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

IN THE HOUSE OF REPRESENTATIVES

Ms. Tlaib introduced the following bill; which was referred to the Committee on ________

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

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

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

TITLE II—FEDERAL RECOGNITION OF PUBLIC SECURITIES

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

TITLE III—PUBLIC DEPOSIT INSURANCE

Sec. 301. In general.

TITLE IV—POSTAL BANKING

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

TITLE V—PUBLIC BANK DEVELOPMENT PROGRAMS

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

TITLE VI—COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

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

1 SEC. 2. DEFINITIONS.
In this Act:

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

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

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

(A) use the technology for any purpose;
(B) study how the technology works, and change the technology as desired;

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

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

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

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

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

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

(C) a non-federally chartered bank (as defined in section 102(b)) that obtains a certificate of Federal recognition under section 102.

(6) ENVIRONMENTAL JUSTICE COMMUNITY.—With respect to a public lending bank, the term “environmental justice community” means—

(A) a community with significant representation of communities of color, low-income com-
communities, or Tribal and Indigenous communities, that experience, or are at risk of experiencing, higher or more adverse human health or environmental effects; or

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

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

(ii) the State establishes a corresponding screening tool to identify which communities are an environmental justice community under such definition.

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

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

(9) STATE.—The term “State” means each of the several States, the District of Columbia, and any commonwealth, territory, or possession of the United States.
(10) **Tribal and Indigenous Community.**—The term “Tribal and indigenous community” means a population of people who are members of—

(A) a federally-recognized Indian Tribe;

(B) a State-recognized Indian Tribe;

(C) an Alaska Native community or organization;

(D) a Native Hawaiian community or organization; or

(E) any other Indigenous community located in a State.

(11) **Tribal Covered Bank.**—The term “Tribal covered bank” means a covered bank that is wholly owned and controlled by—

(A) a Tribal government, including a unit of local Tribal government, or Tribal government agency;

(B) a Tribally chartered corporation;

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

(D) an association of 1 or more entities described in subparagraphs (A) through (C).
TITLE I—FEDERAL RECOGNITION OF PUBLIC BANKS

SEC. 101. FEDERAL CHARTER OF PUBLIC LENDING BANKS AND PUBLIC PAYMENT BANKS.

(a) In general.—The Board of Governors shall charter public lending banks and public payment banks.

(b) Public lending bank defined.—In this Act, the term “public lending bank” means a person that—

(1) is wholly owned and controlled by—

(A) a State or Tribal government, including a unit of local government, or government agency;

(B) a State or Tribally chartered corporation;

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

(D) an association of 1 or more entities described in subparagraphs (A) through (C);

(2) that—

(A) is not owned or governed by, operated as a subsidiary of, or otherwise affiliated with any for-profit entity;
(B) does not own, govern, or operate a subsidiary that is any for-profit entity; and

(C) does not compensate any employee, executive, or board member at a rate to exceed the salary of the President of the United States for that equivalent period; and

(3) provides—

(A) fiscal agent services;

(B) money transmitter services;

(C) digital dollar services as a pass-through intermediary for the Federal Government;

(D) depository services;

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

(F) municipal deposit services;

(G) securities-related services; or

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

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

(1) is wholly owned and controlled by an entity described in subsection (b)(1);
(2) provides at least one of the services specified in subparagraphs (A) through (F) of subsection (b)(3); and

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

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

SEC. 102. FEDERAL RECOGNITION OF NON-FEDERALLY CHARTERED BANKS.

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

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

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

(2) either—
(A) chartered as a non-depository institution by an approved non-Federal financial regulator described in subsection (c); or

(B) insured as a depository institution by the Corporation, by an approved non-Federal financial regulator described in subsection (c), or under an alternate public deposit insurance scheme approved by the Corporation.

(e) List of Approved Non-Federal Financial Regulators.—The Board of Governors shall establish and maintain on a public website of the Board of Governors a list of approved non-Federal financial regulators for the purpose of determining eligibility for a certificate of Federal recognition under this section.

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

(e) Services.—A non-federally chartered bank—

(1) may not offer depository services before—

(A) obtaining—

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

(ii) deposit insurance from alternate public deposit insurance scheme approved by the Corporation; and
(B) becoming a public member bank or a conditional public member in accordance with section 103(b); and

(2) may—

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

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

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

(D) provide money transmitter and digital dollar services.

SEC. 103. FEDERAL RESERVE SYSTEM MEMBERSHIP.

(a) ELIGIBILITY.—A covered bank shall be eligible for membership in the Federal reserve system as a public member bank and, except as provided in subsection (c), shall be treated in the same manner as a member bank under section 4 of the Federal Reserve Act (12 U.S.C. 308).
(b) **CONDITIONAL PUBLIC MEMBER BANK.**—The Board of Governors shall establish a special category of public member bank, called a “conditional public member bank”, for persons that are in the process of applying for becoming a covered bank. Such conditional public member banks shall be subject to such conditions and restrictions as the Board of Governors determines to be necessary and appropriate to promote public welfare, provided that such conditions and restrictions are not arbitrary, punitive, or unduly burdensome.

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

SEC. 104. PUBLIC MEMBER BANK SERVICES.

(a) **PURPOSES OF SERVICES.**—The Board of Governors shall offer the services described in subsection (b) to public member banks in order to—

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

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

(3) support the financial and budgetary health of State and Tribal governments, local government
units, government agencies, State or tribally chartered corporations, nonprofit entities designated by a State or Tribal government to be acting in the public interest of a community within such State or Tribe, or an association of one or more of such entities.

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

(1) Fiscal agent accounts—

(A) in which public member banks may invest funds held on behalf of any entity described in section 101(b)(1); and

(B) under which—

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

(I) the sum of the overnight policy target rate plus two percent; or

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

(ii) the interest described in clause (i) (minus a reasonable administrative fee imposed by the public member bank) shall be
paid to the entity for which the public
member bank invested such funds.

(2) Payment accounts—

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

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

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

(ii) the overnight rate paid on excess
reserves.

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

(i) digital dollar account wallets ad-
ministered by the Board of Governors
(commonly known as “FedAccounts”);
(ii) digital dollar cash wallets administered by the Secretary (commonly known as “eCash’’); and

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

(B) The Board of Governors may issue regulations as necessary to ensure effective harmonization and coordination between covered banks and any entities responsible for administering digital dollar services on behalf of the Federal Government.

(4)(A) A facility (to be known as the “Public Bank Primary Liquidity Facility”) to provide liquidity to public member banks by buying or lending (at a reasonable rate of interest that is not greater than the overnight policy target rate) against federally recognized public loans (as described in section 105) and federally-recognized public securities (as described in section 201(b)), under terms and conditions that the Board of Governors determines to be necessary and appropriate to promote public welfare.

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

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

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

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

(7) A facility (to be known as the “Federally Recognized Public Loan Facility”) to, in consultation with the Corporation—

(A) develop rules, standards, and criteria for Federal recognition of loans, mortgages, credit cards, account overdrafts, and other direct lending products issued by public member banks; and

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

(c) Administrative, Operating, and Maintenance Costs.—The Board of Governors shall pay all administra
tive, operating, and maintenance costs associated with the accounts, services, and facilities described in sub-
section (b).

(d) Reimbursement.—The Board of Governors shall reimburse a public member bank for any expenses reasona
bly incurred in the process of operating as a pass-
through intermediary described in subsection (b)(3).

(e) Expenses.—

(1) Member Services.—Any expenses incurred by the Board of Governors under paragraphs (1) through (3) of subsection (b) and under sub-
sections (c) and (d) shall be recorded—

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

(B) as a deferred asset (as described in section 11.96 of the Financial Accounting Manual for Federal Reserve Banks, as in effect on the date of the enactment of this Act) and maintained separately from the balance sheet of
the Federal Reserve Bank of New York and the Federal Reserve System, so as to not reduce or impact the calculation of total income or revenue generated by the Federal Reserve System, or otherwise reduce the total amount of net operating profits to be made available for remittance to the Treasury on an ongoing basis.

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

(A) in an account to be known as the “Special Public Member Bank Liquidity and Credit Account” established at the Federal Reserve Bank of New York; and

(B) as a deferred asset (as described in section 11.96 of the Financial Accounting Manual for Federal Reserve Banks, as in effect on the date of the enactment of this Act) and maintained separately from the balance sheet of the Federal Reserve Bank of New York and the Federal Reserve System, so as to not reduce or impact the calculation of total income or revenue generated by the Federal Reserve System, or otherwise reduce the total amount of net op-
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1     erating profits to be made available for remit-

2     tance to the Treasury on an ongoing basis.

SEC. 105. SPECIFIC REQUIREMENTS RELATING TO COV-

ERED BANKS.

(a) Public Purpose Bank Requirement.—

(1) IN GENERAL.—A covered bank shall serve

the public good and promote the general welfare.

(2) Definition in Governing Documents.—

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

(A) the Governing Assembly of the covered

bank; or

(B) if the covered bank does not have a

Governing Assembly, the Board of Directors; or

(b) Democratic Governance.—

(1) Governance Policy.—Before the end of

the 2-year period beginning on the formation of a

covered bank, the Board of Directors of the covered

bank or the Governing Assembly of the covered bank

shall establish a formal governance policy for the

covered bank.

(2) Institutionalization of a Democratic

Governance Structure.—A covered bank shall
institutionalize a democratic governance structure through the following:

(A) BOARD OF DIRECTORS.—The establishment of a Board of Directors—

(i) charged with ensuring that fiduciary duties of the covered bank are met;

(ii) charged with ensuring the covered bank complies with policies and procedures required by statute, regulation, and principles of safety and soundness;

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

(I) at least one-third of the members shall represent community-based, nonprofit organizations based primarily within the geographic area of (or, with respect to a corporation or nonprofit instrumentality, the geographic area served by) the relevant entity described in section 101(b)(1);

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

(III) at least one member shall have demonstrated experience with, and endorsement from, environmental justice or environmental organizations based primarily within the geographic area of (or, with respect to a corporation or nonprofit instrumentality, the geographic area served by) the relevant entity described in section 101(b)(1);

(IV) at least one member shall have demonstrated experience with, and endorsement from, community development organizations based primarily within the geographic area of (or, with respect to a corporation or nonprofit instrumentality, the geographic area served by) the relevant entity described in section 101(b)(1);
(V) at least one member shall have demonstrated experience with, and endorsement from, labor organizations based primarily within the geographic area of (or, with respect to a corporation or nonprofit instrumentality, the geographic area served by) the relevant entity described in section 101(b)(1); and

(VI) with respect to a Tribal covered bank, include a number of representatives of Indigenous communities on the board roughly proportionate to the percentage of the population of the geographic area of the relevant entity described in section 101(b)(1) who are Indigenous;

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

(I) responsible for the basic operations of the covered bank, including—

(aa) hiring and firing senior management;
(bb) monitoring and assessing the covered bank’s performance, operations, and investment decisions;

(cc) producing internal annual reports; and

(dd) interfacing with the People’s Review Board in the issuance of public-facing reports; and

(II) responsible for ensuring that the mandates set by the Governing Assembly are successfully implemented; and

(v) with respect to a covered bank without a Governing Assembly and People’s Review Board, responsible for the basic operations of the covered bank, including—

(I) those responsibilities described under item (aa) through (cc) of clause (iv)(I);

(II) setting the core mandates and policies which guide the covered bank’s activities; and
(III) issuing public-facing reports.

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

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

(I) shall—

(aa) be responsible for setting the broad priorities of the public lending bank’s financing and loan programs over a multi-year investment cycle;

(bb) generate the public lending bank’s core mandates;

(cc) make binding decisions on the policy of the public lending bank without exercising control over day-to-day decision-making;

(dd) be composed of members in a manner that ensures adequate representation of, or democratic accountability to, resi-
dents within the geographic area of (or, with respect to a corporation or nonprofit instrumentality, the geographic area served by) the relevant entity described in section 101(b)(1); and

(ee) with respect to a Tribal covered bank, include a number of representatives of Indigenous communities on the Governing Assembly roughly proportionate to the percentage of the population of the geographic area of the relevant entity described in section 101(b)(1) who are Indigenous;

(II) may only have members selected by sortition if—

(aa) a super-majority of the members are selected by a stratified sampling of residents based primarily within the geographic area of (or, with respect to a corporation or nonprofit instrumentality, the geographic area served
by) the relevant entity described in section 101(b)(1);

(bb) the Governing Assembly is professionally facilitated, deliberative in nature, and draw upon outside experts representing a range of divergent interests and viewpoints;

(cc) the members selected through sortition are required to receive a comprehensive orientation and intensive training on banking regulation and finance prior to participating in decision making, and required to receive continuing educational programming throughout their term; and

(dd) no member serves for longer than 6 months, absent extenuating circumstances.

(ii) the establishment of a People’s Review Board—

(I) which shall act in an advisory and oversight capacity for the public lending bank, including—
(aa) monitoring and assessing the public lending bank’s performance, operations, and investment decisions to ensure they are consistent with the core mandates and policies established by the Governing Assembly;

(bb) assessing the priorities and mandates of the public lending bank;

(cc) ensuring the viewpoints of affected groups are represented in the policy of the public lending bank; and

(dd) providing information and recommendations to the Governing Assembly and Board of Directors of the public lending bank;

(II) which shall have access to all public lending bank information pertinent to the operations and performance of the People’s Review Board;

(III) the meetings of which shall be open to public observation;
(IV) which shall issue an annual report of the findings and recommendations of the People’s Review Board, and make such report publicly available online; and

(V) the structure of which shall ensure adequate representation of, or democratic accountability to, residents within the geographic area of (or, with respect to a corporation or nonprofit instrumentality, the geographic area served by) the relevant entity described in section 101(b)(1);

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

(VII) which may only have members selected by sortition if—

(aa) a super-majority of the members are selected by a stratified sampling of residents based primarily within the geographic area of (or, with respect to a corporation or nonprofit instrumen-
tality, the geographic area served by) the relevant entity described in section 101(b)(1);

(bb) the People’s Review Board is professionally facilitated, deliberative in nature, and draw upon outside experts representing a range of divergent interests and viewpoints; and

(cc) the members selected through sortition are required to receive a comprehensive orientation and intensive training on banking regulation and finance prior to participating in decision making, and required to receive continuing educational programming throughout their term.

(c) Tribal Covered Bank Lending Priorities.— A Tribal covered bank shall prioritize loans to Indigenous communities.

(d) Environmental Policy.—Before the end of the 2-year period beginning on the formation of a covered bank, the Board of Directors of the covered bank or the Governing Assembly of the covered bank shall establish
a formal environmental or environmental justice policy for
the covered bank.

(c) USE AND DISCLOSURE OF FINANCIAL INFORMATION AND TECHNOLOGY.—

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

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

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

(B) wherever possible, license under a
copyleft license any software, hardware, or
other digital technologies that are developed, fi-
nanced, or otherwise owned by the covered
bank;

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

(D) generally take all reasonable efforts to
encourage and promote technology sharing and
the development of technological best practices
and common standards.
(3) **EXPECTATION OF PRIVACY.**—A covered bank shall—

(A) maintain an individual or entity’s legitimate expectation of privacy if that individual or entity is a customer of the covered bank; and

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

(4) **DATA PRIVACY.**—Data obtained by a covered bank—

(A) may not be sold to third parties, except consumer reporting agencies;

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

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

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

(ii) a third party that is a consumer reporting agency under the Fair Credit Reporting Act and is in compliance with such Act; and
(D) with respect to account data, may only be accessed by appropriate warrant or administrative search subpoena.

(5) METADATA.—A covered bank—

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

(B) shall hold metadata unused in a manner consistent with rights of privacy and duty of care.

(f) TERMS OF LENDING.—

(1) ESTABLISHMENT OF POLICY ON LENDING PRACTICES.—

(A) IN GENERAL.—Not later than the end of the 1-year period beginning on the date of the formation of a public lending bank, the public lending bank shall establish a policy on lending practices. With respect to a public lending bank in existence on the date of enactment of this Act, the policy on lending practices shall be established before the end of the 1-year period beginning on the date of enactment of this Act.

(B) UPDATE OF POLICY.—A public lending bank shall update the policy on lending practices required under subparagraph (A) at least every 5 years.
(C) Public comment process.—A public lending bank shall provide for a public comment period of at least 90 days before the establishment of, and any update of, the policy on lending practices required under this paragraph.

(2) Lending preferences.—For purposes of determining the projects with respect to which a public lending bank extends loans, the public lending bank shall give preference to projects that—

(A) maximize the creation of high-quality employment and apprenticeship opportunities for local workers, consistent with the public interest, especially workers from environmental justice communities and labor organizations;

(B) certify, for all contractors and subcontractors, that the rights of workers to organize and unionize are recognized;

(C) agree to implement a project labor agreement;

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

(E) meet unmet needs in the local banking market.
(3) REQUIREMENTS ON WHO MAY RECEIVE
    LOANS.—The public lending bank shall require, for
    any project for which the public lending bank ex-
    tends a loan, that—

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

    (B) if the loan is $500,000 or more, as a
    condition of receiving the loan, the recipient
    shall ensure that all laborers employed by a
    nongovernmental entity that enters into a con-
    tract for the performance of construction, alter-
    ation, or repair work that is facilitated, in
    whole or in part, by such loan, or a subcontract
    thereof, are paid wages at rates not less than
    those prevailing on similar construction, alter-
    ation, or repair work in the locality as deter-
    mined by the Secretary of Labor in accordance
    with subchapter IV of chapter 31 of title 40,
    United States Code (commonly referred to as
    the “Davis-Bacon Act”) and with respect to
    such labor standards, the Secretary of Labor
    shall have the authority and functions set forth
    in Reorganization Plan Numbered 14 of 1950
(64 Stat. 1267; 5 U.S.C. App.) and section 3145 of title 40, United States Code;

(C) if the project with respect to which the loan is being extended has a budget of $35,000,000 or more, all contractors and subcontractors shall implement a project labor agreement that includes—

(i) goals for hiring local community members, economically disadvantaged workers, or workers from other underrepresented communities;

(ii) an equity plan, including—

(I) the impacts of the proposed project on underserved communities, including social and environmental impacts;

(II) the overall benefits of the proposed project, if funded, to underserved communities; and

(III) how diversity, equity, and inclusion objectives will be incorporated into the project; and

(iii) strategic recruitment and retention policies for workers from underserved
35 communities and people facing systemic barriers to employment; and

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

(i) may not discriminate when renting the units based on an applicant’s source of income, sexual orientation, gender expression or identity, immigration status, conviction or arrest history, bankruptcy history, eviction history, or credit score;

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

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

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

(v) shall practice avoidance and mitigation of displacement, including by establishing a right of return and temporary relocation for tenants displaced by renovations.

(4) APPLICATION OF CERTAIN LAWS.—The following Acts shall apply to a public lending bank to the same extent as such Acts apply to applicable persons subject to such Acts:

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

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

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

(g) Terms of Retail Account Services.—Any covered bank that holds, administers, or manages funds on behalf of any unincorporated person in a payments account, or otherwise accepts funds on deposit or for the purpose of providing public depository accounts services—

(1) may not—

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

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

(2) shall—

(A) prominently brand any such payments account or public depository account as a “public bank account” in all account statements, marketing materials, and other communications of the public bank; and

(B) provide such account holders with reasonable protection against losses caused by fraud or security breaches, as determined by the Corporation or the Director of the Bureau of Consumer Financial Protection, or both; and
(3) may only close or restrict access to such payments accounts or public depository accounts on the basis of the mandate of the covered bank.

(h) TERMS OF RETAIL CREDIT.—

(1) IN GENERAL.—Notwithstanding any provision of law, the annual percentage rate applicable to any extension of credit by a covered bank may not exceed the lesser of—

(A) 15 percent on unpaid balances, inclusive of all finance charges; or

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

(2) OTHER FEES.—Any fees that are not considered finance charges under paragraph (1), including fees for ancillary products and services, may not—

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

(B) be imposed in such a way as to evade or frustrate the purpose of limiting the total interest and related costs that may be charged in relation to any lending product issued by covered banks under this Act.

(3) PENALTIES FOR CHARGING HIGHER RATES ON RETAIL CREDIT.—
(A) VIOLATION.—The taking, receiving, reserving, or charging of an annual percentage rate or fee greater than that permitted by paragraph (1), when knowingly done, shall be a violation of this subsection, and a forfeiture of the entire interest which the note, bill, or other evidence of the obligation carries with it, or which has been agreed to be paid thereon.

(B) REFUND OF INTEREST AMOUNTS.—

   (i) IN GENERAL.—With respect to a person charging interest, a finance charge, or a fee greater than that permitted by paragraph (1), the person paying such interest, finance charge, or fee may notify the Bureau of Consumer Financial Protection, and the Bureau of Consumer Financial Protection shall take such enforcement actions as the Director of the Bureau of Consumer Financial Protection determines appropriate.

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

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

(D) BANK SECRECY ACT.—In establishing and maintaining personal accounts, each covered bank shall comply with—

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

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

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

(i) ANNUAL REPORTING REQUIREMENTS.—Each covered bank shall make publicly available an annual report on the activities of such covered bank, including recipients of financial services, sources of funding, financial reporting, and evaluation of the effectiveness of the covered bank’s services in achieving the public purposes for which it was chartered, as well as any other purposes,
goals, and targets under this Act or other law or regulation, including the percentage of the monetary value of a public lending bank’s loans which provide direct benefits to environmental justice communities.

(j) Other Excluded Activities.—A covered bank may not provide loans to, make investments in, or otherwise engage in any activity that is financial in nature, or incidental to such financial activity, with—

(1) a company supporting—

(A) weapon or gun manufacturing;

(B) private prisons;

(C) immigration detention facilities; or

(D) the tobacco industry; or

(2) a company that has—

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

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

(C) a history of violations of the Fair Labor Standards Act of 1938 and the Occupational Safety and Health Act of 1970, as determined by the Secretary of Labor; or
(D) a history of offshore tax avoidance, as determined by the Commissioner of the Internal Revenue Service.

(k) CLARIFYING THE ELIGIBILITY OF PUBLIC LENDING BANKS AND PUBLIC PAYMENT BANKS FOR CERTAIN FEDERAL PROGRAMS.—

(1) ELECTIVE PAYMENT OF APPLICABLE CREDITS.—Section 6417(d)(1)(A) of the Internal Revenue Code of 1986 is amended—

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

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

(C) by adding at the end the following:

“(vii) a public lending bank or a public payment bank (as such terms are defined, respectively, under section 101 of the Public Banking Act of 2023).”.

(2) INCENTIVES FOR INNOVATIVE TECHNOLOGIES.—Section 1701(7)(B) of the Energy Policy Act of 2005 (42 U.S.C. 16511(7)(B)) is amended by inserting “and an entity that is a public lending bank or a public payment bank (as such terms are defined, respectively, under section 101 of the
Public Banking Act of 2023)’’ before the period at
the end.

(l) EXCEPTION FOR EXISTING PUBLIC BANKS.—

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

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

SEC. 106. REGULATIONS.

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

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

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

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

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

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

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

(B) result in less robust or less stringent
protections to consumers than protections that
exist on the date of the enactment of this Act for consumers served by other existing categories of depository institutions, including protection under the Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.).

(3) DATA REPORTING.—The Board of Governors and the Corporation shall jointly, in a manner that respects the privacy of covered bank customers to the greatest extent possible, develop an annual assessment for determining if covered banks have appropriately provided services to all customers within the jurisdiction of service, based on demographic information chosen by regulators, including race, gender, and area median income of such customers.

(e) ECLOGICAL SUSTAINABILITY CONSIDERATIONS AND PROHIBITIONS ON FOSSIL FUEL INVESTMENT.—

(1) IN GENERAL.—The Board of Governors, the Corporation, and the Commission shall jointly develop and promulgate rules and regulations to—

(A) ensure that any and all activities undertaken and services offered by a covered bank, or any person seeking or in the process of becoming a covered bank, are consistent with Federal and scientifically established standards,
goals, and targets with respect to ecological sustain-
ability, climate crisis-mitigation, and
decarbonization; and

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

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

(ii) providing loans to, making invest-
ments in, or otherwise engaging in any ac-
tivity that is financial in nature, or inci-
dental to such financial activity, for a fossil
fuel project;

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

(iv) securitizing assets that provide
funds for fossil fuel production or proc-
essing from existing or new sources;
(v) entering into a derivatives transaction designed to provide funding for, facilitate, or hedge risks from fossil fuel production or processing from existing or new sources; and

(vi) engaging in any activity that is complementary to a financial activity involving fossil fuel production or processing from existing or new sources, including financing the international trade thereof; or any other form of activity defined by regulators or supervisors of the covered bank.

(2) DEFINITIONS.—In this subsection:

(A) EXISTING SOURCES.—The term “existing sources” means—

(i) reserves of fossil fuels proven, developed, and producing as of the date of enactment of this section; or

(ii) fossil infrastructure that would facilitate the production described in clause (i).

(B) FOSSIL FUEL.—The term “fossil fuel” means coal, petroleum, natural gas, or any derivative of coal, petroleum, or natural gas that is used for fuel.
(C) **Fossil Infrastructure.** — The term “fossil infrastructure” means fossil fuel-related projects, including wells, rail infrastructure, pipelines, terminals, refineries, and power plants.

(D) **New Sources.** — The term “new sources” means—

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

(ii) new or expanded fossil infrastructure that would facilitate the production described in clause (i).

(E) **Processing.** — The term “processing” means the preparation of a chemical substance or mixture (including any chemical transformations of, or physical separations involving, such substance or mixture) after its production or extraction, for distribution in commerce—

(i) in the same form or physical state as, or in a different form or physical state from, that in which it was received by the person so preparing such substance or mixture; or
(ii) as part of an article of commerce containing the chemical substance or mixture.

(F) PRODUCTION.—The term “production” means extractive or production activities that result in fossil fuels being made available for refining or use.

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

SEC. 107. TECHNICAL ASSISTANCE.

The Board of Governors shall provide technical assistance to public member banks to develop, use, and share financial and infrastructure technologies, practices, and operational and business practice data that promote the public welfare, however such data may not include any customer data, including transactional and identifying information.
TITLE II—FEDERAL RECOGNITION OF PUBLIC SECURITIES

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

(a) In General.—The Commission shall establish a separate registration and regulatory scheme for licensing and regulating as public investment entities all public lending banks and non-federally chartered banks that engage or seek to engage in securities-related activities, including origination, investment brokering, dealing, and trading of federally-recognized public securities.

(b) Federally-recognized Public Securities.—The Board of Governors shall, in consultation with the Commission, develop rules, standards, and criteria for Federal recognition of securities issued by public member banks (to be known as “federally-recognized public securities”) as the Commission determines to be necessary and appropriate to promote public welfare.

(c) Conditional License.—The Commission shall establish a special category of public investment entity license for entities that are in the process of applying for, but have not yet received, any license to issue federally-recognized public securities, which shall be subject to such conditions and restrictions as the Commission determines to be necessary and appropriate to promote public welfare.
TITLE III—PUBLIC DEPOSIT INSURANCE

SEC. 301. IN GENERAL.

(a) Public Deposit Insurance.—Within 6 months of the date of enactment of this Act, the Corporation shall establish a separate registration and regulatory scheme for providing deposit insurance (to be known as “public deposit insurance”) to covered banks and make such deposit insurance available to covered banks without regard to the total deposit amount.

(b) Alternative Public Deposit Insurance.—Within 6 months of the date of enactment of this Act, the Corporation shall establish publicly available criteria for alternative public deposit insurance schemes established and provided by an approved non-Federal financial regulator, and subsequently approve, within 6 months of such submission, schemes that meet said criteria.

(c) Conditional Insurance.—Within 6 months of the date of enactment of this Act, the Corporation shall establish a separate registration and regulatory scheme for providing deposit insurance (to be known as “conditional public deposit insurance”) for entities that are in the process of applying for, but have not yet received, public deposit insurance, which shall be subject to such conditions
and restrictions as the Corporation determines to be necessary and appropriate to promote public welfare.

(d) ALTERNATIVE RISK PROFILE.—The Corporation shall—

(1) establish and utilize an alternative risk profile methodology for covered banks at an advantage, in comparison to other depository institutions provided deposit insurance, which accounts for the benefits to the general welfare created by publicly owned and operated financial institutions; and

(2) within 6 months following the establishment of the alternative risk profile methodology, the Corporation shall publish a publicly available report on the alternative risk profile methodology.

TITLE IV—POSTAL BANKING

SEC. 401. PARTNERSHIPS WITH COVERED BANKS FOR POSTAL BANKING SERVICES.

(a) PARTNERSHIP WITH USPS.—Notwithstanding section 404(e)(2) of title 36, United States Code, the Postmaster General shall, to the maximum extent practicable, partner with covered banks to make available retail account and payment services provided by covered banks at post offices, and via any postal banking platforms established by the United States Postal Service.
(b) FUNDING.—The Board of Governors shall provide such funding to the United States Postal Service as the Postmaster General determines to be necessary to achieve carry out subsection (a).

(c) TREATMENT OF EXPENSES.—Any expenses incurred by the Board of Governors under this section shall be recorded—

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

(2) as a deferred asset (as described in section 11.96 of the Financial Accounting Manual for Federal Reserve Banks, as in effect on the date of the enactment of this Act) and maintained separately from the balance sheet of the Federal Reserve Bank of New York and the Federal Reserve System, so as to not reduce or impact the calculation of total income or revenue generated by the Federal Reserve System, or otherwise reduce the total amount of net operating profits to be made available for remittance to the Treasury on an ongoing basis.

TITLE V—PUBLIC BANK DEVELOPMENT PROGRAMS

SEC. 501. PUBLIC BANK GRANT PROGRAM.

(a) Program Established.—
(1) **IN GENERAL.**—The Board of Governors shall, jointly with the Secretary, carry out a grant program to make grants to covered banks, or persons seeking to become or in the process of becoming covered banks, to carry out the activities described in subsection (b).

(2) **CONSIDERATIONS FOR ELIGIBILITY.**—

(A) **REQUIRED CONSIDERATIONS.**—When determining eligibility for grants under this section, the Board of Governors and the Secretary shall consider, among other factors, the extent to which a grant applicant has established an appropriate degree of community involvement and oversight, including dedicated community representation on the governing board, and evidence of support or commitment from community representative organizations.

(B) **PROHIBITED CONSIDERATION.**—When determining eligibility for grants under this section, the Board of Governors and the Secretary may not consider the budgetary or financial health of the entity that wholly owns or controls a covered bank.

(b) **USE OF FUNDS.**—An entity that receives a grant under this section may use the grant funds—
(1) to carry out activities related to bank formation, chartering, and regulatory compliance;
(2) for capitalization;
(3) to make payments and develop financial market infrastructure;
(4) to carry out activities related to information and communications technology;
(5) to support operations;
(6) to cover unexpected losses;
(7) to run sortition processes; and
(8) to carry out such other activities as the Board of Governors and the Secretary determine appropriate.

(e) Matching Funds.—The Board of Governors and the Secretary may not require that an entity that receives a grant under this section provide matching funds with respect to such grant.

SEC. 502. PUBLIC BANK INCUBATOR PROGRAM.
(a) In General.—The Board of Governors shall establish an incubator program to provide technical and technological assistance to persons seeking to be chartered by the Board of Governors under section 101 or to obtain a certificate of Federal recognition under section 102.
(b) Application.—The Board of Governors, in coordination with the Secretary, the Corporation, and the
Commission, shall establish a single application and review process for persons seeking to—

(1) be federally chartered under section 101;
(2) obtain a certificate of Federal recognition under section 102;
(3) become a public member bank;
(4) obtain a license to issue federally-recognized public securities under section 201;
(5) obtain public deposit insurance pursuant to section 301 or from a Corporation-approved alternative provider; and
(6) apply for a grant under section 401.

SEC. 503. COMMUNITY DEVELOPMENT GRANT PROGRAM.
(a) Reasonable Efforts To Coordinate.—Covered banks shall, where and as appropriate, make reasonable efforts to coordinate activities with community development financial institutions, minority deposit institutions, and credit unions to promote community development and ensure community-oriented financial services are universal and comprehensively include historically excluded and marginalized groups.
(b) Grants For Coordination.—The Board of Governors shall, jointly with the Secretary, award grants to covered banks, community development financial insti-
Institutions, minority deposit institutions, and credit unions to facilitate coordination of activities under subsection (a).

(c) DEFINITIONS.—In this section:

(1) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term “community development financial institution” has the meaning given the term in section 103(5) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702(5)).

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

(3) MINORITY DEPOSIT INSTITUTION.—The term “minority deposit institution” has the meaning given the term in section 308(b)(1) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463(b)(1)).

SEC. 504. TREATMENT OF FUNDING.

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

(1) in an account to be known as the “Special Public Bank Development Programs” established at the Federal Reserve Bank of New York; and
(2) as a deferred asset (as described in section 11.96 of the Financial Accounting Manual for Federal Reserve Banks, as in effect on the date of the enactment of this Act) and maintained separately from the balance sheet of the Federal Reserve Bank of New York and the Federal Reserve System, so as to not reduce or impact the calculation of total income or revenue generated by the Federal Reserve System, or otherwise reduce the total amount of net operating profits to be made available for remittance to the Treasury on an ongoing basis.

TITLE VI—COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

SEC. 601. STATE AND LOCAL INSTRUMENTALITIES ELIGIBLE TO BE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.

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