

# SENATE . . . . . No. 632

## The Commonwealth of Massachusetts

PRESENTED BY:

*James B. Eldridge*

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to establish a Massachusetts public bank.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	
<i>Liz Miranda</i>	<i>Second Suffolk</i>	<i>1/27/2023</i>
<i>Jack Patrick Lewis</i>	<i>7th Middlesex</i>	<i>1/31/2023</i>
<i>Carmine Lawrence Gentile</i>	<i>13th Middlesex</i>	<i>2/3/2023</i>
<i>Rebecca L. Rausch</i>	<i>Norfolk, Worcester and Middlesex</i>	<i>2/6/2023</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>2/15/2023</i>
<i>Julian Cyr</i>	<i>Cape and Islands</i>	<i>2/22/2023</i>
<i>Adam Gomez</i>	<i>Hampden</i>	<i>9/22/2023</i>
<i>Joanne M. Comerford</i>	<i>Hampshire, Franklin and Worcester</i>	<i>11/20/2023</i>

**SENATE . . . . . No. 632**

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By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 632) of James B. Eldridge, Liz Miranda, Jack Patrick Lewis, Carmine Lawrence Gentile and other members of the General Court for legislation to establish a Massachusetts public bank. Financial Services.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. 665 OF 2021-2022.]

**The Commonwealth of Massachusetts**

\_\_\_\_\_  
**In the One Hundred and Ninety-Third General Court  
(2023-2024)**  
\_\_\_\_\_

An Act to establish a Massachusetts public bank.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. The General Laws are hereby amended by inserting after chapter 10 the  
2 following chapter:-

3           CHAPTER 10A

4           MASSACHUSETTS PUBLIC BANK

5           Section 1. Declarations.

6           (a) There shall be a Massachusetts public bank (the Bank), wholly owned by the  
7 commonwealth, to provide a safe depository for a portion of the public funds in the  
8 commonwealth and to support the economic well-being of the commonwealth, its cities and

9 towns, its residents, its businesses and its state and municipal institutions, with an accountable  
10 and responsive governance structure that ensures community input.

11 (b) In order to obtain these benefits, the Massachusetts public bank (the Bank) shall:

12 (1) hold a portion of the commonwealth's funds as deposits in the Bank and invest those  
13 funds within the commonwealth so as to further the Bank's goals as detailed below;

14 (2) promote economic development and job creation within the commonwealth by  
15 providing affordable financing to small and medium-sized businesses, especially in under-served  
16 communities;

17 (3) assist businesses and municipalities in recovering from the economic repercussions of  
18 external shocks, including pandemics, recessions, and natural disasters;

19 (4) respond to the unmet affordable financing needs of cities and towns in the  
20 commonwealth;

21 (5) address the historic and current disadvantages experienced by the state's minority and  
22 women-owned enterprises by providing affordable financing;

23 (6) assist workers and communities in creating jobs by supporting cooperative business  
24 models including worker-owned coops;

25 (7) increase available affordable housing options for all residents of the commonwealth;

26 (8) promote sustainable agriculture and address food insecurity, particularly by providing  
27 financing to family-owned farms and rural businesses that serve them;

28 (9) support non-profit and community-based organizations that work to address the  
29 results of racial injustice and/or to promote women’s economic and social equity;

30 (10) support the expansion and development of public and private measures to mitigate  
31 the grave dangers that climate change poses to the public and local enterprises, and to promote  
32 reductions in greenhouse gas emissions;

33 (11) provide economic support to state-based public or quasi-public agencies including  
34 community development financial institutions, community development corporations and  
35 economic development corporations;

36 (12) strengthen state-chartered private banks, particularly through participatory loan  
37 programs;

38 (13) enable the commonwealth to share in the methods of monetary support the federal  
39 government provides to commercial banks;

40 (14) be supervised for safety and soundness by the commissioner of banks.

41 Section 2. Definitions.

42 The following words as used in this chapter, unless the context otherwise requires, shall  
43 have the following meanings:

44 “Affiliate”, a company that controls, is controlled by, or is under common control with  
45 another company.

46 “Affordable financing”, as defined in section 13 below.

47 “Affordable housing”, housing that: (1) satisfies the definition in section 1 of chapter 60  
48 or section 38D of chapter 121B; (2) is a qualified low-income housing project as defined in 26  
49 U.S.C. 42(g); or (3) is owned by families that (i) reside in a census tract in which the median  
50 income does not exceed 80 per cent of the area median income or (ii) have an income that does  
51 not exceed area median income and that resides in a minority census tract.

52 “Business plan”, a public document that lays out the Bank’s strategy for accomplishing  
53 its statutory directives through safe and sound operations of the Bank.

54 “Commissioner”, as defined in section 1 of chapter 167.

55 “Community development corporation”, as defined in section 2 of chapter 40H.

56 “Community development financial institution”, a private financial entity dedicated to  
57 delivering non-predatory affordable lending to help low-income, low-wealth and other  
58 disadvantaged people and communities that shall have the meaning ascribed to it under 12  
59 U.S.C. 472(5)(a), including, but not limited to, those institutions that are not certified by the  
60 United States Treasury Community Development Financial Institution Fund.

61 “Eligible recipients”, as defined in section 12.

62 “Land trust”, a private, non-profit corporation or organization that acquires, manages,  
63 develops or maintains land or easements to promote the preservation or restoration of land in the  
64 commonwealth either for recreational, agricultural, scenic, residential or commercial use  
65 including, but not limited to, affordable housing, climate security or water resource protection  
66 uses.

67 “Massachusetts bank”, an association or corporation chartered by the commonwealth  
68 under chapter 168, 170, 171 or 172.

69 “Massachusetts Public Bank” or “Bank”, a bank chartered by the commonwealth and  
70 wholly owned by the commonwealth to accept deposits of public funds and provide affordable  
71 financing to eligible recipients so as to enhance the economic health of the commonwealth.

72 “Participation loan”, a loan in which the Bank shares funding or overseeing an advance  
73 of credit under a written agreement between the originator of the loan and the Bank.

74 “Rural area”, a municipality with population density of less than 500 residents per square  
75 mile, according to the latest decennial census of the United States.

76 “Rural business concern”, a business that (1) is a smaller business entity; (2) has its  
77 principal business operations in 1 or more rural areas in the commonwealth; and (3) is engaged  
78 in an occupation that directly supports the economy of the rural area or areas in which it is  
79 located.

80 “Underserved neighborhood”, a neighborhood that meets 1 or more of the following  
81 criteria: (1) the annual median household income is not more than 65 per cent of the statewide  
82 annual median household income; (2) minorities comprise 40 per cent or more of the population;  
83 (3) 25 per cent or more of households lack English language proficiency; or (4) minorities  
84 comprise 25 per cent or more of the population and the annual median household income of the  
85 municipality in which the neighborhood is located does not exceed 150 per cent of the statewide  
86 annual median household income.

87 “Smaller business entity”, a business that has 40 per cent of the employee count of a  
88 small business as defined under section 57 of chapter 23A.

89 Section 3. Authorities and Examinations.

90 (a) Unless explicitly provided otherwise under this chapter, the Bank shall have all the  
91 powers under the provisions of chapter 167F, as well as the other powers available to  
92 Massachusetts banks under the law.

93 (b) The Bank is authorized, but not required, to become a member of the Federal Reserve  
94 System.

95 (c) The Bank is authorized, but not required, to become a member of the Federal Deposit  
96 Insurance Corporation.

97 (d) To the extent convenient for its operations, the Bank may pursue its goals through  
98 subsidiaries, to be established under the same rules and regulations applying to other state-  
99 chartered depository institutions. These subsidiaries shall be subject to the same restrictions  
100 applying to the Bank with respect to deposits, eligible recipients and affordable financing as set  
101 forth in sections 9, 12 and 13.

102 (e) The Bank may accept and solicit property, including any gifts, donations, grants or  
103 bequests or any public funds for any of the purposes of this chapter.

104 (f) Beginning 1 year after the Bank has commenced operations and at least annually  
105 thereafter, the commissioner of banks shall examine the bank under its authority to examine  
106 Massachusetts banks. The Bank shall be subject to the provisions of chapter 167 and section 13

107 of chapter 167J; provided, however, that sections 2I, 14, 14A, 14C, 15-15K, 19, 20, 34, 37, 37A,  
108 37B, 40, 41, 42, 43, 44, 45 and 46 of chapter 167 shall not apply to the Bank.

109 (g) In examining the Bank, the commissioner shall pay special attention to transaction  
110 testing the Bank's compliance with its Business Plan. This part of the examination shall become  
111 public 6 months after the conclusion of the examination.

#### 112 Section 4. Governance Structure of the Bank.

113 The provisions of this section are subject to the initial organization provisions of section  
114 6.

115 (a) There shall be a board of directors to govern the Bank consisting of 9 members,  
116 including the state treasurer or the state treasurer's designee, and 8 members who bring  
117 professional experience, across their number, in the following fields. Four individuals, to be  
118 appointed by the state treasurer, who collectively represent expertise in the operation of (1)  
119 community development financial institutions, (2) state-chartered depository institutions doing  
120 business primarily in the state, (3) credit unions or cooperative banks chartered under chapter  
121 170 or chapter 171, and (4) public finance. Four individuals, to be appointed by the governor,  
122 who collectively represent expertise in (5) small business enterprises located in the  
123 commonwealth, (6) economic development, (7) local government and administration and (8)  
124 environmentally-conscious financing.

125 The members of the board of directors, including the state treasurer, or its designee, may  
126 be reimbursed for travel and other expenses incurred in preparing for and attending the meetings.

127 (b) Board representation shall reflect the geographical, racial and gender diversity of the  
128 commonwealth as periodically determined by the state secretary as the commonwealth's chief  
129 census officer. The members of the board of directors shall represent all geographic areas of the  
130 commonwealth, including urban, rural and suburban areas.

131 (c) A board member shall be a resident of the commonwealth at least 90 days before  
132 appointment and, with the exception of the state treasurer or the state treasurer's designee, while  
133 serving on the board, shall not: (1) hold or be a candidate for federal, state or local elected office;  
134 (2) hold an appointed office in a federal, state or local government; (3) serve as an official in a  
135 political party; or (4) have served in any such office in the previous 4 years. The board members  
136 shall take an oath to faithfully and impartially execute their duties as board members. The  
137 members of the board shall be compensated for work performed for the board at such rate as the  
138 secretary of administration and finance shall determine.

139 (d) The board of directors shall elect its own chair by majority vote. This election shall  
140 take place whenever (1) a chair's term on the board of directors ends without reappointment or  
141 (2) 2 or more members of the board of directors shall call for an election. Seven board members  
142 shall constitute a quorum and the affirmative vote of a majority of board members present and  
143 voting shall be required

144 for any action of the board of directors. The board shall meet quarterly and at other times  
145 as it shall deem necessary or upon the written request of 4 board members or the chair. The chair  
146 of the board of advisors as established under section 7, the chair's designee or both may attend  
147 all such meetings as a nonvoting participant. Notice of all meetings shall be given to the board  
148 members, the chair of the board of advisors and to other persons who request such notice. The

149 board shall adopt regulations establishing procedures related to its meetings, which may include  
150 electronic meetings and communications. (e) All board meetings shall be staffed with a bank  
151 officer to serve as secretary. The secretary shall keep a record of the proceedings of the board  
152 and shall be the custodian and keeper of the records of all books, documents and papers filed by  
153 the board and of its minute book. The secretary shall cause copies to be made of all minutes and  
154 other records and documents of the board and shall certify that such copies are true copies, and  
155 all persons dealing with the board may rely upon such certification.

156 (f) The board shall appoint a chief executive officer of the Bank with at least 6  
157 affirmative votes. At the discretion of the chair of the board, the board may utilize a form of  
158 ranked-choice voting to ensure that the 6-vote threshold is satisfied. The chief executive officer  
159 shall not be a member of the board. If at any time, six board members shall declare a vote of no  
160 confidence in the current chief executive officer, the chief executive officer shall be terminated,  
161 and the board shall initiate the process of hiring a new chief executive officer immediately. In the  
162 case of an absence or vacancy in the office of the chief executive officer, or in the case of  
163 disability as determined by the board, the board may designate an acting chief executive officer  
164 by a 5-vote majority to serve as chief executive officer until the vacancy is filled, or the absence  
165 or disability ceases. Notwithstanding the provisions of any general or special law to the contrary,  
166 all board meetings regarding the hiring or termination of the chief executive officer or acting  
167 chief executive officer shall be executive sessions, and the voting records of the directors at these  
168 meetings shall be kept confidential. The chief executive officer, acting chief executive officer,  
169 the chair of the board of advisors or any designee thereof shall not attend executive sessions.

170 The chief executive officer shall serve at the pleasure of the board, shall receive such  
171 salary as may be determined by the board and shall devote full time and attention to the duties of

172 the office. The chief executive officer shall be a person with skill and experience in management  
173 and banking, shall be the executive and administrative head of the Bank and shall be responsible  
174 for administering and enforcing

175 the provisions of law relative to the Bank and to the administrative units of the Bank. The  
176 acting chief executive officer shall have all of the powers and duties of the chief executive  
177 officer and shall have similar qualifications as the chief executive officer. The chief executive  
178 officer may employ other employees, consultants, agents and advisors, including legal counsel  
179 and shall attend meetings of the board. The chief executive officer shall be responsible for all  
180 aspects of the Bank's management, including its physical facilities, investments, loan portfolio,  
181 accounting, risk management and regulatory compliance, as well as the drafting and subsequent  
182 execution of its Business Plan. The chief executive officer shall manage the Bank consistently  
183 with the Business Plan.

184 (g) (1) The Business Plan shall be effective for four years, and such further time as may  
185 be needed to draft a new Business Plan.

186 (2) The chief executive officer shall send a draft Business Plan to the chair of the board  
187 of advisors concomitantly with conveying it to the board of directors, but at least 30 days before  
188 the board of advisors' next scheduled quarterly meeting. The board of advisors shall immediately  
189 make it publicly accessible via the internet and publicly announce that it is available for public  
190 comment through the board of advisors' internet-based comments portal. Within 30 days after  
191 said meeting, the chair of the board of advisors shall combine the board of advisors members'  
192 comments and suggestions, along with any public input that the board deems pertinent, into a  
193 concise list of recommended modifications to the Business Plan and distribute those

194 recommendations to the members of the board of advisors and of the board of directors. The  
195 board of directors shall promptly convey these recommendations, together with any comments of  
196 its own, to the chief executive officer. The chief executive officer shall then prepare a new draft  
197 Business Plan taking these recommendations into account as the chief executive officer sees fit  
198 and convey it to the board of directors and board of advisors within 30 days of the  
199 recommendations' receipt. This updated draft Business Plan shall be voted upon by the board of  
200 directors within 30 days of receiving the updated draft from the chief executive officer, at an ad  
201 hoc board of directors meeting if necessary. The board of advisors' comments and  
202 recommendations, together with the public's input from the board of advisors' meetings and  
203 from the comments portal and the approved Business Plan itself, shall be made publicly available  
204 via the internet. (3) A Business Plan, once approved, may not be overridden by the board of  
205 directors except through a declaration of emergency, as described in section 5. If the board of  
206 directors disapproves a draft Business Plan, this process shall begin anew and be repeated until a  
207 Business Plan is approved. Upon the third consecutive disapproval of a draft Business Plan, the  
208 chief executive officer who drafted those Business Plans shall be deemed to have been  
209 terminated by the board of directors, and the board of directors shall hire a new chief executive  
210 officer before a further draft Business Plan may be considered.

211 (h) Employees of the Bank determined eligible by the Massachusetts State Board of  
212 Retirement shall be members of the Massachusetts State Employees Retirement System pursuant  
213 to the provisions of Chapter 32.

214 Section 5. Powers and Duties of the Board of Directors

215           Subject to Section 3(a), the board of directors shall have all powers necessary or  
216 convenient to carry out and effectuate its purposes, including, but not limited to, the power to: (a)  
217 approve of the Business Plan of the Bank, to ensure that the Plan pays due attention to the  
218 recommendations of the Bank’s board of advisors and to monitor the Bank’s subsequent  
219 compliance with the currently operative Plan. Approval of the Business Plan by the board  
220 requires six votes. (b) keep the board of advisors of the Bank fully informed of the Bank’s  
221 operations and loan portfolio and to convey the recommendations of the advisors to the chief  
222 executive officer. To this end, there shall be an annual joint meeting of the board of directors, the  
223 board of advisors and the chief executive officer. The chair of the board of directors shall preside  
224 over the joint meeting. When requested by a majority of the board of advisors as established in  
225 section 7, the board of directors shall schedule and hold a second joint meeting within the year.  
226 (c) regularly review the Bank’s financial statements and other records to ensure that it is in  
227 compliance with all applicable laws and regulations and with all reporting requirements under  
228 section 11. (d) in the event of a natural or man-made disaster, to declare a state of emergency that  
229 requires the chief executive officer to override the currently operative Business Plan, in such  
230 manner as the board of directors shall deem necessary to address and recover from the disaster.  
231 Seven members of the board of directors shall approve the declaration of emergency, following  
232 consultation with the chair of the board of advisors and shall specify a duration for the  
233 emergency of no more than 1 year. At the conclusion of a 1-year declaration of emergency, the  
234 board shall only approve an extension of the declaration of emergency by unanimous re-  
235 approval.

236           Section 6. Initial Organization Development

237 (a) The initial board of directors members shall be appointed within 120 days of the  
238 effective date of this Act.

239 (b) Four of the 8 initially-appointed members of the board of directors shall serve 2-year  
240 terms.

241 (c) The board shall elect its officers at its first meeting. Initial board meetings shall be  
242 staffed by an interim board employee acting as secretary.

243 (d) The board chair shall publicly solicit applications for the chief executive officer  
244 immediately upon the board's appointment. The board shall expeditiously determine the  
245 applicant to hire.

246 (e) The chief executive officer shall cause to be drafted the initial Business Plan within 1  
247 year of being hired by the board of directors.

248 (f) The initial board of advisors shall be appointed within 90 days of the appointment of  
249 the initial board of directors. Of the advisors initially appointed by the governor, 8 shall serve 2-  
250 year terms and the remaining 8 shall serve 4-year terms, with half the appointees from each  
251 category to serve each length term. The board of advisors shall elect its own chair at its first  
252 meeting for a term of two years.

253 (g) Members of the board of directors and the board of advisors shall serve for a term of 2  
254 or 4 years, depending on the term of their initial appointment, and shall be eligible for a single  
255 reappointment to that board.

256 Section 7. Appointment and Duties of the Board of Advisors.

257           The board of advisors shall consist of 18 members, 1 of whom shall be the lieutenant  
258 governor or the lieutenant governor’s designee and 1 of whom may be designated by the Federal  
259 Reserve Bank of Boston by its community development experts. The governor shall appoint the  
260 remaining 16 members for 4-year terms. The governor shall make appointments from persons  
261 nominated by organizations representing the following stakeholder communities, taking 2  
262 persons from each category except where 1 person is indicated, with a limit of 1 candidate per  
263 nominating entity: (1) state-chartered depository institutions or credit unions that derive over 90  
264 per cent of their deposits in-state, or associations representing predominately these organizations;  
265 (2) community development finance institutions and community development organizations that  
266 focus primarily on supporting economic development in the commonwealth, including, but not  
267 limited to, rural and economic cooperative models and worker-owned enterprises; (3)  
268 organizations recognized under 26 U.S.C. 501(c)(3) to support underserved neighborhoods; (4)  
269 associations representing the interests of small business entities, particularly businesses owned  
270 by cognizable groups currently receiving less credit than proportional to their size or serving in  
271 areas operating in underserved neighborhoods; (5) 1 appointee each from the following  
272 organizations recognized under 26 U.S.C. 501(c)(3) to support the following ends: (i) sustainable  
273 agriculture; (ii) food security; (iii) climate change amelioration and environmental finance and  
274 (iv) environmental justice; (6) municipalities, as represented singly, by state-based associations  
275 of municipalities or by state-based chapters of municipal planners or professionals; (7)  
276 organizations in which employees or workers participate and which exist for the purpose, in  
277 whole or in part, of representing the interests of workers concerning grievances, labor disputes,  
278 wages, rates of pay, hours of employment or conditions of work, at least one organization of  
279 which represents the interests of low-income workers. The terms of members of the board of

280 advisors who are gubernatorial appointees shall be staggered: one-half of the board's  
281 membership, consisting of 1 nomination from each category above shall terminate at 2-year  
282 intervals. In order to submit a nomination, an entity or organization shall have been in existence  
283 for at least 4 years. All nominations and determinations shall be public consistent with state law,  
284 and the Bank shall post them on the Bank's website.

285 (b) An election for chair of the board of advisors shall take place whenever a chair's term  
286 on the board of advisors ends or when a majority of those currently serving on the board of  
287 advisors shall call for an election. The board of advisors shall meet quarterly to review the  
288 Bank's activities. The board of advisors' meetings shall be open to the public consistent with the  
289 state's open meeting law and publicized at least 30 days in advance. The chair of the board of  
290 advisors may attend all board of directors' meetings and be recognized to speak.

291 (c) The public shall further be able to provide input to the board of advisors on an  
292 ongoing basis through an internet-based comments portal. The board of advisors shall make the  
293 establishment of the comments portal its first order of business and shall provide the board of  
294 directors, as well as the chief executive officer and staff, full access to the portal. The chair of the  
295 board of advisors shall be responsible for managing the comments portal and shall ensure that  
296 the comments on the portal are fully accessible to the public.

297 (d) The responsibilities of the board of advisors shall include (1) establishing its rules of  
298 procedure; (2) scheduling and publicizing its quarterly meetings and providing minutes on a  
299 timely basis to the public;(3) establishing an internet-based comments portal in which the public  
300 can review and comment on the bank's activities and make proposals regarding future initiatives  
301 for the Bank's consideration; (4) reviewing the bank's draft business plan prepared by the chief

302 executive officer and providing feedback; and (5) communicating policy recommendations and  
303 any significant concerns that may arise from quarterly meetings or the portal to the board of  
304 directors and chief executive officer.

305 (e) The members of the board of advisors may be reimbursed for travel and other  
306 expenses incurred in preparing for and attending the meetings. This reimbursement may include  
307 a stipend for members not otherwise compensated for their time by an employer. These and all  
308 other expenses incurred by the board of advisors in fulfilling its obligations, including the  
309 comments portal, shall be paid for from the Bank's operating budget.

310 Section 8. Capitalization.

311 (a) The commonwealth shall make a \$200,000,000 initial equity investment for the Bank  
312 under the schedule set forth in subsection (b). That amount shall be funded by direct legislative  
313 appropriation. (b) The general court shall appropriate \$50,000,000 to the Bank in fiscal year  
314 2024, \$50,000,000 in fiscal year 2025, \$50,000,000 in fiscal year 2026 and \$50,000,000 in fiscal  
315 year 2027.

316 (c) The board of directors may decide to allocate a portion of the Bank's initial capital  
317 and retained earnings between the Bank and its subsidiaries, established under section 3(e) under  
318 the same terms governing other state-chartered depository institutions.

319 Section 9. Deposits.

320 (a) The state treasurer, along with the Bank's board of directors and its chief executive  
321 officer, shall determine when the Bank has sufficient capacity after the first appropriation of  
322 capital to receive public funds. On or near that date, the state treasurer shall deposit \$350 million

323 dollars of state funds in the bank. For each additional appropriation of Bank capital pursuant to  
324 Sections 8(a)-(b), the state treasurer shall deposit an additional \$350 million of state funds,  
325 within three months of the effective date of such appropriation. After that date, the state treasurer  
326 shall so allocate state funds to ensure that the Bank maintains a minimum average annual deposit  
327 balance of \$1,400,000,000.

328 (b) The state treasurer shall fund the minimum average deposit balance from state  
329 revenues held with the Massachusetts Municipal Deposit Trust; provided, however, that the state  
330 treasurer shall not withdraw funds from the “Move Money” program.

331 (c) The state treasurer shall use deposits in the Bank to make any payments, provided  
332 further that the state treasurer shall not take action that (1) disrupts the public bank’s liquidity  
333 position, or (2) reduces the size of the Bank’s minimum average annual deposit balance of  
334 \$1,400,000,000.

335 (d) Given that the commonwealth is the sole shareholder of the Bank, the Bank shall not  
336 pay interest on the commonwealth’s deposits; provided, however, that the Bank shall pay interest  
337 to cities and towns with deposits held at the Bank at rates that the Bank sets.

338 (e) After the Bank is well established, has a record of sound operation, and the state  
339 treasurer, the board of directors and its chief executive officer have deemed the Bank to have the  
340 requisite capacity, the board of directors and chief executive officer may agree to accept deposits  
341 of funds from the commonwealth, cities, towns and quasi-public entities that have a maturity of  
342 over 180 days.

343 (g) Nothing in this provision shall derogate from the Bank's powers to incur non-deposit  
344 liabilities, including, but not limited to, money market borrowing, Federal Reserve borrowing,  
345 capital market borrowing or its other powers under section 3.

346 Section 10. State Guarantee.

347 All deposits and other liabilities of the Bank shall be guaranteed by the full faith and  
348 credit of the commonwealth.

349 Section 11. Sound Operation and Reporting.

350 The board of directors shall operate the Bank to ensure its soundness and sustainability.  
351 According to the board of directors' determination, the Bank's annual monetary return may be  
352 provided to the commonwealth or reinvested in the capital of the Bank.

353 (a) Annually, the Bank shall publicly issue its financial reports to the governor and to the  
354 clerks of the house of representatives and senate. An external party shall audit these reports

355 (b) Annually, the state treasurer shall publicly report the current and average amount of  
356 cash and cash equivalents held by the commonwealth to the governor and to the clerks of the  
357 house of representatives and senate. Under section 2 the reported amounts shall be used in the  
358 calculation of the updated MAAB.

359 (c) The Bank shall maintain records of all banking transactions and amounts throughout  
360 the year.

361 (d) The Bank shall submit an annual public report to the state treasurer, describing the  
362 benefits of its activities to the commonwealth. In the report, the Bank shall include:

363 (1) Analysis of the extent to which it was able to meet priorities listed in section 13.

364 (2) For each type of eligible recipients specified under section 12 subsections (a) through  
365 (1), the number of recipients to whom the bank extended affordable financing and the total  
366 amount of the Bank's regulatory capital dedicated to each type of eligible recipient.

367 (3) A description of the main forms of affordable finance extended by the Bank in the 14  
368 counties of the commonwealth.

369 (e) The Bank shall file an annual report on the compensation paid by the Bank to the  
370 board of directors, the chief executive officer and other bank employees and consultants.

371 (f) The Bank shall be subject to chapter 66; provided however, that the Bank shall not be  
372 required to reveal the identity of an eligible recipient as defined in section 12 or information  
373 containing an eligible recipient's financial data.

374 Section 12. Eligible Recipients.

375 The Bank shall use its powers to extend affordable financing to the following eligible  
376 recipients:

377 (a) Public or quasi-public entities, including, but not limited to, cities or towns located  
378 within the commonwealth, enterprises managed in whole or in part by cities or towns and public  
379 or quasi-public entities located in and primarily serving the commonwealth;

380 (b) Nonprofit organizations that are exempt from federal taxation under 26 U.S.C.  
381 501(c)(3), whose primary goal is to benefit the commonwealth or its residents through  
382 community development;

- 383 (c) Land trusts;
- 384 (d) Entities operating as, or transitioning to be cooperatives, including, but not limited to,  
385 housing, worker and consumer cooperatives, employee stock ownership plans and worker-owned  
386 cooperative enterprises;
- 387 (e) Entities created by financial institutions that pool funds to lend for affordable housing  
388 development; (f) Developers of housing or preservation projects, only when entities financing  
389 the project invite the Bank to participate with financing;
- 390 (g) State-chartered depository institutions, to the extent that the affordable financing  
391 extended to these institutions is used to support the other eligible recipients in this provision;
- 392 (h) Community development corporations that operate in Massachusetts;
- 393 (i) Community development financial institutions that operate in Massachusetts;
- 394 (j) Investment vehicles established by the eligible recipients set forth in subsection (h) or  
395 (i);
- 396 (k) Smaller business enterprises, defined as in section 2 and doing business primarily in  
397 the commonwealth, that offer sustainable business plans and merit credit but are unable to  
398 procure affordable financing from other Massachusetts banks with or without participation by the  
399 Bank;
- 400 (l) Small- and medium-sized farms and related industries;
- 401 (m) Conduits or investment vehicles created for the primary purpose of supporting other  
402 eligible recipients listed in this section.

403 Section 13. Affordable Financing.

404 The term “affordable financing” shall include the following types of finance, all to the  
405 extent consistent with the Bank’s authorities in section 3(a) and subject to general banking  
406 regulations set by the commissioner:

407 (a) For all eligible recipients listed in section 12:

408 (1) The provision of credit and loans, including long-term loans and unsecured loans. The  
409 Bank may employ underwriting methods which are flexible in their criteria, terms and uses and  
410 shall provide loans at affordable rates;

411 (2) The provision of letters of credit, guarantees, subordinate loans and other forms of de-  
412 risking for the purpose of crowding-in additional financing by non-Bank sources;

413 (3) The provision of technical assistance;

414 (b) For the eligible recipients listed in Section 12, subsections (c), (e), (h) and (m), the  
415 term “affordable financing” shall additionally include the following:

416 (1) The provision of equity financing, including preferred stock, common stock, equity  
417 equivalent capital and other hybrid instruments;

418 (2) The provision of grants, donations and contributions, including grants given over a  
419 period of years (such as those for technical assistance) to provide predictability for eligible  
420 recipients;

421 (3) The other activities permissible to the Bank under section 3(a).

422 (c) Nothing in this provision is meant to derogate from the Bank’s powers under section  
423 3(a) to hold assets necessary for its liquidity management.

424 Section 14. Bank Priorities.

425 In formulating its Business Plan, the Bank shall give priority to the following  
426 considerations:

427 (a) Supporting eligible recipients subject to the historic and current economic inequities  
428 by communities in underserved neighborhoods, including, but not limited to, enterprises  
429 established by residents there, as well as eligible recipients working to remedy those inequities;

430 (b) Supporting eligible recipients subject to the historic and current economic inequities  
431 experienced by women throughout the commonwealth; (c) Supporting rural business and  
432 farming concerns;

433 (d) Supporting businesses with compensation structures that provide a livable wage,  
434 establish an equitable ratio between the least- and highest-paid members of the business or  
435 otherwise demonstrate a commitment to equitable pay.

436 (e) Supporting entities that address the impacts of climate change and the reduction of  
437 greenhouse gases.

438 (f) Funding the need of cities and towns in the commonwealth to update and build safe  
439 and sustainable infrastructure.

440 (g) The Bank shall seek to complement and support the operation of public and quasi-  
441 public agencies, non-profit organizations, Massachusetts banks and community development  
442 financial institutions and community development corporations. The Bank shall partner rather

443 than compete with those entities to strengthen them and to expand affordable financing in the  
444 commonwealth.

445 (h) When appropriate, the Bank's provision of lending and de-risking under section 13(a)  
446 shall be conducted through participation lending programs, with these institutions originating and  
447 servicing the loans.

448 (i) The bank shall promote equitable distribution of Bank resources across the  
449 commonwealth, including ensuring that rural areas of the commonwealth are given full and fair  
450 consideration.

451 (j) Provided that certain smaller towns in the commonwealth have scant resources for  
452 administrative staff, the Bank shall make every effort to make the application process for these  
453 towns as simple and affordable as possible.

454 Section 15. Conflicts of Interests.

455 (a) The Bank shall not transact with or extend financing to a member of the board of  
456 directors, the chief executive officer or an officer of the Bank, including an immediate family  
457 member of that person as defined in section 1 of chapter 268A or an entity in which that person  
458 has an interest. This prohibition shall remain in effect for 4 years after the conclusion of the term  
459 of the board member, chief executive officer or another officer of the Bank.

460 (b) The Bank shall not transact with or extend financing to a member of the board of  
461 advisors, including an immediate family member of that person as defined in section 1 of chapter  
462 268. Nothing in this provision shall prevent the Bank from transacting with or extending  
463 financing to an entity with which a member of the board of advisors is associated.

464           Section 16. Liberal Construction. The provisions of this chapter shall be interpreted and  
465 construed liberally in aid of its declared purpose.

466           SECTION 2. Section 38 of chapter 29 of the General Laws is hereby amended by adding  
467 the following subsection:- (j) In the Massachusetts Public Bank established under chapter 10A.

468           SECTION 3. Notwithstanding any general or special law to the contrary, the  
469 capitalization amounts set forth in section 8 of this act shall be available to the Bank by fiscal  
470 year 2027, subject to appropriation.