congress simply cannot be expected to provide such an amount, at such rate.

"Under this bill, telephone systems who could afford to pay higher rates of interest would borrow directly from the Telephone Bank. Smaller systems unable to pay higher interest rates would be able to secure the 2% financing.

"The proposed bank is modeled after the highly successful Federal Land Banks which have operated for over 50 years and have long since reimbursed the Federal Treasury for the government's capital investment and have become totally borrower owned and controlled.

"The demand for capital is demonstrated by the current backlog of applications for over \$309 million in REA loans. This demand has been increasing each year and must be met if these companies are to survive and meet the needs of their subscribers."