

TITLE 7 - AGRICULTURE**CHAPTER 31 - RURAL ELECTRIFICATION AND TELEPHONE SERVICE****SUBCHAPTER IV - RURAL TELEPHONE BANK****§ 946. Capitalization****(a) Federal and borrower subscriptions; Federal limitation; report to President, transmittal to Congress; net collection proceeds**

The telephone bank's capital shall consist of capital subscribed by the United States, by borrowers from the telephone bank, by corporations and public bodies eligible to become borrowers from the telephone bank, and by organizations controlled by such borrowers, corporations, and public bodies. Beginning with the fiscal year 1971 and for each fiscal year thereafter but not later than fiscal year 1991, the United States shall furnish capital for the purchase of class A stock and there are hereby authorized to be appropriated such amounts, not to exceed \$30,000,000 annually, for such purchase until such class A stock shall equal \$600,000,000: Provided, That on or before July 1, 1975, the Secretary shall make a report to the President for transmittal to the Congress on the status of capitalization of the telephone bank by the United States with appropriate recommendations. As used in this section and section 931 of this title, the term "net collection proceeds" shall be deemed to mean payments from and after July 1, 1969, of principal and interest on loans heretofore or hereafter made under section 922 of this title, less an amount representing interest payable to the Secretary of the Treasury on loans to the Secretary for telephone purposes.

(b) Stock classification; voting stock; one vote rule

The capital stock of the telephone bank shall consist of three classes, class A, class B, and class C, the rights, powers, privileges, and preferences of the separate classes to be as specified, not inconsistent with law, in the bylaws of the telephone bank. Class B and class C stock shall be voting stock, but no holder of said stock shall be entitled to more than one vote, nor shall class B and class C stockholders, regardless of their number, which are owned or controlled by the same person, group of persons, firm, association, or corporation, be entitled in any event to more than one vote.

(c) Class A stock; issuance to Secretary of Agriculture and redemption; cumulative return

Class A stock shall be issued only to the Secretary on behalf of the United States in exchange for capital furnished to the telephone bank pursuant to subsection (a) of this section, and such class A stock shall be redeemed and retired by the telephone bank as soon as practicable after September 30, 1995, but not to the extent that the Telephone Bank Board determines that such retirement will impair the operations of the telephone bank: Provided, That the minimum amount of class A stock that shall be retired each year after said date shall equal the amount of class B stock sold by the telephone bank during such year. Class A stock shall be entitled to a return, payable from income, at the rate of 2 per centum per annum on the amounts of said class A stock actually paid into the telephone bank. Such return shall be cumulative and shall be payable annually into miscellaneous receipts of the Treasury.

(d) Class B stock; borrowers as holders; dividend prohibition; patronage refunds

Class B stock shall be held only by recipients of loans under section 948 of this title. Borrowers receiving loan funds pursuant to section 948 (a)(1) or (2) of this title shall be required to invest in class B stock 5 per centum of the amount of loan funds so provided, by paying an amount equal to 5 per centum of the amount of each loan advance, at the time of such advance. No dividends shall be payable on class B stock. All holders of class B shall be entitled to patronage refunds in class B stock under terms and conditions to be specified in the bylaws of the telephone bank.

(e) Class C stock; borrowers as purchasers; dividends

Class C stock shall be available for purchase and shall be held only by borrowers, or by corporations and public bodies eligible to borrow under section 948 of this title, or by organizations controlled by such borrowers, corporations and public bodies, and shall be entitled to dividends in the manner specified

NB: This unofficial compilation of the U.S. Code is current as of Jan. 8, 2008 (see <http://www.law.cornell.edu/uscode/uscprint.html>).

in the bylaws of the telephone bank. Such dividends shall be payable only from income and, until all class A stock is retired, shall not exceed the current average rate payable on its telephone debentures.

(f) Special fund equivalents

If a firm, association, corporation, or public body is not authorized under the laws of the jurisdiction in which it is organized to acquire stock of the telephone bank, the telephone bank shall, in lieu thereof, permit such organization to pay into a special fund of the telephone bank a sum equivalent to the amount of stock to be purchased. Each reference in this subchapter to capital stock, or to class B, or class C stock, shall include also the special fund equivalents of such stock, and to the extent permitted under the laws of the jurisdiction in which such organization is organized, a holder of special fund equivalents of class B, or class C stock, shall have the same rights and status as a holder of class B or class C stock, respectively. The rights and obligations of the telephone bank in respect of such special fund equivalent shall be identical to its rights and obligations in respect of class B or class C stock, respectively.

(g) Patronage refunds from remaining earnings after provision for operating expenses, reserves for losses, payments in lieu of taxes, and returns on class A and C stock

After payment of all operating expenses of the telephone bank, including interest on its telephone debentures, setting aside appropriate funds for the reserve for loan losses, and making payments in lieu of taxes, and returns on class A stock as provided in subsection (c) of this section, and on class C stock, the Telephone Bank Board shall annually set aside the remaining earnings of the telephone bank for patronage refunds in accordance with the bylaws of the telephone bank. The telephone bank may not establish any reserve other than the reserves referred to in this subsection and in subsection (h) of this section.

(h) Reserve for losses due to interest rate fluctuations

There is hereby established in the telephone bank a reserve for losses due to interest rate fluctuations. Within 30 days after December 22, 1987, the Governor of the telephone bank shall transfer to the reserve for losses due to interest rate fluctuations all amounts in the reserve for contingencies as of December 22, 1987. All amounts so transferred shall not be transferred, directly or indirectly, to the reserve for contingencies. Amounts in the reserve for interest rate fluctuations may be expended only to cover operating losses of the telephone bank (other than losses attributable to loan defaults) and only after taking into consideration any recommendations made by the General Accounting Office under section 1413(b) of the Omnibus Budget Reconciliation Act of 1987.

(i) Investment of RTB Equity Fund

The Governor of the telephone bank may invest in obligations of the United States the amounts in the account in the Treasury of the United States numbered 12X8139 (known as the "RTB Equity Fund").

(May 20, 1936, ch. 432, title IV, § 406, as added Pub. L. 92–12, § 2, May 7, 1971, 85 Stat. 33; amended Pub. L. 93–32, § 5, May 11, 1973, 87 Stat. 70; Pub. L. 94–273, § 2(2), Apr. 21, 1976, 90 Stat. 375; Pub. L. 97–98, title XVI, § 1607, Dec. 22, 1981, 95 Stat. 1347; Pub. L. 100–203, title I, § 1413(a), (c), Dec. 22, 1987, 101 Stat. 1330–26; Pub. L. 101–624, title XXIII, §§ 2364, 2367 (a), Nov. 28, 1990, 104 Stat. 4044; Pub. L. 103–129, § 2(c)(9), Nov. 1, 1993, 107 Stat. 1365; Pub. L. 103–354, title II, § 235(a)(11), (13), Oct. 13, 1994, 108 Stat. 3221; Pub. L. 104–127, title VII, § 772(b)(3), Apr. 4, 1996, 110 Stat. 1149.)

References in Text

Section 1413(b) of the Omnibus Budget Reconciliation Act of 1987, referred to in subsec. (h), is section 1413(b) of Pub. L. 100–203, title I, Dec. 22, 1987, 101 Stat. 1330–26, which is not classified to the Code, and which mandated a study by the General Accounting Office of the operations of the telephone bank and directed that GAO report recommendations to Congress within 180 days of Dec. 22, 1987.

Amendments

1996—Subsec. (a). Pub. L. 104–127 struck out “pursuant to section 903 (a) of this title” after “telephone purposes” in last sentence.

1994—Pub. L. 103–354 substituted “Secretary” for “Administrator” in last sentence of subsec. (a) and “Secretary” for “Administrator of the Rural Electrification Administration” in subsec. (c).

1993—Subsec. (i). Pub. L. 103–129 added subsec. (i).

1990—Subsec. (d). Pub. L. 101–624, § 2364, inserted before period at end of second sentence “, by paying an amount equal to 5 per centum of the amount of each loan advance, at the time of such advance”.

Subsec. (h). Pub. L. 101–624, § 2367(a), inserted after second sentence “All amounts so transferred shall not be transferred, directly or indirectly, to the reserve for contingencies.” and substituted “Omnibus Budget Reconciliation” for “Rural Telephone Bank Borrowers Fairness”.

1987—Subsec. (g). Pub. L. 100–203, § 1413(c), substituted “the reserve for loan losses” for “reserves for losses”, and inserted at end “The telephone bank may not establish any reserve other than the reserves referred to in this subsection and in subsection (h) of this section.”

Subsec. (h). Pub. L. 100–203, § 1413(a), added subsec. (h).

1981—Subsec. (a). Pub. L. 97–98, § 1607(1), inserted “but not later than fiscal year 1991” after “thereafter,” and substituted “\$600,000” for “\$300,000”.

Subsec. (c). Pub. L. 97–98, § 1607(2), substituted “September 30, 1995” for “September 30, 1985”, and struck out “and after the amount of class A and class B stock totals \$400,000,000” after “said date”.

1976—Subsec. (c). Pub. L. 94–273 substituted “September” for “June”.

1973—Subsec. (a). Pub. L. 93–92 struck out “from net collection proceeds in the rural telephone account created under subchapter III of this chapter” after “appropriated”.

Change of Name

General Accounting Office redesignated Government Accountability Office by section 8 of Pub. L. 108–271, set out as a note under section 702 of Title 31, Money and Finance.

Effective Date of 1990 Amendment

Section 2368 of Pub. L. 101–624 provided that:

“(a) In General.—Except as provided in subsection (b), this subtitle and the amendments made by this subtitle [subtitle F (§§ 2351–2368) of title XXIII of Pub. L. 101–624, enacting sections 918 and 925 to 928 of this title, amending this section and sections 924, 932, 935, 936, 939, 945, 948, and 950 of this title and enacting provisions set out as notes under section 901 of this title] shall take effect on the date of enactment of this Act [Nov. 28, 1990].

“(b) Technical Amendments.—The amendments made by section 2367 [amending this section and section 948 of this title] shall take effect as if such amendments had been included in chapter 2 [§§ 1411–1414] of subtitle D of title I of the Omnibus Budget Reconciliation Act of 1987 [Pub. L. 100–203] on the date of enactment of such chapter [Dec. 22, 1987].”

Effective Date of 1981 Amendment

Amendment by Pub. L. 97–98 effective Dec. 22, 1981, see section 1801 of Pub. L. 97–98, set out as an Effective Date note under section 4301 of this title.

Effective Date of 1973 Amendment

Amendment by Pub. L. 93–32 effective May 11, 1973, see section 12 of Pub. L. 93–32, set out as an Effective Date note under section 930 of this title.

Effective Date

Section effective May 7, 1971, see section 7 of Pub. L. 92–12, set out as a note under section 921a of this title.