

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Paul W. Mark

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 creating a climate bank in Massachusetts.

PETITION OF:

NAME:

Paul W. Mark

DISTRICT/ADDRESS:

*Berkshire, Hampden, Franklin and
Hampshire*

SENATE No.

[Pin Slip]

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 675 OF 2023-2024.]

The Commonwealth of Massachusetts

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

An Act creating a climate bank in Massachusetts.

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

1 The General Laws are hereby amended by inserting after section 14 of chapter 23J the
2 following new section:-

3 Section 15.

4 (a) As used in this chapter the following words shall have the following meanings unless
5 the context clearly requires otherwise:-

6 “Bank”, the Massachusetts Climate Bank established pursuant to subsection (b).

7 “Board”, the Massachusetts Climate Board established pursuant to subsection (c).

8 “Bonds” or “notes”, such bonds and notes as are issued by the bank pursuant to this
9 chapter.

10 “Climate and clean energy innovations”, all innovations, or uses of technologies,
11 services, and solutions, or innovative financing to address climate resiliency, mitigate
12 greenhouse gas emissions or support clean energy. This could include greenhouse gas mitigation
13 through decarbonization or deployment of climate and clean energy innovations to advance
14 compliance with the statewide greenhouse gas emission limits and sub-limits established
15 pursuant to chapter 21N.

16 “Climate Chief”, the Climate Chief for the Commonwealth of Massachusetts

17 “State Treasurer”, the Massachusetts State Treasurer and Receiver General

18 “Secretary A&F”, Secretary of the Executive Office for Administration and Finance.

19 “Secretary EEA”, the secretary of the executive office of energy and environmental
20 affairs.

21 “Secretary EOED”, the secretary of the executive office of economic development.

22 “Rural Communities”, are municipalities with population densities of less than 500
23 persons per square mile or a population of less than 7,000 persons, in each case as shown in the
24 most recent U.S. decennial census.

25 (b) There is hereby created a body politic and corporate and a public instrumentality
26 to be known as the Massachusetts Climate Bank, which shall be an independent public authority
27 not subject to the supervision and control of any other executive office, department, commission,
28 board, bureau, agency or political subdivision of the commonwealth except as specifically
29 provided in any general or special law. The exercise by the authority of the powers conferred by
30 this chapter shall be considered to be the performance of an essential public function.

31 (c) The bank shall be governed by the board and shall continue as long as it shall have
32 bonds or notes or guarantee commitments outstanding and until its existence is terminated by
33 law. Upon the termination of the existence of the bank, all right, title and interest in and to all of
34 its assets and all of its obligations, duties, covenants, agreements and obligations shall vest in and
35 be possessed, performed and assumed by the state

36 (d) It shall be the duty and purpose of the bank to: (1) evaluate, coordinate and facilitate
37 innovative financing solutions for climate and clean energy innovations in the public, private,
38 and non-profit sectors throughout the commonwealth and in line with achieving the
39 commonwealth's greenhouse gas emissions limits and sub-limits pursuant to chapter 21N; (2)
40 provide loans including loan refinancing, loan guarantees, credit enhancements, debt
41 securitization, insurance, portfolio insurance, and other forms of financing support, technical
42 assistance or risk management to qualified climate and clean energy innovations; (3) foster the
43 development and consistent application of transparent underwriting standards, standard
44 contractual terms, and measurement and verification protocols for qualified climate and clean
45 energy innovations; (4) ease the economic effects of transitioning from a carbon-based economy
46 to a clean energy economy; (5) facilitate job creation through the construction and operation of
47 climate and clean energy innovations; (6) facilitate and accelerate the deployment of climate and
48 clean energy innovations and promote climate resilience in disadvantaged and low-income
49 communities; and (7) eliminate the use of fossil fuels and carbon emitting fuels throughout the
50 commonwealth and across all sectors (8) enable economically underdeveloped but valuable rural
51 communities and coastal communities in Massachusetts.

52 (e) The bank shall be governed, and its corporate powers exercised by a board of
53 directors known as the Massachusetts Climate Finance Board. The board shall consist of 11

54 members, 1 of whom shall be the commissioner of banks, who shall serve ex officio, or her
55 designee, 1 of whom shall be the secretary a&f , who shall serve ex officio or her designee, 1 of
56 whom shall be the state treasurer, who shall serve ex officio, or her designee, 1 of whom shall be
57 the climate chief, who shall serve ex officio, or her designee, and 7 members appointed by the
58 governor, 1 of whom shall be experienced in the field of evaluating and underwriting
59 sustainability-focused (Environmental, Social and Governance) public or private finance
60 transactions, 1 of whom shall be a historically under-represented group (women, or minority)
61 with experience in the field of banking, public or private finance transactions selected from a list
62 of 3 nominees submitted by the president of the senate, 1 of whom shall have at least 10 years'
63 experience in climate impact and resiliency including land, water, or air issues, 1 of whom shall
64 be a technical expert with at least 10 years' experience in the securitization and structuring of
65 ecosystem service credits, 1 of whom has expertise in sustainability (Environmental, Social and
66 Governance) investment measurement and reporting selected from a list of 3 nominees submitted
67 by the speaker of the house of representatives, 1 of whom shall be the leader of a reserve banking
68 organization providing funds to other banks selected from a list of 3 nominees submitted by the
69 president of the senate, and 1 of whom shall be a representative of historically climate-impacted
70 rural or coastal towns or municipalities selected from a list of 3 nominees submitted by the
71 speaker of the house of representatives. Each of the 7 directors appointed by the governor shall
72 serve for a term of 3 years, potentially extendable by another 2 years with board consent.

73 The climate chief designee shall serve as the chairperson of the board and board members
74 shall annually elect a vice-chairperson of the board. Each director shall serve without
75 compensation but may be reimbursed for actual and necessary expenses reasonably incurred in
76 the performance of their duties, including reimbursement for reasonable travel. Any person

77 appointed to fill a vacancy in the office of a member of the board shall be appointed in a like
78 manner and shall serve for only the unexpired term of such former member. Any director shall
79 be eligible for reappointment. Any director may be removed from his appointment by the
80 governor for cause.

81 (f) A majority of directors shall constitute a quorum and the affirmative vote of a
82 majority of directors present at a duly called meeting if a quorum is present, shall be necessary
83 for any action to be taken by the board. Any action required or permitted to be taken at a meeting
84 of the directors may be taken without a meeting if all of the directors' consent in writing to such
85 action and such written consent is filed with the records of the minutes of the meetings of the
86 board. Such consent shall be treated for all purposes as a vote at a meeting. Each director shall
87 make full disclosure, under subsection (g), of his or her financial interest, if any, in matters
88 before the board by notifying the state ethics commission, in writing, and shall abstain from
89 voting on any matter before the board in which he or she has a financial interest, unless
90 otherwise permissible under chapter 268A.

91 (g) Chapters 268A and 268B shall apply to all ex-officio directors of the bank. Said
92 chapters 268A and 268B shall apply to all other directors, except that the bank may purchase
93 from, sell to, borrow from, loan to, contract with or otherwise deal with any person in which any
94 director of the bank is in any way interested or involved; provided, however, that such interest or
95 involvement is disclosed in advance to the members of the board and recorded in the minutes of
96 the board; and provided, further, that no director having such an interest or involvement may
97 vote on any matter in which he has a financial interest, unless otherwise permissible under
98 chapter 268A. Employment by the commonwealth or service in any agency thereof shall not be
99 deemed to be such an interest or involvement.

100 (h) The board shall have the power to appoint and employ an executive director who shall
101 be the chief executive, administrator and operational officer of the bank and shall direct and
102 supervise the administrative affairs and the general management of the bank. The chairman of
103 the bank shall report to and be under the general supervision of the state treasurer. The executive
104 director of the bank shall appoint and the bank shall employ a chief financial and accounting
105 officer and may, subject to the general supervision of the board and the state treasurer, employ
106 other employees, consultants, agents, including legal counsel and advisors, and shall attend
107 meetings of the board. Employees of the state treasury may also serve as officers and employees
108 of the bank. No funds shall be loaned, transferred or otherwise dispersed by the bank without the
109 approval of the board and the signature of an executive of the bank and in accordance with
110 policies and procedures approved by the board.

111 (i) The board shall elect a treasurer and a secretary. The secretary of the board shall keep
112 a record of the proceedings of the board and shall be custodian of all books, documents, and
113 papers filed by the board and of its minute book and seal. The secretary of the board shall cause
114 copies to be made of all minutes and other records and documents of the bank and shall certify
115 that such copies are true copies, and all persons dealing with the bank may rely upon such
116 certification.

117 (j) All officers and employees of the bank having access to its cash or negotiable
118 securities shall give a bond to the bank at its expense in such amounts and with such surety as the
119 board may prescribe. The persons required to give a bond may be included in one or more
120 blanket or scheduled bonds.

121 (k) Board members, officers, and employees of the bank shall not be liable to the
122 commonwealth, to the bank or to any other person as a result of their activities, whether
123 ministerial or discretionary, as such board members, employees or officers, except for willful
124 dishonesty or intentional violations of law. Neither members of the board nor any person
125 executing bonds or policies of insurance shall be liable personally thereon or be subject to any
126 personal liability or accountability by reason of the issuance thereof. The board shall purchase
127 liability insurance for board members, officers and employees of the bank and may indemnify
128 such persons against claims of others.

129 (l) An action of the bank may take effect immediately and need not be published or
130 posted unless otherwise provided by law. Meetings of the board shall be subject to section 18-25
131 of chapter 30A; but said section 18-25 shall not apply to any meeting of members of the bank
132 serving ex officio in the exercise of their duties as officers of the commonwealth so long as no
133 matters relating to the official business of the bank are discussed and decided at the meeting. The
134 bank shall be subject to all other provisions of said chapter 30A, and records pertaining to the
135 administration of the bank shall be subject to section 42 of chapter 30 and section 10 of chapter
136 66. All monies of the bank shall be considered to be public funds for purposes of chapter 12A.
137 The operations of the bank shall be subject to chapters 268A and 268B and all other operational
138 or administrative standards or requirements to the same extent as the office of state treasurer.

139 (m) Any documentary materials or data whatsoever made or received by a member or
140 employee of the bank and consisting of, or to the extent that such materials or data consist of,
141 trade secrets or commercial or financial information regarding the operation of any business
142 conducted by an applicant for any form of assistance that the bank is empowered to render or
143 regarding the competitive position of such applicant in a particular field of endeavor, shall not be

144 deemed public records of the bank and shall not be subject to section 10 of chapter 66. Any
145 discussion or consideration of such trade secrets or commercial or financial information may be
146 held by the board in executive sessions closed to the public, notwithstanding section 11A1/2 of
147 chapter 30A, but the purpose of any such executive session shall be set forth in the official
148 minutes of the bank and no business that is not directly related to such purpose shall be
149 transacted nor shall any vote be taken during such executive session.

150 (n) In furtherance of the public purposes set forth in subsection (d), the bank may expend
151 money to: (i) make grants, contracts, loans, equity investments, energy production credits, ensure
152 climate mitigation covenants or green covenants, bill credits or rebates or make other forms of
153 financial or technical assistance or instruments available to customers and government entities;
154 (ii) provide financial or debt service obligation assistance; or (iii) take any other action, in such
155 forms, under such terms and conditions and under such selection procedures as the bank deems
156 appropriate and otherwise in a manner consistent with good business practices; provided that the
157 bank shall endeavor to leverage the full range of resources, expertise and participation of other
158 states and instrumentalities in the design and implementation of programs conducted pursuant to
159 this section.

160 (o) The bank shall have all powers necessary and convenient to carry out and effectuate
161 its purposes, including, without limiting the generality of the foregoing, the power to:

162 (1) adopt and amend by-laws, regulations and procedures for the governance of its affairs
163 and the conduct of its business for the administration and enforcement of this chapter
164 notwithstanding chapter 30A;

165 (2) exercise any powers necessary for the commonwealth to be in compliance with
166 federal law;

167 (3) maintain offices at places within the commonwealth and conduct meetings of the
168 bank in accordance with its by-laws;

169 (4) promote economy and efficiency and leverage other government funding and private
170 sector investment;

171 (5) establish criteria and establish procedures for project selection for use in selecting
172 qualifying climate and clean energy innovations to receive funds, provided not less than 20% of
173 such funds are designated for rural communities and coastal communities in direct project
174 investments;

175 (6) enter into agreements and transactions with other government, state and municipal
176 agencies and other public institutions and private individuals, partnerships, firms, corporations,
177 associations and other entities on behalf of the bank;

178 (7) institute and administer separate accounts and funds for the purposes of making
179 allocations, grants or loans to qualifying climate and clean energy innovations to receive funds
180 pursuant to section 5;

181 (8) sue and be sued in its own name, plead and be impleaded;

182 (9) issue bonds, notes and other evidences of indebtedness as provided in this chapter;

183 (10) lease, assign, sell, exchange, transfer, convey, grant, pledge, or mortgage assets, title
184 to which has been acquired in any manner;

185 (11) acquire real and personal property, or any interest in real or personal property, by
186 gift, purchase, transfer, foreclosure, lease, or otherwise, including rights or easements; hold, sell,
187 assign, lease, encumber, mortgage or otherwise dispose of any real or personal property, or any
188 interest therein, or mortgage any interest owned by it or under its control, custody or in its
189 possession; release or relinquish any right, title, claim, lien, interest, easement or demand
190 however acquired, including any equity or right of redemption in property foreclosed by it; take
191 assignments of leases and rentals, proceed with foreclosure actions or take any other actions
192 necessary or incidental to the performance of its corporate purposes including, but not limited to,
193 making or delegating to a lessee or a licensee to make improvements or alterations to the real
194 property of the bank, or any interest thereon or engage in construction on or renovation at such
195 property or interest;

196 (12) invest funds held in reserves or sinking funds or funds not required for immediate
197 disbursement in such investments as may be provided in a financing document relating to the use
198 of such funds or, if not so provided, as the board may determine;

199 (13) appear on its own behalf before boards, commissions, departments or other agencies
200 of municipal, state or other government;

201 (14) obtain insurance;

202 (15) apply for and accept subventions, grants, loans, advances and contributions from any
203 source of money, property, labor or other things of value, to be held, used and applied for its
204 corporate purposes; provided, however, that the bank shall not accept funding from any source,
205 including any government agency, if the receipt of said funding would limit the bank's ability to

206 promote its public purposes; and provided further, that all such funds shall be placed, in their
207 entirety, in the bank;

208 (16) provide and pay for such advisory services and technical assistance as may be
209 necessary or desired to carry out the purposes of this chapter;

210 (17) establish and collect such fees and charges as the bank without further appropriation
211 shall determine to be reasonable, and receive and apply revenues from fees and charges to the
212 purposes of the bank or allotment by the commonwealth or any political subdivision thereof;
213 provided, however, that all said revenues shall be placed, in their entirety, in the bank;

214 (18) make loans to any person for the acquisition, construction, alteration or any
215 combination thereof, or other financing of a project including, but not limited to, loans to lending
216 institutions under terms and conditions requiring the proceeds of such loans to be used by such
217 lending institutions for the making of loans to users for qualified projects;

218 (19) disburse, appropriate, grant, loan or allocate funds for the purposes of investing in
219 climate and clean energy as directed in this chapter;

220 (20) provide assistance to local entities and authorities, public bodies and private
221 corporations for the purposes of maximizing opportunities for expanding climate and clean
222 energy innovations, attracting new climate and clean energy entities and advanced technology
223 investments, fostering new innovative research and creating new manufacturing and
224 development initiatives in the commonwealth;

225 (21) prepare, publish and distribute, with or without charge, as the bank may determine,
226 such studies, reports and bulletins and other material as the bank deems appropriate;

227 (22) exercise any other powers of a corporation organized under chapter 156B;

228 (23) engage accountants, architects, attorneys, engineers, planners, real estate experts and
229 other consultants as may be necessary in its judgment to carry out the purposes of this section
230 and to fix their compensation;

231 (24) take any actions necessary or convenient to the exercise of any power or the
232 discharge of any duty provided for by this section; and

233 (25) enter into agreements or other transactions with any person, including without
234 limitation any public entity or other governmental instrumentality or agency in connection with
235 its powers and duties under this section.

236 Irrespective of the above powers, the bank may not invest in or hold common stock or
237 another equity investment in natural gas and utility scale biomass projects.

238 (p) The bank may set up and maintain such separate funds and accounts as are necessary
239 to provide and direct funding to qualifying climate and clean energy innovations. Such funds or
240 accounts shall be credited with any appropriations authorized by the general court, bond or note
241 proceeds, grants, gifts, donations, bequests or other monies received in accordance with the law.
242 The bank may make loans from such funds or accounts.

243 (q) The bank may issue and sell bonds or notes of the bank for the purpose of providing
244 funds to finance qualifying climate and clean energy innovations. Any bond or note issued under
245 this section: (1) shall constitute the corporate obligation of the bank; (2) shall not constitute a
246 debt of the commonwealth within the meaning or application of the constitution of the
247 commonwealth; and (3) shall be payable solely as to both principal and interest from (i) the

248 proceeds of bonds or notes, if any; (ii) investment earnings on the proceeds of bonds or notes; or
249 (iii) other funds available to the bank for such purpose.

250 (r) The board shall develop a comprehensive application process for investments by
251 which governmental entities such as other climate banks or investment vehicles may submit
252 plans for climate and clean energy investments for review and approval by the bank. An
253 approved climate and clean energy plan shall be considered a qualifying plan. The bank shall
254 enter into funding agreements with the proponents of such qualifying plans, which shall detail
255 the terms of a disbursement of funds from the bank for the plan and specific terms for the
256 repayment or recoupment of funds.

257 The board shall also develop a comprehensive application process for direct investments
258 by which persons may submit plans for climate and clean energy innovations and technologies
259 for review and approval by the bank. An approved climate and clean energy innovation and
260 technology plan shall be considered a qualifying plan. The bank shall enter into funding
261 agreements with the proponents of such qualifying plans, which shall detail the terms of a
262 disbursement of funds from the bank for the plan and specific terms for the repayment or
263 recoupment of funds.

264 (s) The board shall adopt policies and procedures as necessary to implement this chapter.

265 (t) Within 180 days of enactment, the board shall establish bylaws, policies, and
266 procedures governing the operations of the bank not addressed specifically by the legislation.

267 (u) In addition to its purposes as defined in section (d), the bank is directed to create a
268 public sustainability benefit policy to fulfill the purpose of the bank as defined by section (d).
269 The board shall adopt a written public sustainability benefit policy that includes reporting

270 metrics as well as procedures. The board shall file a copy of that policy with the governor, the
271 comptroller, the clerks of the house of representatives and senate, and the house and senate
272 chairs of the joint committee on telecommunications, utilities and energy, within 30 days after its
273 adoption. Whenever the board changes its public sustainability benefit policy, it shall file a copy
274 of the new policy with the governor, the comptroller, the clerks of the house of representatives
275 and senate, and the house and senate chairs of the joint committee on telecommunications,
276 utilities and energy.

277 The public sustainability benefit policy shall include a statement that material, relevant,
278 and decision-useful sustainability factors related to the goals of the bank have been or are
279 regularly considered by the bank, within the bounds of financial and fiduciary prudence, in
280 evaluating investment decisions. Such factors will be derived from industry accepted public
281 sustainability benefit guidelines such as the United Nations Sustainable Development Goals and
282 the Sustainability Accounting Standards Board (SASB) standards for impact.

283 (v) The books and records of the bank shall be subject to an audit by the state auditor, in
284 accordance with generally accepted government auditing standards, as often as the state auditor
285 determines is necessary.

286 (w) The bank shall annually report to the governor, the comptroller, the clerks of the
287 house of representatives and senate, and the chairs of the joint committee on
288 telecommunications, utilities and energy, on the financial condition and performance of the bank
289 and provide an analysis of the bank's effect on the State to ensure that it is consistent with the
290 bank's purposes set forth in section (d), particularly the bank's effect on the public sustainability
291 benefit goals derived from goals of the bank.

292 (x) The bank shall receive funding of no less than \$100,000,000 for a total of five
293 years, which shall be available without the need for further appropriation from the following
294 sources: (1) money generated by all cap and trade pollution control programs; (2) other funds
295 that the secretary may provide through fees from enforcement of market-based compliance
296 mechanisms under chapter 21N, the Climate Protection and Green Economy Act; and (3) private
297 investments, gifts, and donations. Funds collected under this section shall be deposited into the
298 bank for the purpose of carrying out this chapter. Any unexpended funds at the end of the fiscal
299 year shall not revert to the General Fund and shall be carried over from year to year and may be
300 expended in subsequent years without appropriation.

301 (y) The bank may also accept deposits of government assets and funds from any state
302 public institution. The bank may pay interest on deposits of public funds and may offer other
303 financial products to the state treasurer and other public institutions.

304 (z) By request of the governor, the state treasurer may also issue and sell up to
305 \$750,000,000 in bonds within a given fiscal year to capitalize the bank.