

Rural Broadband Financing Flexibility Act

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The Problem: Families and businesses alike need fast and reliable internet access in order to fully participate in the 21st century economy, yet millions of Americans living in rural areas lack access to high-speed internet service.

Leaders in “next generation economy” businesses depend on access to high-speed data connections to create the jobs that allow Americans to prosper. In addition to the economic benefits, broadband enables individuals to connect and engage with their families and their communities.

However, rural Americans are [less likely than urban Americans](#) to have broadband access. According to the Federal Communications Commission, rural areas [greatly lag behind their urban counterparts](#) in broadband availability. A major barrier to full internet access in rural areas is the high cost of building broadband infrastructure, due to factors including lower population density and physically challenging terrain.

The Solution: The bipartisan Rural Broadband Financing Flexibility Act would give states, cities, and towns greater resources and flexibility to promote investment in rural broadband projects. This bill would provide state and local governments with new tools to leverage private investment and incentivize broadband buildout in rural areas.

The Rural Broadband Financing Flexibility Act would:

1. Support investments in rural high-speed internet deployment by permitting state and local governments to issue tax-favored Private Activity Bonds and Direct Payment Bonds for broadband infrastructure.

- *Private Activity Bonds* are tax-exempt bonds issued by state and local governments used to finance projects in partnership with the private sector.
- *Direct Payment Bonds* allow state and local governments to receive a direct payment covering 35 percent of their interest payments to investors. Each state would be guaranteed \$25 million in bonding authority each year, with an additional \$1.25 billion in authority allocated among the states according to rural population.

2. Create a new federal investment tax credit covering 10 percent of an internet provider’s investment in gigabit speed-capable broadband infrastructure in rural areas. The bill would:

- *Guarantee each state \$5 million in investment tax credits annually* - with additional credits available based on rural population - which can then be awarded to rural broadband projects
- *Give states and towns flexibility in prioritizing projects for investment tax credits* by:
 - Empowering states and localities to nominate broadband projects for investment tax credits
 - Giving states authority to prioritize projects when applications exceed annual tax credit limits
- *Ensure accountability and provide guardrails* by:
 - Requiring broadband projects to be nominated by state or local governments
 - Requiring Treasury, alongside the FCC and USDA, to certify that nominated broadband projects would serve rural areas lacking gigabit-capable broadband infrastructure