

41

FROM: THE OFFICE OF U.S. SEN. BOB DOLE
WASHINGTON, D.C. 20510

FOR IMMEDIATE RELEASE

WASHINGTON, D.C., Feb. 24 --- U.S. Sen. Bob Dole's bill to create a Rural Telephone Bank was given a green light today by the Senate Committee on Agriculture and Forestry. The bill was reported favorably out of the full committee in the same form the legislation passed the Senate in the 91st Congress. Dole indicated the bill (S.70) will be placed on the Senate calendar and that he will urge its prompt consideration and early enactment.

Senate Bill 70 will provide supplemental financing for the rural telephone program and will amend the Rural Electrification Act of 1936. Telephone systems with the lowest subscriber densities will be able to continue to secure two per cent REA loans while those systems able to pay higher rates of interest will obtain their financing by borrowing directly from the Rural Telephone Bank.

A member of the Agricultural Credit Subcommittee, Dole commented that this proposal offers a constructive approach to meeting the needs of small telephone systems. The Kansas Senator, who is also a member of the Rural Development Subcommittee, said:

We hear much talk about rural development, but up until recently, we have seen few substantive efforts in that direction. The proposed rural telephone program, however, is fiscally responsible and would provide specific benefits to those who live or want to live in rural America.

The Rural Telephone Bank would be patterned after the Federal Land Bank that is now totally borrower owned and controlled.

Dole introduced S.70 during the first week of the 92nd Congress in order to insure that there would be adequate time for its consideration by Congress. Last session Dole and U.S. Sen. Herman E. Talmadge (D-Ga.) successfully steered a similar bill through the Senate, but the House Committee on Agriculture failed to act on it before the 91st Congress adjourned.

Stressing the need for a Rural Telephone Bank, Dole explained that REA telephone systems have been unable to go directly to the private money market because of their low subscriber density handicap. Consequently, the number of REA loan applicants has steadily increased. Presently, the REA two per cent lending program is being maintained at about \$125 million per year; but if this program were to bear the burden of expected future capital requirements, it would mean doubling current appropriations (something Congress will not do during this time of fiscal restraint.) As a result, the backlog of loan applications has increased from \$295.5 million in Dec. 31, 1968, to \$457.3 million two years later.

"The present need for supplemental financing for rural telephone systems is urgent," Dole said, "but predictions of future capital requirements make an additional loan source, an absolute necessity," Dole said.