

SENATE No. 736

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>4/18/2025</i>

SENATE No. 736

By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 736) of James B. Eldridge for legislation to establish a Massachusetts public bank. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 632 OF 2023-2024.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Fourth General Court
(2025-2026)

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

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

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

1) hold a portion of the commonwealth's funds as deposits in the Bank and invest those funds within the commonwealth in a manner designed to be self-sustaining so as to further the Bank's goals as detailed below;

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

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

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

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

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

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

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

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

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

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

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

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

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

42 Section 2. Definitions.

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

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

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

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

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

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

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

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

“Eligible recipients”, as defined in section 12.

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

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

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

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

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

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

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

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

Section 3. Authorities and Examinations.

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

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

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

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

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

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

109 of chapter 167J; provided, however, that sections 2I, 14, 14A, 14C, 15-15K, 19, 20, 34, 37, 37A,
110 37B, 40, 41, 42, 43, 44, 45 and 46 of chapter 167 shall not apply to the Bank.

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

114 Section 4. Governance Structure of the Bank.

115 The provisions of this section are subject to the initial organization provisions of section
116 6.

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

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

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

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

(d) The board of directors shall elect its own chair by majority vote. This election shall take place whenever (1) a chair's term on the board of directors ends without reappointment or (2) 2 or more members of the board of directors shall call for an election. Seven board members shall constitute a quorum and the affirmative vote of a majority of board members present and voting shall be required for any action of the board of directors. The board shall meet quarterly and at other times as it shall deem necessary or upon the written request of 4 board members or the chair. The chair of the board of advisors as established under section 7, the chair's designee or both may attend all such meetings as a nonvoting participant. Notice of all meetings shall be given to the board members, the chair of the board of advisors and to other persons who request such notice. The board shall adopt regulations establishing procedures related to its meetings, which may include electronic meetings and communications.

(e) All board meetings shall be staffed with a bank officer to serve as secretary. The secretary shall keep a record of the proceedings of the board and shall be the custodian and keeper of the records of all books, documents and papers filed by the board and of its minute book. The secretary shall cause copies to be made of all minutes and other records and documents of the board and shall certify that such copies are true copies, and all persons dealing with the board may rely upon such certification.

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

The chief executive officer shall serve at the pleasure of the board, shall receive such salary as may be determined by the board and shall devote full time and attention to the duties of the office. The chief executive officer shall be a person with skill and experience in management

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

(g) (1) The Business Plan shall be effective for four years and such further time as may be needed to approve a new Business Plan after that period or the termination or departure of a chief executive officer.

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

its own, to the chief executive officer. The chief executive officer shall then prepare a new draft Business Plan taking these recommendations into account as the chief executive officer sees fit and convey it to the board of directors and board of advisors within 30 days of the recommendations' receipt. This updated draft Business Plan shall be voted upon by the board of directors within 30 days of receiving the updated draft from the chief executive officer, at an ad hoc board of directors meeting if necessary. The board of advisors' comments and recommendations, together with the public's input from the board of advisors' meetings and from the comments portal and the approved Business Plan itself, shall be made publicly available via the internet.

(3) A Business Plan, once approved, may not be overridden by the board of directors except through a declaration of emergency, as described in section 5. If the board of directors disapproves a draft Business Plan, this process shall begin anew and be repeated until a Business Plan is approved. Upon the third consecutive disapproval of a draft Business Plan, the chief executive officer who drafted those Business Plans shall be deemed to have been terminated by the board of directors, and the board of directors shall hire a new chief executive officer before a further draft Business Plan may be considered.

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

Section 5. Powers and Duties of the Board of Directors

Subject to Section 3(a), the board of directors shall have all powers necessary or convenient to carry out and effectuate its purposes, including, but not limited to, the power to:

(a) approve of the Business Plan of the Bank, to ensure that the Plan pays due attention to the recommendations of the Bank's board of advisors and to monitor the Bank's subsequent compliance with the currently operative Plan. Approval of the Business Plan by the board requires six votes.

(b) keep the board of advisors of the Bank fully informed of the Bank's operations and loan portfolio and to convey the recommendations of the advisors to the chief executive officer. To this end, there shall be an annual joint meeting of the board of directors, the board of advisors and the chief executive officer. The chair of the board of directors shall preside over the joint meeting. When requested by a majority of the board of advisors as established in section 7, the board of directors shall schedule and hold a second joint meeting within the year.

(c) regularly review the Bank's financial statements and other records to ensure that it is in compliance with all applicable laws and regulations and with all reporting requirements under section 11.

(d) in the event of a natural or man-made disaster, to declare a state of emergency that requires the chief executive officer to override the currently operative Business Plan, in such manner as the board of directors shall deem necessary to address and assist in recovery from the disaster. Seven members of the board of directors shall approve the declaration of emergency, following consultation with the chair of the board of advisors and shall specify a duration for the emergency of no more than 1 year. At the conclusion of a 1-year declaration of emergency, the board shall only approve an extension of the declaration of emergency by unanimous re-approval.

Section 6. Initial Organization Development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 8. Capitalization.

(a) The commonwealth shall make a \$200,000,000 initial equity investment for the Bank under the schedule set forth in subsection (b).

(b) The general court shall appropriate \$50,000,000 to the Bank in fiscal year 2026, \$50,000,000 in fiscal year 2027, \$50,000,000 in fiscal year 2028 and \$50,000,000 in fiscal year 2029.

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

Section 9. Deposits.

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

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

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

336 (c) The state treasurer shall use deposits in the Bank to make any payments, provided
337 further that the state treasurer shall not take action that (1) disrupts the public bank’s liquidity
338 position, or (2) reduces the size of the Bank’s minimum average annual deposit balance of
339 \$1,400,000,000.

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

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

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

Section 10. State Guarantee.

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

Section 11. Sound Operation and Reporting.

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

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

(b) Annually, the state treasurer shall publicly report the current and average amount of cash and cash equivalents held by the commonwealth to the governor and to the clerks of the house of representatives and senate.

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

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

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

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

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

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

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

Section 12. Eligible Recipients.

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

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

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

(c) Land trusts;

(d) Entities operating as, or transitioning to be cooperatives, including, but not limited to, housing, worker and consumer cooperatives, employee stock ownership plans and worker-owned cooperative enterprises;

(e) Entities created by financial institutions that pool funds to lend for affordable housing development;

(f) Developers of housing or preservation projects, only when entities financing the project invite the Bank to participate with financing;

(g) State-chartered depository institutions, to the extent that the affordable financing extended to these institutions is used to support the other eligible recipients in this provision;

(h) Community development corporations that operate in Massachusetts;

(i) Community development financial institutions that operate in Massachusetts;

(j) Investment vehicles established by the eligible recipients set forth in subsection (h) or (i);

(k) Smaller business enterprises, defined as in section 2 and doing business primarily in the commonwealth, that offer sustainable business plans and merit credit but are unable to procure affordable financing from other Massachusetts banks with or without participation by the Bank;

(l) Small- and medium-sized farms and related industries;

(m) Conduits or investment vehicles created for the primary purpose of supporting other eligible recipients listed in this section.

Section 13. Affordable Financing.

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

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

(1) The provision of credit and loans, including long-term loans and unsecured loans. The Bank may

employ underwriting methods which are flexible in their criteria, terms and uses and shall provide loans at affordable rates;

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

(3) The provision of technical assistance;

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

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

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

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

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

Section 14. Bank Priorities.

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

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

(b) Supporting eligible recipients subject to the historic and current economic inequities experienced by women throughout the commonwealth;

(c) Supporting rural business and farming concerns;

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

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

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

(g) The Bank shall seek to complement and support the operation of public and quasi-public agencies, non-profit organizations, Massachusetts banks and community development

financial institutions and community development corporations. The Bank shall partner rather than compete with those entities to strengthen them and to expand affordable financing in the commonwealth.

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

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

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

Section 15. Conflicts of Interests.

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

(b) The Bank shall not transact with or extend financing to a member of the board of advisors, including an immediate family member of that person as defined in section 1 of chapter

268. Nothing in this provision shall prevent the Bank from transacting with or extending financing to an entity with which a member of the board of advisors is associated.

Section 16. Liberal Construction.

The provisions of this chapter shall be interpreted and construed liberally in aid of its declared purpose.

SECTION 2. Section 38 of chapter 29 of the General Laws is hereby amended by adding the following subsection:-

(j) In the Massachusetts Public Bank established under chapter 10A.

SECTION 3. Notwithstanding any general or special law to the contrary, the capitalization amounts set forth in section 8 of this act shall be available to the Bank by fiscal year 2025, subject to appropriation.