

**SENATE . . . . . No. 736**

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**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**

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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.

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[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

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 in a manner designed to be self-sustaining so as to further the  
14 Bank's goals as detailed below;

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

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

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

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

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

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

27 8) promote sustainable agriculture and address food insecurity, particularly by providing  
28 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

91           Section 3. Authorities and Examinations.

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

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

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

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

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

106           (f) Beginning 1 year after the Bank has commenced operations and at least annually  
107 thereafter, the commissioner of banks shall examine the bank under its authority to examine  
108 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.

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

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

141 (d) The board of directors shall elect its own chair by majority vote. This election shall  
142 take place whenever (1) a chair's term on the board of directors ends without reappointment or  
143 (2) 2 or more members of the board of directors shall call for an election. Seven board members  
144 shall constitute a quorum and the affirmative vote of a majority of board members present and  
145 voting shall be required for any action of the board of directors. The board shall meet quarterly  
146 and at other times as it shall deem necessary or upon the written request of 4 board members or  
147 the chair. The chair of the board of advisors as established under section 7, the chair's designee  
148 or both may attend all such meetings as a nonvoting participant. Notice of all meetings shall be  
149 given to the board members, the chair of the board of advisors and to other persons who request  
150 such notice. The board shall adopt regulations establishing procedures related to its meetings,  
151 which may include electronic meetings and communications.

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

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

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

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

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

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

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

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

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

## 217 Section 5. Powers and Duties of the Board of Directors

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

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

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

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

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

241 Section 6. Initial Organization Development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

315 Section 8. Capitalization.

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

318 (b) The general court shall appropriate \$50,000,000 to the Bank in fiscal year 2026,  
319 \$50,000,000 in fiscal year 2027, \$50,000,000 in fiscal year 2028 and \$50,000,000 in fiscal year  
320 2029.

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

324 Section 9. Deposits.

325 (a) The state treasurer, along with the Bank's board of directors and its chief executive  
326 officer, shall determine when the Bank has sufficient capacity after the first appropriation of  
327 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.

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

351 Section 10. State Guarantee.

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

354 Section 11. Sound Operation and Reporting.

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

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

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

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

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

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

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

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

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

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

#### 378 Section 12. Eligible Recipients.

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

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

384 (b) Nonprofit organizations that are exempt from federal taxation under 26 U.S.C.  
385 501(c)(3), whose primary goal is to benefit the commonwealth or its residents through  
386 community development;

387 (c) Land trusts;

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

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

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

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

397 (h) Community development corporations that operate in Massachusetts;

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

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

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

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

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

408 Section 13. Affordable Financing.

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

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

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

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

419 (3) The provision of technical assistance;

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

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

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

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

428 (c) Nothing in this provision is meant to derogate from the Bank’s powers under section  
429 3(a) to hold assets necessary for its liquidity management.

430 Section 14. Bank Priorities.

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

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

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

438 (c) Supporting rural business and farming concerns;

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

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

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

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

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

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

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

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

460 Section 15. Conflicts of Interests.

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

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

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

470 Section 16. Liberal Construction.

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

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

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

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