

118TH CONGRESS
1ST SESSION

H. R. 6775

To provide for the Federal charter of certain public banks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2023

Ms. TLAIB (for herself, Ms. OCASIO-CORTEZ, Ms. PRESSLEY, Ms. LEE of California, Ms. SCHAKOWSKY, and Ms. OMAR) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Oversight and Accountability, Ways and Means, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for the Federal charter of certain public banks, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Public Banking Act of 2023”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

TITLE I—FEDERAL RECOGNITION OF PUBLIC BANKS

- Sec. 101. Federal charter of public lending banks and public payment banks.
- Sec. 102. Federal recognition of non-federally chartered banks.
- Sec. 103. Federal Reserve System membership.
- Sec. 104. Public member bank services.
- Sec. 105. Specific requirements relating to covered banks.
- Sec. 106. Regulations.
- Sec. 107. Technical assistance.

TITLE II—FEDERAL RECOGNITION OF PUBLIC SECURITIES

- Sec. 201. Regulation of public lending banks and non-federally chartered banks.

TITLE III—PUBLIC DEPOSIT INSURANCE

- Sec. 301. In general.

TITLE IV—POSTAL BANKING

- Sec. 401. Partnerships with covered banks for postal banking services.

TITLE V—PUBLIC BANK DEVELOPMENT PROGRAMS

- Sec. 501. Public bank grant program.
- Sec. 502. Public bank incubator program.
- Sec. 503. Community development grant program.
- Sec. 504. Treatment of funding.

TITLE VI—COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

- Sec. 601. State and local instrumentalities eligible to be community development financial institutions.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) **BOARD OF GOVERNORS.**—The term “Board
4 of Governors” means the Board of Governors of the
5 Federal Reserve System.

6 (2) **COMMISSION.**—The term “Commission”
7 means the Securities and Exchange Commission.

8 (3) **COPYLEFT LICENSE.**—The term “copyleft
9 license” means any copyright license with respect to
10 technology that grants the licensee the authority
11 to—

1 (A) use the technology for any purpose;

2 (B) study how the technology works, and
3 change the technology as desired;

4 (C) access any source code related to the
5 technology; and

6 (D) redistribute copies of the technology,
7 including modified or extended copies, to others,
8 for any purpose, if the authorities described
9 under this paragraph are also granted to all
10 modified, extended, or redistributed copies.

11 (4) CORPORATION.—The term “Corporation”
12 means the Federal Deposit Insurance Corporation.

13 (5) COVERED BANK.—The term “covered bank”
14 means—

15 (A) a public lending bank (as defined in
16 section 101(b));

17 (B) a public payment bank (as defined in
18 section 101(c)); and

19 (C) a non-federally chartered bank (as de-
20 fined in section 102(b)) that obtains a certifi-
21 cate of Federal recognition under section 102.

22 (6) ENVIRONMENTAL JUSTICE COMMUNITY.—
23 With respect to a public lending bank, the term “en-
24 vironmental justice community” means—

1 (A) a community with significant represen-
2 tation of communities of color, low-income com-
3 munities, or Tribal and Indigenous commu-
4 nities, that experience, or are at risk of experi-
5 encing, higher or more adverse human health or
6 environmental effects; or

7 (B) notwithstanding subparagraph (A), a
8 definition established by the State in which the
9 public lending bank is located, if—

10 (i) the definition was established by
11 using a process established, by rule, jointly
12 by the Environmental Protection Agency
13 and the Council on Environmental Quality;
14 and

15 (ii) the State establishes a cor-
16 responding screening tool to identify which
17 communities are an environmental justice
18 community under such definition.

19 (7) PUBLIC MEMBER BANK.—The term “public
20 member bank” means a covered bank that is a mem-
21 ber of the Federal Reserve System.

22 (8) SECRETARY.—The term “Secretary” means
23 the Secretary of the Treasury.

24 (9) STATE.—The term “State” means each of
25 the several States, the District of Columbia, and any

1 commonwealth, territory, or possession of the United
2 States.

3 (10) TRIBAL AND INDIGENOUS COMMUNITY.—

4 The term “Tribal and indigenous community”
5 means a population of people who are members of—

6 (A) a federally recognized Indian Tribe;

7 (B) a State-recognized Indian Tribe;

8 (C) an Alaska Native community or orga-
9 nization;

10 (D) a Native Hawaiian community or or-
11 ganization; or

12 (E) any other Indigenous community lo-
13 cated in a State.

14 (11) TRIBAL COVERED BANK.—The term
15 “Tribal covered bank” means a covered bank that is
16 wholly owned and controlled by—

17 (A) a Tribal government, including a unit
18 of local Tribal government, or Tribal govern-
19 ment agency;

20 (B) a Tribally chartered corporation;

21 (C) a nonprofit instrumentality designated
22 by a Tribal government as acting in the public
23 interest of a community within such Tribe, in-
24 cluding an unincorporated community; or

1 (D) an association of 1 or more entities de-
2 scribed in subparagraphs (A) through (C).

3 **TITLE I—FEDERAL RECOGNI-**
4 **TION OF PUBLIC BANKS**

5 **SEC. 101. FEDERAL CHARTER OF PUBLIC LENDING BANKS**
6 **AND PUBLIC PAYMENT BANKS.**

7 (a) IN GENERAL.—The Board of Governors shall
8 charter public lending banks and public payment banks.

9 (b) PUBLIC LENDING BANK DEFINED.—In this Act,
10 the term “public lending bank” means a person that—

11 (1) is wholly owned and controlled by—

12 (A) a State or Tribal government, includ-
13 ing a unit of local government, or government
14 agency;

15 (B) a State or Tribally chartered corpora-
16 tion;

17 (C) a nonprofit instrumentality designated
18 by a State or Tribal government as acting in
19 the public interest of a community within such
20 State or Tribe, including an unincorporated
21 community; or

22 (D) an association of 1 or more entities de-
23 scribed in subparagraphs (A) through (C);

24 (2) that—

1 (A) is not owned or governed by, operated
2 as a subsidiary of, or otherwise affiliated with
3 any for-profit entity;

4 (B) does not own, govern, or operate a
5 subsidiary that is any for-profit entity; and

6 (C) does not compensate any employee, ex-
7 ecutive, or board member at a rate to exceed
8 the salary of the President of the United States
9 for that equivalent period; and

10 (3) provides—

11 (A) fiscal agent services;

12 (B) money transmitter services;

13 (C) digital dollar services as a pass-
14 through intermediary for the Federal Govern-
15 ment;

16 (D) depository services;

17 (E) banking services in partnership with
18 the United States Postal Service;

19 (F) municipal deposit services;

20 (G) securities-related services; or

21 (H) any lending product approved by the
22 Board of Governors, including participation
23 loans and letters of credit.

24 (c) PUBLIC PAYMENT BANK DEFINED.—In this Act,
25 the term “public payment bank” means a person that—

1 (1) is wholly owned and controlled by an entity
2 described in subsection (b)(1);

3 (2) provides at least one of the services speci-
4 fied in subparagraphs (A) through (F) of subsection
5 (b)(3); and

6 (3) does not provide the services specified in
7 subparagraph (G) or (H) of subsection (b)(3).

8 (d) EXCEPTION OF CERTAIN PUBLIC LENDING
9 BANKS FROM CONSIDERATION AS BANK HOLDING COM-
10 PANY.—A person or entity described in subsection (b)(1)
11 shall not be considered a bank holding company under the
12 Bank Holding Company Act of 1956 (12 U.S.C. 1841 et
13 seq.) or any other law, solely due to the person or entity’s
14 ownership or control of a public lending bank, public pay-
15 ment bank, or non-federally chartered bank.

16 **SEC. 102. FEDERAL RECOGNITION OF NON-FEDERALLY**
17 **CHARTERED BANKS.**

18 (a) CERTIFICATES OF RECOGNITION.—The Board of
19 Governors shall issue certificates of Federal recognition to
20 non-federally chartered banks.

21 (b) NON-FEDERALLY CHARTERED BANK DE-
22 FINED.—In this Act, the term “non-federally chartered
23 bank” means a person that is—

24 (1) wholly owned and controlled by an entity
25 described in section 101(b)(1); and

1 (2) either—

2 (A) chartered as a non-depository institu-
3 tion by an approved non-Federal financial regu-
4 lator described in subsection (c); or

5 (B) insured as a depository institution by
6 the Corporation, by an approved non-Federal fi-
7 nancial regulator described in subsection (c), or
8 under an alternate public deposit insurance
9 scheme approved by the Corporation.

10 (c) LIST OF APPROVED NON-FEDERAL FINANCIAL
11 REGULATORS.—The Board of Governors shall establish
12 and maintain on a public website of the Board of Gov-
13 ernors a list of approved non-Federal financial regulators
14 for the purpose of determining eligibility for a certificate
15 of Federal recognition under this section.

16 (d) CONVERSION.—At the request of a non-federally
17 chartered bank, the Board of Governors may convert such
18 bank into a public payment bank or a public lending bank.

19 (e) SERVICES.—A non-federally chartered bank—

20 (1) may not offer depository services before—

21 (A) obtaining—

22 (i) deposit insurance or conditional
23 deposit insurance from the Corporation; or

1 (ii) deposit insurance from alternate
2 public deposit insurance scheme approved
3 by the Corporation; and

4 (B) becoming a public member bank or a
5 conditional public member in accordance with
6 section 103(b); and

7 (2) may—

8 (A) invest any funds held on behalf of an
9 entity described in section 101(b)(1) in a fiscal
10 agent account;

11 (B) provide fiscal agent services, including
12 sending and receiving money and effectuating
13 payments to and from any entity whose funds
14 are invested in a fiscal agent account;

15 (C) invest any funds held on behalf of an
16 entity not described in section 101(b)(1) in a
17 payments account or as digital dollar products;
18 and

19 (D) provide money transmitter and digital
20 dollar services.

21 **SEC. 103. FEDERAL RESERVE SYSTEM MEMBERSHIP.**

22 (a) **ELIGIBILITY.**—A covered bank shall be eligible
23 for membership in the Federal reserve system as a public
24 member bank and, except as provided in subsection (c),
25 shall be treated in the same manner as a member bank

1 under section 4 of the Federal Reserve Act (12 U.S.C.
2 308).

3 (b) **CONDITIONAL PUBLIC MEMBER BANK.**—The
4 Board of Governors shall establish a special category of
5 public member bank, called a “conditional public member
6 bank”, for persons that are in the process of applying for
7 becoming a covered bank. Such conditional public member
8 banks shall be subject to such conditions and restrictions
9 as the Board of Governors determines to be necessary and
10 appropriate to promote public welfare, provided that such
11 conditions and restrictions are not arbitrary, punitive, or
12 unduly burdensome.

13 (c) **PURCHASING STOCK.**—The Board of Governors
14 may not require a covered bank to purchase stock in a
15 Federal reserve bank or otherwise maintain paid-in capital
16 in the Federal reserve system.

17 **SEC. 104. PUBLIC MEMBER BANK SERVICES.**

18 (a) **PURPOSES OF SERVICES.**—The Board of Gov-
19 ernors shall offer the services described in subsection (b)
20 to public member banks in order to—

21 (1) promote the safety, soundness, viability, and
22 resiliency of publicly owned and operated financial
23 institutions;

24 (2) facilitate the provision of payments, credit,
25 and other financial services as a public good; and

1 (3) support the financial and budgetary health
2 of State and Tribal governments, local government
3 units, government agencies, State or tribally char-
4 tered corporations, nonprofit entities designated by a
5 State or Tribal government to be acting in the pub-
6 lic interest of a community within such State or
7 Tribe, or an association of one or more of such enti-
8 ties.

9 (b) SERVICES.—The Board of Governors shall offer
10 the following services to public member banks:

11 (1) Fiscal agent accounts—

12 (A) in which public member banks may in-
13 vest funds held on behalf of any entity de-
14 scribed in section 101(b)(1); and

15 (B) under which—

16 (i) the Board of Governors shall pay
17 interest on all balances held overnight in
18 such fiscal agent accounts at a rate that is
19 greater than or equal to the greater of—

20 (I) the sum of the overnight pol-
21 icy target rate plus two percent; or

22 (II) the daily rate on 30-year
23 marketable Treasury bonds; and

24 (ii) the interest described in clause (i)
25 (minus a reasonable administrative fee im-

1 posed by the public member bank) shall be
2 paid to the entity for which the public
3 member bank invested such funds.

4 (2) Payment accounts—

5 (A) in which public member banks may in-
6 vest funds held on behalf of any entity other
7 than an entity described in section 101(b)(1)
8 for purposes of providing money transmitter
9 services; and

10 (B) under which the Board of Governors
11 shall pay interest (minus a reasonable adminis-
12 trative fee) on all balances held overnight in
13 such fiscal agent accounts at a rate that is
14 greater than or equal to the greater of—

15 (i) the overnight rate paid on required
16 reserves; or

17 (ii) the overnight rate paid on excess
18 reserves.

19 (3)(A) Digital dollar services in which public
20 member banks may operate as pass-through inter-
21 mediaries for any digital dollar or other financial
22 services offered by the Federal Government, includ-
23 ing—

1 (i) digital dollar account wallets adminis-
2 tered by the Board of Governors (commonly
3 known as “FedAccounts”);

4 (ii) digital dollar cash wallets administered
5 by the Secretary (commonly known as
6 “eCash”); and

7 (iii) postal banking services provided by
8 the United States Postal Service.

9 (B) The Board of Governors may issue regula-
10 tions as necessary to ensure effective harmonization
11 and coordination between covered banks and any en-
12 tities responsible for administering digital dollar
13 services on behalf of the Federal Government.

14 (4)(A) A facility (to be known as the “Public
15 Bank Primary Liquidity Facility”) to provide liquid-
16 ity to public member banks by buying or lending (at
17 a reasonable rate of interest that is not greater than
18 the overnight policy target rate) against federally
19 recognized public loans (as described in section 105)
20 and federally-recognized public securities (as de-
21 scribed in section 201(b)), under terms and condi-
22 tions that the Board of Governors determines to be
23 necessary and appropriate to promote public welfare.

1 (B) The facility under subparagraph (A) shall
2 purchase or accept loans or securities under such
3 subparagraph at face value.

4 (5)(A) A facility (to be known as the “Public
5 Bank Supplementary Liquidity Facility”) to provide
6 liquidity to public member banks by buying or lend-
7 ing (at a reasonable rate of interest that is not
8 greater than the overnight policy target rate)
9 against assets not otherwise eligible to be purchased
10 or accepted as collateral under paragraph (4).

11 (B) The facility under subparagraph (A) may
12 purchase or accept assets as collateral under such
13 subparagraph at a reasonable discount.

14 (6) A facility (to be known as the “Public Bank
15 Credit Facility”) to provide credit to public member
16 banks on an unsecured basis, in such amounts and
17 such rates of interests as the Board of Governors
18 determines to be necessary and appropriate to pro-
19 mote public welfare.

20 (7) A facility (to be known as the “Federally
21 Recognized Public Loan Facility”) to, in consulta-
22 tion with the Corporation—

23 (A) develop rules, standards, and criteria
24 for Federal recognition of loans, mortgages,
25 credit cards, account overdrafts, and other di-

1 rect lending products issued by public member
2 banks; and

3 (B) provide prepurchase agreements under
4 which the facility will purchase loans and agree
5 that such loans will be repurchased by the pub-
6 lic member bank at such time as is agreed upon
7 by such facility and member bank.

8 (c) ADMINISTRATIVE, OPERATING, AND MAINTEN-
9 NANCE COSTS.—The Board of Governors shall pay all ad-
10 ministrative, operating, and maintenance costs associated
11 with the accounts, services, and facilities described in sub-
12 section (b).

13 (d) REIMBURSEMENT.—The Board of Governors
14 shall reimburse a public member bank for any expenses
15 reasonably incurred in the process of operating as a pass-
16 through intermediary described in subsection (b)(3).

17 (e) EXPENSES.—

18 (1) MEMBER SERVICES.—Any expenses in-
19 curred by the Board of Governors under paragraphs
20 (1) through (3) of subsection (b) and under sub-
21 sections (c) and (d) shall be recorded—

22 (A) in an account to be known as the
23 “Special Public Member Bank Services Ac-
24 count” established at the Federal Reserve Bank
25 of New York; and

1 (B) as a deferred asset (as described in
2 section 11.96 of the Financial Accounting Man-
3 ual for Federal Reserve Banks, as in effect on
4 the date of the enactment of this Act) and
5 maintained separately from the balance sheet of
6 the Federal Reserve Bank of New York and the
7 Federal Reserve System, so as to not reduce or
8 impact the calculation of total income or rev-
9 enue generated by the Federal Reserve System,
10 or otherwise reduce the total amount of net op-
11 erating profits to be made available for remit-
12 tance to the Treasury on an ongoing basis.

13 (2) FACILITIES.—Any expenses incurred by the
14 Board of Governors under paragraphs (4) through
15 (7) of subsection (b) shall be recorded—

16 (A) in an account to be known as the
17 “Special Public Member Bank Liquidity and
18 Credit Account” established at the Federal Re-
19 serve Bank of New York; and

20 (B) as a deferred asset (as described in
21 section 11.96 of the Financial Accounting Man-
22 ual for Federal Reserve Banks, as in effect on
23 the date of the enactment of this Act) and
24 maintained separately from the balance sheet of
25 the Federal Reserve Bank of New York and the

1 Federal Reserve System, so as to not reduce or
2 impact the calculation of total income or rev-
3 enue generated by the Federal Reserve System,
4 or otherwise reduce the total amount of net op-
5 erating profits to be made available for remit-
6 tance to the Treasury on an ongoing basis.

7 **SEC. 105. SPECIFIC REQUIREMENTS RELATING TO COV-**
8 **ERED BANKS.**

9 (a) PUBLIC PURPOSE BANK REQUIREMENT.—

10 (1) IN GENERAL.—A covered bank shall serve
11 the public good and promote the general welfare.

12 (2) DEFINITION IN GOVERNING DOCUMENTS.—

13 A covered bank shall define the terms “public good”
14 and “promote the general welfare” in the governing
15 documents of the covered bank, after such defini-
16 tions are approved by either—

17 (A) the Governing Assembly of the covered
18 bank; or

19 (B) if the covered bank does not have a
20 Governing Assembly, the Board of Directors.

21 (b) DEMOCRATIC GOVERNANCE.—

22 (1) GOVERNANCE POLICY.—Before the end of
23 the 2-year period beginning on the formation of a
24 covered bank, the Board of Directors of the covered
25 bank or the Governing Assembly of the covered bank

1 shall establish a formal governance policy for the
2 covered bank.

3 (2) INSTITUTIONALIZATION OF A DEMOCRATIC
4 GOVERNANCE STRUCTURE.—A covered bank shall
5 institutionalize a democratic governance structure
6 through the following:

7 (A) BOARD OF DIRECTORS.—The estab-
8 lishment of a Board of Directors—

9 (i) charged with ensuring that fidu-
10 ciary duties of the covered bank are met;

11 (ii) charged with ensuring the covered
12 bank complies with policies and procedures
13 required by statute, regulation, and prin-
14 ciples of safety and soundness;

15 (iii) with no less than 5 members, of
16 which—

17 (I) at least one-third of the mem-
18 bers shall represent community-based,
19 nonprofit organizations based pri-
20 marily within the geographic area of
21 (or, with respect to a corporation or
22 nonprofit instrumentality, the geo-
23 graphic area served by) the relevant
24 entity described in section 101(b)(1);

1 (II) at least one member shall
2 have demonstrated experience with,
3 and endorsement from, organizations
4 representing historically excluded and
5 marginalized groups based primarily
6 within the geographic area of (or,
7 with respect to a corporation or non-
8 profit instrumentality, the geographic
9 area served by) the relevant entity de-
10 scribed in section 101(b)(1);

11 (III) at least one member shall
12 have demonstrated experience with,
13 and endorsement from, environmental
14 justice or environmental organizations
15 based primarily within the geographic
16 area of (or, with respect to a corpora-
17 tion or nonprofit instrumentality, the
18 geographic area served by) the rel-
19 evant entity described in section
20 101(b)(1);

21 (IV) at least one member shall
22 have demonstrated experience with,
23 and endorsement from, community de-
24 velopment organizations based pri-
25 marily within the geographic area of

1 (or, with respect to a corporation or
2 nonprofit instrumentality, the geo-
3 graphic area served by) the relevant
4 entity described in section 101(b)(1);

5 (V) at least one member shall
6 have demonstrated experience with,
7 and endorsement from, labor organi-
8 zations based primarily within the ge-
9 ographic area of (or, with respect to a
10 corporation or nonprofit instrumen-
11 tality, the geographic area served by)
12 the relevant entity described in section
13 101(b)(1); and

14 (VI) with respect to a Tribal cov-
15 ered bank, include a number of rep-
16 resentatives of Indigenous commu-
17 nities on the board roughly propor-
18 tionate to the percentage of the popu-
19 lation of the geographic area of the
20 relevant entity described in section
21 101(b)(1) who are Indigenous;

22 (iv) with respect to a covered bank
23 with a Governing Assembly and a People's
24 Review Board, that is—

- 1 (I) responsible for the basic oper-
2 ations of the covered bank, includ-
3 ing—
- 4 (aa) hiring and firing senior
5 management;
 - 6 (bb) monitoring and assess-
7 ing the covered bank’s perform-
8 ance, operations, and investment
9 decisions;
 - 10 (cc) producing internal an-
11 nual reports; and
 - 12 (dd) interfacing with the
13 People’s Review Board in the
14 issuance of public-facing reports;
15 and
- 16 (II) responsible for ensuring that
17 the mandates set by the Governing
18 Assembly are successfully imple-
19 mented; and
- 20 (v) with respect to a covered bank
21 without a Governing Assembly and Peo-
22 ple’s Review Board, responsible for the
23 basic operations of the covered bank, in-
24 cluding—

1 (I) those responsibilities de-
2 scribed under item (aa) through (cc)
3 of clause (iv)(I);

4 (II) setting the core mandates
5 and policies which guide the covered
6 bank's activities; and

7 (III) issuing public-facing re-
8 ports.

9 (B) REQUIREMENT FOR LARGER PUBLIC
10 LENDING BANKS.—With respect to a public
11 lending bank with more than \$500,000,000 in
12 total assets—

13 (i) the establishment of a Governing
14 Assembly, which—

15 (I) shall—

16 (aa) be responsible for set-
17 ting the broad priorities of the
18 public lending bank's financing
19 and loan programs over a multi-
20 year investment cycle;

21 (bb) generate the public
22 lending bank's core mandates;

23 (cc) make binding decisions
24 on the policy of the public lend-
25 ing bank without exercising con-

1 trol over day-to-day decision
2 making;

3 (dd) be composed of mem-
4 bers in a manner that ensures
5 adequate representation of, or
6 democratic accountability to, resi-
7 dents within the geographic area
8 of (or, with respect to a corpora-
9 tion or nonprofit instrumentality,
10 the geographic area served by)
11 the relevant entity described in
12 section 101(b)(1); and

13 (ee) with respect to a Tribal
14 covered bank, include a number
15 of representatives of Indigenous
16 communities on the Governing
17 Assembly roughly proportionate
18 to the percentage of the popu-
19 lation of the geographic area of
20 the relevant entity described in
21 section 101(b)(1) who are Indige-
22 nous; and

23 (II) may only have members se-
24 lected by sortition if—

1 (aa) a super-majority of the
2 members are selected by a strati-
3 fied sampling of residents based
4 primarily within the geographic
5 area of (or, with respect to a cor-
6 poration or nonprofit instrumen-
7 tality, the geographic area served
8 by) the relevant entity described
9 in section 101(b)(1);

10 (bb) the Governing Assem-
11 bly is professionally facilitated,
12 deliberative in nature, and draw
13 upon outside experts representing
14 a range of divergent interests
15 and viewpoints;

16 (cc) the members selected
17 through sortition are required to
18 receive a comprehensive orienta-
19 tion and intensive training on
20 banking regulation and finance
21 prior to participating in decision
22 making, and required to receive
23 continuing educational program-
24 ming throughout their term; and

1 (dd) no member serves for
2 longer than 6 months, absent ex-
3 tenuating circumstances; and

4 (ii) the establishment of a People's
5 Review Board—

6 (I) which shall act in an advisory
7 and oversight capacity for the public
8 lending bank, including—

9 (aa) monitoring and assess-
10 ing the public lending bank's per-
11 formance, operations, and invest-
12 ment decisions to ensure they are
13 consistent with the core man-
14 dates and policies established by
15 the Governing Assembly;

16 (bb) assessing the priorities
17 and mandates of the public lend-
18 ing bank;

19 (cc) ensuring the viewpoints
20 of affected groups are rep-
21 resented in the policy of the pub-
22 lic lending bank; and

23 (dd) providing information
24 and recommendations to the Gov-
25 erning Assembly and Board of

1 Directors of the public lending
2 bank;

3 (II) which shall have access to all
4 public lending bank information perti-
5 nent to the operations and perform-
6 ance of the People’s Review Board;

7 (III) the meetings of which shall
8 be open to public observation;

9 (IV) which shall issue an annual
10 report of the findings and rec-
11 ommendations of the People’s Review
12 Board, and make such report publicly
13 available online;

14 (V) the structure of which shall
15 ensure adequate representation of, or
16 democratic accountability to, residents
17 within the geographic area of (or,
18 with respect to a corporation or non-
19 profit instrumentality, the geographic
20 area served by) the relevant entity de-
21 scribed in section 101(b)(1);

22 (VI) the membership of which
23 shall prioritize community members
24 representing historically redlined and
25 marginalized communities; and

1 (VII) which may only have mem-
2 bers selected by sortition if—

3 (aa) a super-majority of the
4 members are selected by a strati-
5 fied sampling of residents based
6 primarily within the geographic
7 area of (or, with respect to a cor-
8 poration or nonprofit instrumen-
9 tality, the geographic area served
10 by) the relevant entity described
11 in section 101(b)(1);

12 (bb) the People’s Review
13 Board is professionally facili-
14 tated, deliberative in nature, and
15 draw upon outside experts rep-
16 resenting a range of divergent in-
17 terests and viewpoints; and

18 (cc) the members selected
19 through sortition are required to
20 receive a comprehensive orienta-
21 tion and intensive training on
22 banking regulation and finance
23 prior to participating in decision
24 making, and required to receive

1 continuing educational program-
2 ming throughout their term.

3 (c) TRIBAL COVERED BANK LENDING PRIORITIES.—

4 A Tribal covered bank shall prioritize loans to Indigenous
5 communities.

6 (d) ENVIRONMENTAL POLICY.—Before the end of the
7 2-year period beginning on the formation of a covered
8 bank, the Board of Directors of the covered bank or the
9 Governing Assembly of the covered bank shall establish
10 a formal environmental or environmental justice policy for
11 the covered bank.

12 (e) USE AND DISCLOSURE OF FINANCIAL INFORMA-
13 TION AND TECHNOLOGY.—

14 (1) GRAMM-LEACH-BLILEY ACT.—Title V of
15 the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et
16 seq.) shall apply to a covered bank to the same ex-
17 tent such title applies to a financial institution.

18 (2) USE OF TECHNOLOGY.—A covered bank
19 shall—

20 (A) wherever feasible, prefer, use, and pro-
21 mote open source technologies;

22 (B) wherever possible, license under a
23 copyleft license any software, hardware, or
24 other digital technologies that are developed, fi-

1 nanced, or otherwise owned by the covered
2 bank;

3 (C) wherever possible, make any software
4 acquired or developed by the covered bank
5 available to other covered banks to study, copy,
6 and use, at zero cost, upon request; and

7 (D) generally take all reasonable efforts to
8 encourage and promote technology sharing and
9 the development of technological best practices
10 and common standards.

11 (3) EXPECTATION OF PRIVACY.—A covered
12 bank shall—

13 (A) maintain an individual or entity’s le-
14 gitimate expectation of privacy if that individual
15 or entity is a customer of the covered bank; and

16 (B) not be presumed to have given up such
17 a legitimate expectation of privacy on the basis
18 of the third-party doctrine articulated by the
19 Supreme Court in *United States v. Miller*
20 (1976).

21 (4) DATA PRIVACY.—Data obtained by a cov-
22 ered bank—

23 (A) may not be sold to third parties, ex-
24 cept consumer reporting agencies;

1 (B) that is shared with a third party by
2 the covered bank, shall maintain an assumed
3 right of privacy;

4 (C) with respect to lending data, may only
5 be shared with—

6 (i) Federal, State, or Tribal agencies;

7 or

8 (ii) a third party that is a consumer
9 reporting agency under the Fair Credit Re-
10 porting Act and is in compliance with such
11 Act; and

12 (D) with respect to account data, may only
13 be accessed by appropriate warrant or adminis-
14 trative search subpoena.

15 (5) METADATA.—A covered bank—

16 (A) may not share metadata with private
17 or for-profit third parties; and

18 (B) shall hold metadata unused in a man-
19 ner consistent with rights of privacy and duty
20 of care.

21 (f) TERMS OF LENDING.—

22 (1) ESTABLISHMENT OF POLICY ON LENDING
23 PRACTICES.—

24 (A) IN GENERAL.—Not later than the end
25 of the 1-year period beginning on the date of

1 the formation of a public lending bank, the pub-
2 lic lending bank shall establish a policy on lend-
3 ing practices. With respect to a public lending
4 bank in existence on the date of enactment of
5 this Act, the policy on lending practices shall be
6 established before the end of the 1-year period
7 beginning on the date of enactment of this Act.

8 (B) UPDATE OF POLICY.—A public lending
9 bank shall update the policy on lending prac-
10 tices required under subparagraph (A) at least
11 every 5 years.

12 (C) PUBLIC COMMENT PROCESS.—A public
13 lending bank shall provide for a public comment
14 period of at least 90 days before the establish-
15 ment of, and any update of, the policy on lend-
16 ing practices required under this paragraph.

17 (2) LENDING PREFERENCES.—For purposes of
18 determining the projects with respect to which a
19 public lending bank extends loans, the public lending
20 bank shall give preference to projects that—

21 (A) maximize the creation of high-quality
22 employment and apprenticeship opportunities
23 for local workers, consistent with the public in-
24 terest, especially workers from environmental
25 justice communities and labor organizations;

1 (B) certify, for all contractors and sub-
2 contractors, that the rights of workers to orga-
3 nize and unionize are recognized;

4 (C) agree to implement a project labor
5 agreement;

6 (D) ensure that no less than 40 percent of
7 the monetary value of such loans provide direct
8 benefits, including economic and health bene-
9 fits, to environmental justice communities; and

10 (E) meet unmet needs in the local banking
11 market.

12 (3) REQUIREMENTS ON WHO MAY RECEIVE
13 LOANS.—The public lending bank shall require, for
14 any project for which the public lending bank ex-
15 tends a loan, that—

16 (A) the recipient does not oppose or resist
17 unionization efforts involving projects utilizing
18 public funds;

19 (B) if the loan is \$500,000 or more, as a
20 condition of receiving the loan, the recipient
21 shall ensure that all laborers employed by a
22 nongovernmental entity that enters into a con-
23 tract for the performance of construction, alter-
24 ation, or repair work that is facilitated, in
25 whole or in part, by such loan, or a subcontract

1 thereof, are paid wages at rates not less than
2 those prevailing on similar construction, alter-
3 ation, or repair work in the locality as deter-
4 mined by the Secretary of Labor in accordance
5 with subchapter IV of chapter 31 of title 40,
6 United States Code (commonly referred to as
7 the “Davis-Bacon Act”) and with respect to
8 such labor standards, the Secretary of Labor
9 shall have the authority and functions set forth
10 in Reorganization Plan Numbered 14 of 1950
11 (64 Stat. 1267; 5 U.S.C. App.) and section
12 3145 of title 40, United States Code;

13 (C) if the project with respect to which the
14 loan is being extended has a budget of
15 \$35,000,000 or more, all contractors and sub-
16 contractors shall implement a project labor
17 agreement that includes—

18 (i) goals for hiring local community
19 members, economically disadvantaged
20 workers, or workers from other underrep-
21 resented communities;

22 (ii) an equity plan, including—

23 (I) the impacts of the proposed
24 project on underserved communities,

1 including social and environmental im-
2 pacts;

3 (II) the overall benefits of the
4 proposed project, if funded, to under-
5 served communities; and

6 (III) how diversity, equity, and
7 inclusion objectives will be incor-
8 porated into the project; and

9 (iii) strategic recruitment and reten-
10 tion policies for workers from underserved
11 communities and people facing systemic
12 barriers to employment; and

13 (D) if the project is for the acquisition,
14 construction, or renovation of, or addition to, a
15 residential building which includes rental units,
16 the recipient—

17 (i) may not discriminate when renting
18 the units based on an applicant's source of
19 income, sexual orientation, gender expres-
20 sion or identity, immigration status, con-
21 viction or arrest history, bankruptcy his-
22 tory, eviction history, or credit score;

23 (ii) shall ensure the right of tenants
24 to organize tenant unions, associations, or
25 resident councils;

1 (iii) shall utilize minimum time-bound
2 affordability requirements of at least 99
3 years for affordable housing;

4 (iv) except with respect to a building
5 assisted under section 9 of the United
6 States Housing Act of 1937 (42 U.S.C.
7 1437g) or a building that has been issued
8 a certificate of occupancy within the pre-
9 vious 5 years, may not increase rent on an
10 annual basis in excess of the annual per-
11 cent change in the Consumer Price Index
12 for All Urban Consumers published by the
13 Bureau of Labor Statistics of the Depart-
14 ment of Labor for the closest metropolitan
15 core based statistical area, rounded to one
16 decimal place, as established the August
17 preceding the calendar year in question or
18 3 percent, whatever is less; and

19 (v) shall practice avoidance and miti-
20 gation of displacement, including by estab-
21 lishing a right of return and temporary re-
22 location for tenants displaced by renova-
23 tions.

24 (4) APPLICATION OF CERTAIN LAWS.—The fol-
25 lowing Acts shall apply to a public lending bank to

1 the same extent as such Acts apply to applicable
2 persons subject to such Acts:

3 (A) The Truth in Lending Act (15 U.S.C.
4 1601 et seq.).

5 (B) The Fair Credit Reporting Act (15
6 U.S.C. 1681 et seq.).

7 (C) The Equal Credit Opportunity Act (15
8 U.S.C. 1691 et seq.).

9 (D) The Fair Debt Collection Practices
10 Act (15 U.S.C. 1692 et seq.).

11 (g) TERMS OF RETAIL ACCOUNT SERVICES.—Any
12 covered bank that holds, administers, or manages funds
13 on behalf of any unincorporated person in a payments ac-
14 count, or otherwise accepts funds on deposit or for the
15 purpose of providing public depository accounts services—

16 (1) may not—

17 (A) impose any fees, minimum balances, or
18 maximum balances on such payments accounts
19 or public depository accounts; or

20 (B) include on such payments accounts or
21 public depository accounts overdraft fees or
22 penalties;

23 (2) shall—

24 (A) prominently brand any such payments
25 account or public depository account as a “pub-

1 lic bank account” in all account statements,
2 marketing materials, and other communications
3 of the public bank; and

4 (B) provide such account holders with rea-
5 sonable protection against losses caused by
6 fraud or security breaches, as determined by
7 the Corporation or the Director of the Bureau
8 of Consumer Financial Protection, or both; and

9 (3) may only close or restrict access to such
10 payments accounts or public depository accounts on
11 the basis of the mandate of the covered bank.

12 (h) TERMS OF RETAIL CREDIT.—

13 (1) IN GENERAL.—Notwithstanding any provi-
14 sion of law, the annual percentage rate applicable to
15 any extension of credit by a covered bank may not
16 exceed the lesser of—

17 (A) 15 percent on unpaid balances, inclu-
18 sive of all finance charges; or

19 (B) the maximum rate permitted by the
20 laws of the State in which the consumer resides.

21 (2) OTHER FEES.—Any fees that are not con-
22 sidered finance charges under paragraph (1), includ-
23 ing fees for ancillary products and services, may
24 not—

1 (A) exceed the total amount of finance
2 charges assessed; and

3 (B) be imposed in such a way as to evade
4 or frustrate the purpose of limiting the total in-
5 terest and related costs that may be charged in
6 relation to any lending product issued by cov-
7 ered banks under this Act.

8 (3) PENALTIES FOR CHARGING HIGHER RATES
9 ON RETAIL CREDIT.—

10 (A) VIOLATION.—The taking, receiving, re-
11 serving, or charging of an annual percentage
12 rate or fee greater than that permitted by para-
13 graph (1), when knowingly done, shall be a vio-
14 lation of this subsection, and a forfeiture of the
15 entire interest which the note, bill, or other evi-
16 dence of the obligation carries with it, or which
17 has been agreed to be paid thereon.

18 (B) REFUND OF INTEREST AMOUNTS.—

19 (i) IN GENERAL.—With respect to a
20 person charging interest, a finance charge,
21 or a fee greater than that permitted by
22 paragraph (1), the person paying such in-
23 terest, finance charge, or fee may notify
24 the Bureau of Consumer Financial Protec-
25 tion, and the Bureau of Consumer Finan-

1 cial Protection shall take such enforcement
2 actions as the Director of the Bureau of
3 Consumer Financial Protection determines
4 appropriate.

5 (ii) LACK OF BUREAU ACTION.—If a
6 person notifies the Bureau of Consumer
7 Financial Protection under clause (i), and
8 the Bureau of Consumer Financial Protec-
9 tion takes no action with respect to such
10 notice during the 60-day period following
11 such notice, such person may bring an ac-
12 tion in a Federal district court to recover
13 the entire amount of interest, finance
14 charges, or fees paid.

15 (C) CIVIL LIABILITY.—Any creditor who
16 violates this subsection shall be subject to the
17 provisions of section 130(a) of the Truth in
18 Lending Act (15 U.S.C. 1640(a)).

19 (D) BANK SECRECY ACT.—In establishing
20 and maintaining personal accounts, each cov-
21 ered bank shall comply with—

22 (i) section 21 of the Federal Deposit
23 Insurance Act (12 U.S.C. 1829b);

24 (ii) section 123 of Public Law 91–
25 508; and

1 (iii) subchapter II of chapter 53 of
2 title 31, United States Code.

3 (i) ANNUAL REPORTING REQUIREMENTS.—Each
4 covered bank shall make publicly available an annual re-
5 port on the activities of such covered bank, including re-
6 cipients of financial services, sources of funding, financial
7 reporting, and evaluation of the effectiveness of the cov-
8 ered bank’s services in achieving the public purposes for
9 which it was chartered, as well as any other purposes,
10 goals, and targets under this Act or other law or regula-
11 tion, including the percentage of the monetary value of
12 a public lending bank’s loans which provide direct benefits
13 to environmental justice communities.

14 (j) OTHER EXCLUDED ACTIVITIES.—A covered bank
15 may not provide loans to, make investments in, or other-
16 wise engage in any activity that is financial in nature, or
17 incidental to such financial activity, with—

18 (1) a company supporting—

19 (A) weapon or gun manufacturing;

20 (B) private prisons;

21 (C) immigration detention facilities; or

22 (D) the tobacco industry; or

23 (2) a company that has—

1 (A) a C.E.O. to median worker pay ratio
2 in excess of 100:1, as determined by the Na-
3 tional Labor Relations Board;

4 (B) a history of unfair labor practices, as
5 determined by the Secretary of Labor;

6 (C) a history of violations of the Fair
7 Labor Standards Act of 1938 and the Occupa-
8 tional Safety and Health Act of 1970, as deter-
9 mined by the Secretary of Labor; or

10 (D) a history of offshore tax avoidance, as
11 determined by the Commissioner of the Internal
12 Revenue Service.

13 (k) CLARIFYING THE ELIGIBILITY OF PUBLIC LEND-
14 ING BANKS AND PUBLIC PAYMENT BANKS FOR CERTAIN
15 FEDERAL PROGRAMS.—

16 (1) ELECTIVE PAYMENT OF APPLICABLE CRED-
17 ITS.—Section 6417(d)(1)(A) of the Internal Revenue
18 Code of 1986 is amended—

19 (A) in clause (v), by striking “or” at the
20 end;

21 (B) in clause (vi), by striking the period at
22 the end and inserting “, or”; and

23 (C) by adding at the end the following:

24 “(vii) a public lending bank or a pub-
25 lic payment bank (as such terms are de-

1 fined, respectively, under section 101 of
2 the Public Banking Act of 2023).”.

3 (2) INCENTIVES FOR INNOVATIVE TECH-
4 NOLOGIES.—Section 1701(7)(B) of the Energy Pol-
5 icy Act of 2005 (42 U.S.C. 16511(7)(B)) is amend-
6 ed by inserting “and an entity that is a public lend-
7 ing bank or a public payment bank (as such terms
8 are defined, respectively, under section 101 of the
9 Public Banking Act of 2023)” before the period at
10 the end.

11 (1) EXCEPTION FOR EXISTING PUBLIC BANKS.—

12 (1) IN GENERAL.—Subsections (b), (e), (f), (g),
13 and (h) shall not apply to a covered bank in exist-
14 ence on the date of enactment of this Act.

15 (2) PUBLIC BANK GRANT PROGRAM PARTICI-
16 PANTS.—Paragraph (1) shall cease to apply to a
17 covered bank described under that paragraph after
18 the end of the 24-month period beginning on the
19 date the covered bank receives a public bank grant
20 under section 501.

21 **SEC. 106. REGULATIONS.**

22 (a) IN GENERAL.—Not later than 1 year after the
23 date of the enactment of this Act, the Board of Governors,
24 the Director of the Bureau of Consumer Financial Protec-
25 tion, and the Corporation shall jointly—

1 (1) establish a separate regulatory scheme with
2 respect to public lending banks, public payment
3 banks, and non-federally chartered banks that re-
4 ceive or are in the process of receiving a certificate
5 of Federal recognition under section 102; and

6 (2) after a notice and comment period during
7 which consumer advocacy organizations shall be in-
8 vited to submit feedback and suggestions, issue such
9 regulations as are necessary and appropriate to pro-
10 mote public welfare with respect to public lending
11 banks, public payment banks, and non-federally
12 chartered banks that receive or are in the process of
13 receiving a certificate of Federal recognition under
14 section 102.

15 (b) REGULATIONS WITH RESPECT TO EXCLUDED
16 AND MARGINALIZED GROUPS.—

17 (1) IN GENERAL.—Not later than 1 year after
18 the date of the enactment of this Act, the Board of
19 Governors shall issue regulations for public lending
20 banks, public payment banks, and non-federally
21 chartered banks to ensure that the services provided
22 by such banks are universal and comprehensively in-
23 clude historically excluded and marginalized groups.

24 (2) LIMITATIONS.—A regulation issued under
25 this subsection may not—

1 (A) supersede or supplant any other
2 stronger regulations or standards promulgated
3 by other Federal or applicable State regulatory
4 entities, including any such regulation issued by
5 the Corporation or the Director of the Bureau
6 of Consumer Financial Protection; and

7 (B) result in less robust or less stringent
8 protections to consumers than protections that
9 exist on the date of the enactment of this Act
10 for consumers served by other existing cat-
11 egories of depository institutions, including pro-
12 tection under the Community Reinvestment Act
13 of 1977 (12 U.S.C. 2901 et seq.).

14 (3) DATA REPORTING.—The Board of Gov-
15 ernors and the Corporation shall jointly, in a man-
16 ner that respects the privacy of covered bank cus-
17 tomers to the greatest extent possible, develop an
18 annual assessment for determining if covered banks
19 have appropriately provided services to all customers
20 within the jurisdiction of service, based on demo-
21 graphic information chosen by regulators, including
22 race, gender, and area median income of such cus-
23 tomers.

24 (c) ECOLOGICAL SUSTAINABILITY CONSIDERATIONS
25 AND PROHIBITIONS ON FOSSIL FUEL INVESTMENT.—

1 (1) IN GENERAL.—The Board of Governors, the
2 Corporation, and the Commission shall jointly de-
3 velop and promulgate rules and regulations to—

4 (A) ensure that any and all activities un-
5 dertaken and services offered by a covered
6 bank, or any person seeking or in the process
7 of becoming a covered bank, are consistent with
8 Federal and scientifically established standards,
9 goals, and targets with respect to ecological sus-
10 tainability, climate crisis-mitigation, and
11 decarbonization; and

12 (B) require that any covered bank or per-
13 son seeking or in the process of becoming a cov-
14 ered bank, may not facilitate fossil fuel produc-
15 tion, processing, or infrastructure, including
16 by—

17 (i) providing loans to, making invest-
18 ments in, or otherwise engaging in any ac-
19 tivity that is financial in nature, or inci-
20 dental to such financial activity, with a fos-
21 sil fuel company;

22 (ii) providing loans to, making invest-
23 ments in, or otherwise engaging in any ac-
24 tivity that is financial in nature, or inci-

1 dental to such financial activity, for a fossil
2 fuel project;

3 (iii) taking compensation to arrange
4 or facilitate a transaction that provides
5 funds for fossil fuel production or proc-
6 essing from existing or new sources;

7 (iv) securitizing assets that provide
8 funds for fossil fuel production or proc-
9 essing from existing or new sources;

10 (v) entering into a derivatives trans-
11 action designed to provide funding for, fa-
12 cilitate, or hedge risks from fossil fuel pro-
13 duction or processing from existing or new
14 sources; and

15 (vi) engaging in any activity that is
16 complementary to a financial activity in-
17 volving fossil fuel production or processing
18 from existing or new sources, including fi-
19 nancing the international trade thereof; or
20 any other form of activity defined by regu-
21 lators or supervisors of the covered bank.

22 (2) DEFINITIONS.—In this subsection:

23 (A) EXISTING SOURCES.—The term “exist-
24 ing sources” means—

1 (i) reserves of fossil fuels proven, de-
2 veloped, and producing as of the date of
3 enactment of this section; or

4 (ii) fossil infrastructure that would fa-
5 cilitate the production described in clause
6 (i).

7 (B) FOSSIL FUEL.—The term “fossil fuel”
8 means coal, petroleum, natural gas, or any de-
9 rivative of coal, petroleum, or natural gas that
10 is used for fuel.

11 (C) FOSSIL INFRASTRUCTURE.—The term
12 “fossil infrastructure” means fossil fuel-related
13 projects, including wells, rail infrastructure,
14 pipelines, terminals, refineries, and power
15 plants.

16 (D) NEW SOURCES.—The term “new
17 sources” means—

18 (i) any production in excess of proven
19 developed producing reserves of fossil fuels
20 as of the date of enactment of this section;
21 or

22 (ii) new or expanded fossil infrastruc-
23 ture that would facilitate the production
24 described in clause (i).

1 (E) PROCESSING.—The term “processing”
2 means the preparation of a chemical substance
3 or mixture (including any chemical trans-
4 formations of, or physical separations involving,
5 such substance or mixture) after its production
6 or extraction, for distribution in commerce—

7 (i) in the same form or physical state
8 as, or in a different form or physical state
9 from, that in which it was received by the
10 person so preparing such substance or mix-
11 ture; or

12 (ii) as part of an article of commerce
13 containing the chemical substance or mix-
14 ture.

15 (F) PRODUCTION.—The term “produc-
16 tion” means extractive or production activities
17 that result in fossil fuels being made available
18 for refining or use.

19 (d) STATE LAW.—Nothing in this section may be
20 construed to preempt any provision of State law that pro-
21 vides greater protection to consumers, or establishes more
22 stringent environmental or ecological regulations, than is
23 provided in this section.

1 **SEC. 107. TECHNICAL ASSISTANCE.**

2 The Board of Governors shall provide technical as-
3 sistance to public member banks to develop, use, and share
4 financial and infrastructure technologies, practices, and
5 operational and business practice data that promote the
6 public welfare, however such data may not include any
7 customer data, including transactional and identifying in-
8 formation.

9 **TITLE II—FEDERAL RECOGNI-**
10 **TION OF PUBLIC SECURITIES**

11 **SEC. 201. REGULATION OF PUBLIC LENDING BANKS AND**
12 **NON-FEDERALLY CHARTERED BANKS.**

13 (a) **IN GENERAL.**—The Commission shall establish a
14 separate registration and regulatory scheme for licensing
15 and regulating as public investment entities all public
16 lending banks and non-federally chartered banks that en-
17 gage or seek to engage in securities-related activities, in-
18 cluding origination, investment brokering, dealing, and
19 trading of federally-recognized public securities.

20 (b) **FEDERALLY-RECOGNIZED PUBLIC SECURI-**
21 **TIES.**—The Board of Governors shall, in consultation with
22 the Commission, develop rules, standards, and criteria for
23 Federal recognition of securities issued by public member
24 banks (to be known as “federally-recognized public securi-
25 ties”) as the Commission determines to be necessary and
26 appropriate to promote public welfare.

1 (c) **CONDITIONAL LICENSE.**—The Commission shall
2 establish a special category of public investment entity li-
3 cense for entities that are in the process of applying for,
4 but have not yet received, any license to issue federally-
5 recognized public securities, which shall be subject to such
6 conditions and restrictions as the Commission determines
7 to be necessary and appropriate to promote public welfare.

8 **TITLE III—PUBLIC DEPOSIT**
9 **INSURANCE**

10 **SEC. 301. IN GENERAL.**

11 (a) **PUBLIC DEPOSIT INSURANCE.**—Within 6 months
12 of the date of enactment of this Act, the Corporation shall
13 establish a separate registration and regulatory scheme for
14 providing deposit insurance (to be known as “public de-
15 posit insurance”) to covered banks and make such deposit
16 insurance available to covered banks without regard to the
17 total deposit amount.

18 (b) **ALTERNATIVE PUBLIC DEPOSIT INSURANCE.**—
19 Within 6 months of the date of enactment of this Act,
20 the Corporation shall establish publicly available criteria
21 for alternative public deposit insurance schemes estab-
22 lished and provided by an approved non-Federal financial
23 regulator, and subsequently approve, within 6 months of
24 such submission, schemes that meet said criteria.

1 (c) **CONDITIONAL INSURANCE.**—Within 6 months of
2 the date of enactment of this Act, the Corporation shall
3 establish a separate registration and regulatory scheme for
4 providing deposit insurance (to be known as “conditional
5 public deposit insurance”) for entities that are in the pro-
6 cess of applying for, but have not yet received, public de-
7 posit insurance, which shall be subject to such conditions
8 and restrictions as the Corporation determines to be nec-
9 essary and appropriate to promote public welfare.

10 (d) **ALTERNATIVE RISK PROFILE.**—The Corporation
11 shall—

12 (1) establish and utilize an alternative risk pro-
13 file methodology for covered banks at an advantage,
14 in comparison to other depository institutions pro-
15 vided deposit insurance, which accounts for the ben-
16 efits to the general welfare created by publicly owned
17 and operated financial institutions; and

18 (2) within 6 months following the establishment
19 of the alternative risk profile methodology, the Cor-
20 poration shall publish a publicly available report on
21 the alternative risk profile methodology.

1 **TITLE IV—POSTAL BANKING**

2 **SEC. 401. PARTNERSHIPS WITH COVERED BANKS FOR**
3 **POSTAL BANKING SERVICES.**

4 (a) **PARTNERSHIP WITH USPS.**—Notwithstanding
5 section 404(e)(2) of title 36, United States Code, the
6 Postmaster General shall, to the maximum extent prac-
7 ticable, partner with covered banks to make available re-
8 tail account and payment services provided by covered
9 banks at post offices, and via any postal banking plat-
10 forms established by the United States Postal Service.

11 (b) **FUNDING.**—The Board of Governors shall provide
12 such funding to the United States Postal Service as the
13 Postmaster General determines to be necessary to achieve
14 carry out subsection (a).

15 (c) **TREATMENT OF EXPENSES.**—Any expenses in-
16 curred by the Board of Governors under this section shall
17 be recorded—

18 (1) in an account to be known as the “Special
19 Public Member Bank Services Account” established
20 at the Federal Reserve Bank of New York; and

21 (2) as a deferred asset (as described in section
22 11.96 of the Financial Accounting Manual for Fed-
23 eral Reserve Banks, as in effect on the date of the
24 enactment of this Act) and maintained separately
25 from the balance sheet of the Federal Reserve Bank

1 of New York and the Federal Reserve System, so as
2 to not reduce or impact the calculation of total in-
3 come or revenue generated by the Federal Reserve
4 System, or otherwise reduce the total amount of net
5 operating profits to be made available for remittance
6 to the Treasury on an ongoing basis.

7 **TITLE V—PUBLIC BANK** 8 **DEVELOPMENT PROGRAMS**

9 **SEC. 501. PUBLIC BANK GRANT PROGRAM.**

10 (a) PROGRAM ESTABLISHED.—

11 (1) IN GENERAL.—The Board of Governors
12 shall, jointly with the Secretary, carry out a grant
13 program to make grants to covered banks, or per-
14 sons seeking to become or in the process of becom-
15 ing covered banks, to carry out the activities de-
16 scribed in subsection (b).

17 (2) CONSIDERATIONS FOR ELIGIBILITY.—

18 (A) REQUIRED CONSIDERATIONS.—When
19 determining eligibility for grants under this sec-
20 tion, the Board of Governors and the Secretary
21 shall consider, among other factors, the extent
22 to which a grant applicant has established an
23 appropriate degree of community involvement
24 and oversight, including dedicated community
25 representation on the governing board, and evi-

1 dence of support or commitment from commu-
2 nity representative organizations.

3 (B) PROHIBITED CONSIDERATION.—When
4 determining eligibility for grants under this sec-
5 tion, the Board of Governors and the Secretary
6 may not consider the budgetary or financial
7 health of the entity that wholly owns or controls
8 a covered bank.

9 (b) USE OF FUNDS.—An entity that receives a grant
10 under this section may use the grant funds—

11 (1) to carry out activities related to bank for-
12 mation, chartering, and regulatory compliance;

13 (2) for capitalization;

14 (3) to make payments and develop financial
15 market infrastructure;

16 (4) to carry out activities related to information
17 and communications technology;

18 (5) to support operations;

19 (6) to cover unexpected losses;

20 (7) to run sortition processes; and

21 (8) to carry out such other activities as the
22 Board of Governors and the Secretary determine ap-
23 propriate.

24 (c) MATCHING FUNDS.—The Board of Governors
25 and the Secretary may not require that an entity that re-

1 ceives a grant under this section provide matching funds
2 with respect to such grant.

3 **SEC. 502. PUBLIC BANK INCUBATOR PROGRAM.**

4 (a) IN GENERAL.—The Board of Governors shall es-
5 tablish an incubator program to provide technical and
6 technological assistance to persons seeking to be chartered
7 by the Board of Governors under section 101 or to obtain
8 a certificate of Federal recognition under section 102.

9 (b) APPLICATION.—The Board of Governors, in co-
10 ordination with the Secretary, the Corporation, and the
11 Commission, shall establish a single application and review
12 process for persons seeking to—

13 (1) be federally chartered under section 101;

14 (2) obtain a certificate of Federal recognition
15 under section 102;

16 (3) become a public member bank;

17 (4) obtain a license to issue federally-recognized
18 public securities under section 201;

19 (5) obtain public deposit insurance pursuant to
20 section 301 or from a Corporation-approved alter-
21 native provider; and

22 (6) apply for a grant under section 401.

23 **SEC. 503. COMMUNITY DEVELOPMENT GRANT PROGRAM.**

24 (a) REASONABLE EFFORTS TO COORDINATE.—Cov-
25 ered banks shall, where and as appropriate, make reason-

1 able efforts to coordinate activities with community devel-
2 opment financial institutions, minority deposit institu-
3 tions, and credit unions to promote community develop-
4 ment and ensure community-oriented financial services are
5 universal and comprehensively include historically ex-
6 cluded and marginalized groups.

7 (b) GRANTS FOR COORDINATION.—The Board of
8 Governors shall, jointly with the Secretary, award grants
9 to covered banks, community development financial insti-
10 tutions, minority deposit institutions, and credit unions to
11 facilitate coordination of activities under subsection (a).

12 (c) DEFINITIONS.—In this section:

13 (1) COMMUNITY DEVELOPMENT FINANCIAL IN-
14 STITUTION.—The term “community development fi-
15 nancial institution” has the meaning given the term
16 in section 103(5) of the Riegle Community Develop-
17 ment and Regulatory Improvement Act of 1994 (12
18 U.S.C. 4702(5)).

19 (2) CREDIT UNION.—The term “credit union”
20 means a Federal credit union or a State credit union
21 (as such terms are defined in section 101 of the
22 Federal Credit Union Act (12 U.S.C. 1752)).

23 (3) MINORITY DEPOSIT INSTITUTION.—The
24 term “minority deposit institution” has the meaning
25 given the term in section 308(b)(1) of the Financial

1 Institutions Reform, Recovery, and Enforcement Act
2 of 1989 (12 U.S.C. 1463(b)(1)).

3 **SEC. 504. TREATMENT OF FUNDING.**

4 Any expenses incurred by the Board of Governors
5 under this title shall be recorded—

6 (1) in an account to be known as the “Special
7 Public Bank Development Programs” established at
8 the Federal Reserve Bank of New York; and

9 (2) as a deferred asset (as described in section
10 11.96 of the Financial Accounting Manual for Fed-
11 eral Reserve Banks, as in effect on the date of the
12 enactment of this Act) and maintained separately
13 from the balance sheet of the Federal Reserve Bank
14 of New York and the Federal Reserve System, so as
15 to not reduce or impact the calculation of total in-
16 come or revenue generated by the Federal Reserve
17 System, or otherwise reduce the total amount of net
18 operating profits to be made available for remittance
19 to the Treasury on an ongoing basis.

1 **TITLE VI—COMMUNITY DEVEL-**
2 **OPMENT FINANCIAL INSTITU-**
3 **TIONS**

4 **SEC. 601. STATE AND LOCAL INSTRUMENTALITIES ELIGI-**
5 **BLE TO BE COMMUNITY DEVELOPMENT FI-**
6 **NANCIAL INSTITUTIONS.**

7 Section 103(5)(A)(v) of the Riegle Community Devel-
8 opment and Regulatory Improvement Act of 1994 (12
9 U.S.C. 4702(5)(A)(v)) is amended by striking “, or of any
10 State or political subdivision of a State”.

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