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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. _____

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

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

6 (b) TABLE OF CONTENTS.—The table of contents for
7 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.**

2 In this Act:

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

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

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

12 (A) use the technology for any purpose;

1 (B) study how the technology works, and
2 change the technology as desired;

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

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

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

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

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

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

18 (C) a non-federally chartered bank (as de-
19 fined in section 102(b)) that obtains a certifi-
20 cate of Federal recognition under section 102.

21 (6) ENVIRONMENTAL JUSTICE COMMUNITY.—
22 With respect to a public lending bank, the term “en-
23 vironmental justice community” means—

24 (A) a community with significant represen-
25 tation of communities of color, low-income com-

1 communities, or Tribal and Indigenous commu-
2 nities, that experience, or are at risk of experi-
3 encing, higher or more adverse human health or
4 environmental effects; or

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

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

13 (ii) the State establishes a cor-
14 responding screening tool to identify which
15 communities are an environmental justice
16 community under such definition.

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

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

22 (9) STATE.—The term “State” means each of
23 the several States, the District of Columbia, and any
24 commonwealth, territory, or possession of the United
25 States.

1 (10) TRIBAL AND INDIGENOUS COMMUNITY.—

2 The term “Tribal and indigenous community”
3 means a population of people who are members of—

4 (A) a federally-recognized Indian Tribe;

5 (B) a State-recognized Indian Tribe;

6 (C) an Alaska Native community or orga-
7 nization;

8 (D) a Native Hawaiian community or or-
9 ganization; or

10 (E) any other Indigenous community lo-
11 cated in a State.

12 (11) TRIBAL COVERED BANK.—The term
13 “Tribal covered bank” means a covered bank that is
14 wholly owned and controlled by—

15 (A) a Tribal government, including a unit
16 of local Tribal government, or Tribal govern-
17 ment agency;

18 (B) a Tribally chartered corporation;

19 (C) a nonprofit instrumentality designated
20 by a Tribal government as acting in the public
21 interest of a community within such Tribe, in-
22 cluding an unincorporated community; or

23 (D) an association of 1 or more entities de-
24 scribed in subparagraphs (A) through (C).

1 **TITLE I—FEDERAL RECOGNITION OF PUBLIC BANKS**
2

3 **SEC. 101. FEDERAL CHARTER OF PUBLIC LENDING BANKS**
4 **AND PUBLIC PAYMENT BANKS.**

5 (a) IN GENERAL.—The Board of Governors shall
6 charter public lending banks and public payment banks.

7 (b) PUBLIC LENDING BANK DEFINED.—In this Act,
8 the term “public lending bank” means a person that—

9 (1) is wholly owned and controlled by—

10 (A) a State or Tribal government, includ-
11 ing a unit of local government, or government
12 agency;

13 (B) a State or Tribally chartered corpora-
14 tion;

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

20 (D) an association of 1 or more entities de-
21 scribed in subparagraphs (A) through (C);

22 (2) that—

23 (A) is not owned or governed by, operated
24 as a subsidiary of, or otherwise affiliated with
25 any for-profit entity;

1 (B) does not own, govern, or operate a
2 subsidiary that is any for-profit entity; and

3 (C) does not compensate any employee, ex-
4 ecutive, or board member at a rate to exceed
5 the salary of the President of the United States
6 for that equivalent period; and

7 (3) provides—

8 (A) fiscal agent services;

9 (B) money transmitter services;

10 (C) digital dollar services as a pass-
11 through intermediary for the Federal Govern-
12 ment;

13 (D) depository services;

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

16 (F) municipal deposit services;

17 (G) securities-related services; or

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

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

23 (1) is wholly owned and controlled by an entity
24 described in subsection (b)(1);

1 (2) provides at least one of the services speci-
2 fied in subparagraphs (A) through (F) of subsection
3 (b)(3); and

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

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

14 **SEC. 102. FEDERAL RECOGNITION OF NON-FEDERALLY**
15 **CHARTERED BANKS.**

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

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

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

24 (2) either—

1 (A) chartered as a non-depository institu-
2 tion by an approved non-Federal financial regu-
3 lator described in subsection (c); or

4 (B) insured as a depository institution by
5 the Corporation, by an approved non-Federal fi-
6 nancial regulator described in subsection (c), or
7 under an alternate public deposit insurance
8 scheme approved by the Corporation.

9 (c) LIST OF APPROVED NON-FEDERAL FINANCIAL
10 REGULATORS.—The Board of Governors shall establish
11 and maintain on a public website of the Board of Gov-
12 ernors a list of approved non-Federal financial regulators
13 for the purpose of determining eligibility for a certificate
14 of Federal recognition under this section.

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

18 (e) SERVICES.—A non-federally chartered bank—

19 (1) may not offer depository services before—

20 (A) obtaining—

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

23 (ii) deposit insurance from alternate
24 public deposit insurance scheme approved
25 by the Corporation; and

1 (B) becoming a public member bank or a
2 conditional public member in accordance with
3 section 103(b); and

4 (2) may—

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

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

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

16 (D) provide money transmitter and digital
17 dollar services.

18 **SEC. 103. FEDERAL RESERVE SYSTEM MEMBERSHIP.**

19 (a) **ELIGIBILITY.**—A covered bank shall be eligible
20 for membership in the Federal reserve system as a public
21 member bank and, except as provided in subsection (c),
22 shall be treated in the same manner as a member bank
23 under section 4 of the Federal Reserve Act (12 U.S.C.
24 308).

1 (b) CONDITIONAL PUBLIC MEMBER BANK.—The
2 Board of Governors shall establish a special category of
3 public member bank, called a “conditional public member
4 bank”, for persons that are in the process of applying for
5 becoming a covered bank. Such conditional public member
6 banks shall be subject to such conditions and restrictions
7 as the Board of Governors determines to be necessary and
8 appropriate to promote public welfare, provided that such
9 conditions and restrictions are not arbitrary, punitive, or
10 unduly burdensome.

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

15 **SEC. 104. PUBLIC MEMBER BANK SERVICES.**

16 (a) PURPOSES OF SERVICES.—The Board of Gov-
17 ernors shall offer the services described in subsection (b)
18 to public member banks in order to—

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

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

24 (3) support the financial and budgetary health
25 of State and Tribal governments, local government

1 units, government agencies, State or tribally char-
2 tered corporations, nonprofit entities designated by a
3 State or Tribal government to be acting in the pub-
4 lic interest of a community within such State or
5 Tribe, or an association of one or more of such enti-
6 ties.

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

9 (1) Fiscal agent accounts—

10 (A) in which public member banks may in-
11 vest funds held on behalf of any entity de-
12 scribed in section 101(b)(1); and

13 (B) under which—

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

18 (I) the sum of the overnight pol-
19 icy target rate plus two percent; or

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

22 (ii) the interest described in clause (i)
23 (minus a reasonable administrative fee im-
24 posed by the public member bank) shall be

1 paid to the entity for which the public
2 member bank invested such funds.

3 (2) Payment accounts—

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

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

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

16 (ii) the overnight rate paid on excess
17 reserves.

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

23 (i) digital dollar account wallets ad-
24 ministered by the Board of Governors
25 (commonly known as “FedAccounts”);

1 (ii) digital dollar cash wallets adminis-
2 tered by the Secretary (commonly known
3 as “eCash”); and

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

6 (B) The Board of Governors may issue regula-
7 tions as necessary to ensure effective harmonization
8 and coordination between covered banks and any en-
9 tities responsible for administering digital dollar
10 services on behalf of the Federal Government.

11 (4)(A) A facility (to be known as the “Public
12 Bank Primary Liquidity Facility”) to provide liquid-
13 ity to public member banks by buying or lending (at
14 a reasonable rate of interest that is not greater than
15 the overnight policy target rate) against federally
16 recognized public loans (as described in section 105)
17 and federally-recognized public securities (as de-
18 scribed in section 201(b)), under terms and condi-
19 tions that the Board of Governors determines to be
20 necessary and appropriate to promote public welfare.

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

24 (5)(A) A facility (to be known as the “Public
25 Bank Supplementary Liquidity Facility”) to provide

1 liquidity to public member banks by buying or lend-
2 ing (at a reasonable rate of interest that is not
3 greater than the overnight policy target rate)
4 against assets not otherwise eligible to be purchased
5 or accepted as collateral under paragraph (4).

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

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

15 (7) A facility (to be known as the “Federally
16 Recognized Public Loan Facility”) to, in consulta-
17 tion with the Corporation—

18 (A) develop rules, standards, and criteria
19 for Federal recognition of loans, mortgages,
20 credit cards, account overdrafts, and other di-
21 rect lending products issued by public member
22 banks; and

23 (B) provide prepurchase agreements under
24 which the facility will purchase loans and agree
25 that such loans will be repurchased by the pub-

1 lic member bank at such time as is agreed upon
2 by such facility and member bank.

3 (c) ADMINISTRATIVE, OPERATING, AND MAINTENANCE COSTS.—The Board of Governors shall pay all administrative, operating, and maintenance costs associated with the accounts, services, and facilities described in subsection (b).

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

5 (e) EXPENSES.—

6 (1) MEMBER SERVICES.—Any expenses incurred by the Board of Governors under paragraphs (1) through (3) of subsection (b) and under subsections (c) and (d) shall be recorded—

7 (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

8 (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

1 the Federal Reserve Bank of New York and the
2 Federal Reserve System, so as to not reduce or
3 impact the calculation of total income or rev-
4 enue generated by the Federal Reserve System,
5 or otherwise reduce the total amount of net op-
6 erating profits to be made available for remit-
7 tance to the Treasury on an ongoing basis.

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

11 (A) in an account to be known as the
12 “Special Public Member Bank Liquidity and
13 Credit Account” established at the Federal Re-
14 serve Bank of New York; and

15 (B) as a deferred asset (as described in
16 section 11.96 of the Financial Accounting Man-
17 ual for Federal Reserve Banks, as in effect on
18 the date of the enactment of this Act) and
19 maintained separately from the balance sheet of
20 the Federal Reserve Bank of New York and the
21 Federal Reserve System, so as to not reduce or
22 impact the calculation of total income or rev-
23 enue generated by the Federal Reserve System,
24 or otherwise reduce the total amount of net op-

1 erating profits to be made available for remit-
2 tance to the Treasury on an ongoing basis.

3 **SEC. 105. SPECIFIC REQUIREMENTS RELATING TO COV-**
4 **ERED BANKS.**

5 (a) PUBLIC PURPOSE BANK REQUIREMENT.—

6 (1) IN GENERAL.—A covered bank shall serve
7 the public good and promote the general welfare.

8 (2) DEFINITION IN GOVERNING DOCUMENTS.—

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

13 (A) the Governing Assembly of the covered
14 bank; or

15 (B) if the covered bank does not have a
16 Governing Assembly, the Board of Directors; or

17 (b) DEMOCRATIC GOVERNANCE.—

18 (1) GOVERNANCE POLICY.—Before the end of
19 the 2-year period beginning on the formation of a
20 covered bank, the Board of Directors of the covered
21 bank or the Governing Assembly of the covered bank
22 shall establish a formal governance policy for the
23 covered bank.

24 (2) INSTITUTIONALIZATION OF A DEMOCRATIC
25 GOVERNANCE STRUCTURE.—A covered bank shall

1 institutionalize a democratic governance structure
2 through the following:

3 (A) BOARD OF DIRECTORS.—The estab-
4 lishment of a Board of Directors—

5 (i) charged with ensuring that fidu-
6 ciary duties of the covered bank are met;

7 (ii) charged with ensuring the covered
8 bank complies with policies and procedures
9 required by statute, regulation, and prin-
10 ciples of safety and soundness;

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

13 (I) at least one-third of the mem-
14 bers shall represent community-based,
15 nonprofit organizations based pri-
16 marily within the geographic area of
17 (or, with respect to a corporation or
18 nonprofit instrumentality, the geo-
19 graphic area served by) the relevant
20 entity described in section 101(b)(1);

21 (II) at least one member shall
22 have demonstrated experience with,
23 and endorsement from, organizations
24 representing historically excluded and
25 marginalized groups based primarily

1 within the geographic area of (or,
2 with respect to a corporation or non-
3 profit instrumentality, the geographic
4 area served by) the relevant entity de-
5 scribed in section 101(b)(1);

6 (III) at least one member shall
7 have demonstrated experience with,
8 and endorsement from, environmental
9 justice or environmental organizations
10 based primarily within the geographic
11 area of (or, with respect to a corpora-
12 tion or nonprofit instrumentality, the
13 geographic area served by) the rel-
14 evant entity described in section
15 101(b)(1);

16 (IV) at least one member shall
17 have demonstrated experience with,
18 and endorsement from, community de-
19 velopment organizations based pri-
20 marily within the geographic area of
21 (or, with respect to a corporation or
22 nonprofit instrumentality, the geo-
23 graphic area served by) the relevant
24 entity described in section 101(b)(1);

1 (V) at least one member shall
2 have demonstrated experience with,
3 and endorsement from, labor organi-
4 zations based primarily within the ge-
5 ographic area of (or, with respect to a
6 corporation or nonprofit instrumen-
7 tality, the geographic area served by)
8 the relevant entity described in section
9 101(b)(1); and

10 (VI) with respect to a Tribal cov-
11 ered bank, include a number of rep-
12 resentatives of Indigenous commu-
13 nities on the board roughly propor-
14 tionate to the percentage of the popu-
15 lation of the geographic area of the
16 relevant entity described in section
17 101(b)(1) who are Indigenous;

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

21 (I) responsible for the basic oper-
22 ations of the covered bank, includ-
23 ing—

24 (aa) hiring and firing senior
25 management;

1 (bb) monitoring and assess-
2 ing the covered bank's perform-
3 ance, operations, and investment
4 decisions;

5 (cc) producing internal an-
6 nual reports; and

7 (dd) interfacing with the
8 People's Review Board in the
9 issuance of public-facing reports;
10 and

11 (II) responsible for ensuring that
12 the mandates set by the Governing
13 Assembly are successfully imple-
14 mented; and

15 (v) with respect to a covered bank
16 without a Governing Assembly and Peo-
17 ple's Review Board, responsible for the
18 basic operations of the covered bank, in-
19 cluding—

20 (I) those responsibilities de-
21 scribed under item (aa) through (cc)
22 of clause (iv)(I);

23 (II) setting the core mandates
24 and policies which guide the covered
25 bank's activities; and

1 (III) issuing public-facing re-
2 ports.

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

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

9 (I) shall—

10 (aa) be responsible for set-
11 ting the broad priorities of the
12 public lending bank's financing
13 and loan programs over a multi-
14 year investment cycle;

15 (bb) generate the public
16 lending bank's core mandates;

17 (cc) make binding decisions
18 on the policy of the public lend-
19 ing bank without exercising con-
20 trol over day-to-day decision-
21 making;

22 (dd) be composed of mem-
23 bers in a manner that ensures
24 adequate representation of, or
25 democratic accountability to, resi-

1 dents within the geographic area
2 of (or, with respect to a corpora-
3 tion or nonprofit instrumentality,
4 the geographic area served by)
5 the relevant entity described in
6 section 101(b)(1); and

7 (ee) with respect to a Tribal
8 covered bank, include a number
9 of representatives of Indigenous
10 communities on the Governing
11 Assembly roughly proportionate
12 to the percentage of the popu-
13 lation of the geographic area of
14 the relevant entity described in
15 section 101(b)(1) who are Indige-
16 nous;

17 (II) may only have members se-
18 lected by sortition if—

19 (aa) a super-majority of the
20 members are selected by a strati-
21 fied sampling of residents based
22 primarily within the geographic
23 area of (or, with respect to a cor-
24 poration or nonprofit instrumen-
25 tality, the geographic area served

1 by) the relevant entity described
2 in section 101(b)(1);

3 (bb) the Governing Assem-
4 bly is professionally facilitated,
5 deliberative in nature, and draw
6 upon outside experts representing
7 a range of divergent interests
8 and viewpoints;

9 (cc) the members selected
10 through sortition are required to
11 receive a comprehensive orienta-
12 tion and intensive training on
13 banking regulation and finance
14 prior to participating in decision
15 making, and required to receive
16 continuing educational program-
17 ming throughout their term; and

18 (dd) no member serves for
19 longer than 6 months, absent ex-
20 tenuating circumstances.

21 (ii) the establishment of a People's
22 Review Board—

23 (I) which shall act in an advisory
24 and oversight capacity for the public
25 lending bank, including—

1 (aa) monitoring and assess-
2 ing the public lending bank's per-
3 formance, operations, and invest-
4 ment decisions to ensure they are
5 consistent with the core man-
6 dates and policies established by
7 the Governing Assembly;

8 (bb) assessing the priorities
9 and mandates of the public lend-
10 ing bank;

11 (cc) ensuring the viewpoints
12 of affected groups are rep-
13 resented in the policy of the pub-
14 lic lending bank; and

15 (dd) providing information
16 and recommendations to the Gov-
17 erning Assembly and Board of
18 Directors of the public lending
19 bank;

20 (II) which shall have access to all
21 public lending bank information perti-
22 nent to the operations and perform-
23 ance of the People's Review Board;

24 (III) the meetings of which shall
25 be open to public observation;

1 (IV) which shall issue an annual
2 report of the findings and rec-
3 ommendations of the People’s Review
4 Board, and make such report publicly
5 available online; and

6 (V) the structure of which shall
7 ensure adequate representation of, or
8 democratic accountability to, residents
9 within the geographic area of (or,
10 with respect to a corporation or non-
11 profit instrumentality, the geographic
12 area served by) the relevant entity de-
13 scribed in section 101(b)(1);

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

18 (VII) which may only have mem-
19 bers selected by sortition if—

20 (aa) a super-majority of the
21 members are selected by a strati-
22 fied sampling of residents based
23 primarily within the geographic
24 area of (or, with respect to a cor-
25 poration or nonprofit instrumen-

1 tality, the geographic area served
2 by) the relevant entity described
3 in section 101(b)(1);

4 (bb) the People's Review
5 Board is professionally facili-
6 tated, deliberative in nature, and
7 draw upon outside experts rep-
8 resenting a range of divergent in-
9 terests and viewpoints; and

10 (cc) the members selected
11 through sortition are required to
12 receive a comprehensive orienta-
13 tion and intensive training on
14 banking regulation and finance
15 prior to participating in decision
16 making, and required to receive
17 continuing educational program-
18 ming throughout their term.

19 (c) TRIBAL COVERED BANK LENDING PRIORITIES.—
20 A Tribal covered bank shall prioritize loans to Indigenous
21 communities.

22 (d) ENVIRONMENTAL POLICY.—Before the end of the
23 2-year period beginning on the formation of a covered
24 bank, the Board of Directors of the covered bank or the
25 Governing Assembly of the covered bank shall establish

1 a formal environmental or environmental justice policy for
2 the covered bank.

3 (e) USE AND DISCLOSURE OF FINANCIAL INFORMA-
4 TION AND TECHNOLOGY.—

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

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

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

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

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

22 (D) generally take all reasonable efforts to
23 encourage and promote technology sharing and
24 the development of technological best practices
25 and common standards.

1 (3) EXPECTATION OF PRIVACY.—A covered
2 bank shall—

3 (A) maintain an individual or entity's le-
4 gitimate expectation of privacy if that individual
5 or entity is a customer of the covered bank; and

6 (B) not be presumed to have given up such
7 a legitimate expectation of privacy on the basis
8 of the third-party doctrine articulated by the
9 Supreme Court in *United States v. Miller*
10 (1976).

11 (4) DATA PRIVACY.—Data obtained by a cov-
12 ered bank—

13 (A) may not be sold to third parties, ex-
14 cept consumer reporting agencies;

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

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

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

21 or

22 (ii) a third party that is a consumer
23 reporting agency under the Fair Credit Re-
24 porting Act and is in compliance with such
25 Act; and

1 (D) with respect to account data, may only
2 be accessed by appropriate warrant or adminis-
3 trative search subpoena.

4 (5) METADATA.—A covered bank—

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

7 (B) shall hold metadata unused in a man-
8 ner consistent with rights of privacy and duty
9 of care.

10 (f) TERMS OF LENDING.—

11 (1) ESTABLISHMENT OF POLICY ON LENDING
12 PRACTICES.—

13 (A) IN GENERAL.—Not later than the end
14 of the 1-year period beginning on the date of
15 the formation of a public lending bank, the pub-
16 lic lending bank shall establish a policy on lend-
17 ing practices. With respect to a public lending
18 bank in existence on the date of enactment of
19 this Act, the policy on lending practices shall be
20 established before the end of the 1-year period
21 beginning on the date of enactment of this Act.

22 (B) UPDATE OF POLICY.—A public lending
23 bank shall update the policy on lending prac-
24 tices required under subparagraph (A) at least
25 every 5 years.

1 (C) PUBLIC COMMENT PROCESS.—A public
2 lending bank shall provide for a public comment
3 period of at least 90 days before the establish-
4 ment of, and any update of, the policy on lend-
5 ing practices required under this paragraph.

6 (2) LENDING PREFERENCES.—For purposes of
7 determining the projects with respect to which a
8 public lending bank extends loans, the public lending
9 bank shall give preference to projects that—

10 (A) maximize the creation of high-quality
11 employment and apprenticeship opportunities
12 for local workers, consistent with the public in-
13 terest, especially workers from environmental
14 justice communities and labor organizations;

15 (B) certify, for all contractors and sub-
16 contractors, that the rights of workers to orga-
17 nize and unionize are recognized;

18 (C) agree to implement a project labor
19 agreement;

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

24 (E) meet unmet needs in the local banking
25 market.

1 (3) REQUIREMENTS ON WHO MAY RECEIVE
2 LOANS.—The public lending bank shall require, for
3 any project for which the public lending bank ex-
4 tends a loan, that—

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

8 (B) if the loan is \$500,000 or more, as a
9 condition of receiving the loan, the recipient
10 shall ensure that all laborers employed by a
11 nongovernmental entity that enters into a con-
12 tract for the performance of construction, alter-
13 ation, or repair work that is facilitated, in
14 whole or in part, by such loan, or a subcontract
15 thereof, are paid wages at rates not less than
16 those prevailing on similar construction, alter-
17 ation, or repair work in the locality as deter-
18 mined by the Secretary of Labor in accordance
19 with subchapter IV of chapter 31 of title 40,
20 United States Code (commonly referred to as
21 the “Davis-Bacon Act”) and with respect to
22 such labor standards, the Secretary of Labor
23 shall have the authority and functions set forth
24 in Reorganization Plan Numbered 14 of 1950

1 (64 Stat. 1267; 5 U.S.C. App.) and section
2 3145 of title 40, United States Code;

3 (C) if the project with respect to which the
4 loan is being extended has a budget of
5 \$35,000,000 or more, all contractors and sub-
6 contractors shall implement a project labor
7 agreement that includes—

8 (i) goals for hiring local community
9 members, economically disadvantaged
10 workers, or workers from other underrep-
11 resented communities;

12 (ii) an equity plan, including—

13 (I) the impacts of the proposed
14 project on underserved communities,
15 including social and environmental im-
16 pacts;

17 (II) the overall benefits of the
18 proposed project, if funded, to under-
19 served communities; and

20 (III) how diversity, equity, and
21 inclusion objectives will be incor-
22 porated into the project; and

23 (iii) strategic recruitment and reten-
24 tion policies for workers from underserved

1 communities and people facing systemic
2 barriers to employment; and

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

7 (i) may not discriminate when renting
8 the units based on an applicant's source of
9 income, sexual orientation, gender expres-
10 sion or identity, immigration status, con-
11 viction or arrest history, bankruptcy his-
12 tory, eviction history, or credit score;

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

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

19 (iv) except with respect to a building
20 assisted under section 9 of the United
21 States Housing Act of 1937 (42 U.S.C.
22 1437g) or a building that has been issued
23 a certificate of occupancy within the pre-
24 vious 5 years, may not increase rent on an
25 annual basis in excess of the annual per-

1 cent change in the Consumer Price Index
2 for All Urban Consumers published by the
3 Bureau of Labor Statistics of the Depart-
4 ment of Labor for the closest metropolitan
5 core based statistical area, rounded to one
6 decimal place, as established the August
7 preceding the calendar year in question or
8 3 percent, whatever is less; and

9 (v) shall practice avoidance and miti-
10 gation of displacement, including by estab-
11 lishing a right of return and temporary re-
12 location for tenants displaced by renova-
13 tions.

14 (4) APPLICATION OF CERTAIN LAWS.—The fol-
15 lowing Acts shall apply to a public lending bank to
16 the same extent as such Acts apply to applicable
17 persons subject to such Acts:

18 (A) The Truth in Lending Act (15 U.S.C.
19 1601 et seq.).

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

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

24 (D) The Fair Debt Collection Practices
25 Act (15 U.S.C. 1692 et seq.).

1 (g) TERMS OF RETAIL ACCOUNT SERVICES.—Any
2 covered bank that holds, administers, or manages funds
3 on behalf of any unincorporated person in a payments ac-
4 count, or otherwise accepts funds on deposit or for the
5 purpose of providing public depository accounts services—

6 (1) may not—

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

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

13 (2) shall—

14 (A) prominently brand any such payments
15 account or public depository account as a “pub-
16 lic bank account” in all account statements,
17 marketing materials, and other communications
18 of the public bank; and

19 (B) provide such account holders with rea-
20 sonable protection against losses caused by
21 fraud or security breaches, as determined by
22 the Corporation or the Director of the Bureau
23 of Consumer Financial Protection, or both; and

1 (3) may only close or restrict access to such
2 payments accounts or public depository accounts on
3 the basis of the mandate of the covered bank.

4 (h) TERMS OF RETAIL CREDIT.—

5 (1) IN GENERAL.—Notwithstanding any provi-
6 sion of law, the annual percentage rate applicable to
7 any extension of credit by a covered bank may not
8 exceed the lesser of—

9 (A) 15 percent on unpaid balances, inclu-
10 sive of all finance charges; or

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

13 (2) OTHER FEES.—Any fees that are not con-
14 sidered finance charges under paragraph (1), includ-
15 ing fees for ancillary products and services, may
16 not—

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

19 (B) be imposed in such a way as to evade
20 or frustrate the purpose of limiting the total in-
21 terest and related costs that may be charged in
22 relation to any lending product issued by cov-
23 ered banks under this Act.

24 (3) PENALTIES FOR CHARGING HIGHER RATES
25 ON RETAIL CREDIT.—

1 (A) VIOLATION.—The taking, receiving, re-
2 serving, or charging of an annual percentage
3 rate or fee greater than that permitted by para-
4 graph (1), when knowingly done, shall be a vio-
5 lation of this subsection, and a forfeiture of the
6 entire interest which the note, bill, or other evi-
7 dence of the obligation carries with it, or which
8 has been agreed to be paid thereon.

9 (B) REFUND OF INTEREST AMOUNTS.—

10 (i) IN GENERAL.—With respect to a
11 person charging interest, a finance charge,
12 or a fee greater than that permitted by
13 paragraph (1), the person paying such in-
14 terest, finance charge, or fee may notify
15 the Bureau of Consumer Financial Protec-
16 tion, and the Bureau of Consumer Finan-
17 cial Protection shall take such enforcement
18 actions as the Director of the Bureau of
19 Consumer Financial Protection determines
20 appropriate.

21 (ii) LACK OF BUREAU ACTION.—If a
22 person notifies the Bureau of Consumer
23 Financial Protection under clause (i), and
24 the Bureau of Consumer Financial Protec-
25 tion takes no action with respect to such

1 notice during the 60-day period following
2 such notice, such person may bring an ac-
3 tion in a Federal district court to recover
4 the entire amount of interest, finance
5 charges, or fees paid.

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

10 (D) BANK SECRECY ACT.—In establishing
11 and maintaining personal accounts, each cov-
12 ered bank shall comply with—

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

15 (ii) section 123 of Public Law 91–
16 508; and

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

19 (i) ANNUAL REPORTING REQUIREMENTS.—Each
20 covered bank shall make publicly available an annual re-
21 port on the activities of such covered bank, including re-
22 cipients of financial services, sources of funding, financial
23 reporting, and evaluation of the effectiveness of the cov-
24 ered bank’s services in achieving the public purposes for
25 which it was chartered, as well as any other purposes,

1 goals, and targets under this Act or other law or regula-
2 tion, including the percentage of the monetary value of
3 a public lending bank's loans which provide direct benefits
4 to environmental justice communities.

5 (j) OTHER EXCLUDED ACTIVITIES.—A covered bank
6 may not provide loans to, make investments in, or other-
7 wise engage in any activity that is financial in nature, or
8 incidental to such financial activity, with—

9 (1) a company supporting—

10 (A) weapon or gun manufacturing;

11 (B) private prisons;

12 (C) immigration detention facilities; or

13 (D) the tobacco industry; or

14 (2) a company that has—

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

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

20 (C) a history of violations of the Fair
21 Labor Standards Act of 1938 and the Occupa-
22 tional Safety and Health Act of 1970, as deter-
23 mined by the Secretary of Labor; or

1 (D) a history of offshore tax avoidance, as
2 determined by the Commissioner of the Internal
3 Revenue Service.

4 (k) CLARIFYING THE ELIGIBILITY OF PUBLIC LEND-
5 ING BANKS AND PUBLIC PAYMENT BANKS FOR CERTAIN
6 FEDERAL PROGRAMS.—

7 (1) ELECTIVE PAYMENT OF APPLICABLE CRED-
8 ITS.—Section 6417(d)(1)(A) of the Internal Revenue
9 Code of 1986 is amended—

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

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

14 (C) by adding at the end the following:

15 “(vii) a public lending bank or a pub-
16 lic payment bank (as such terms are de-
17 fined, respectively, under section 101 of
18 the Public Banking Act of 2023).”.

19 (2) INCENTIVES FOR INNOVATIVE TECH-
20 NOLOGIES.—Section 1701(7)(B) of the Energy Pol-
21 icy Act of 2005 (42 U.S.C. 16511(7)(B)) is amend-
22 ed by inserting “and an entity that is a public lend-
23 ing bank or a public payment bank (as such terms
24 are defined, respectively, under section 101 of the

1 Public Banking Act of 2023)” before the period at
2 the end.

3 (l) EXCEPTION FOR EXISTING PUBLIC BANKS.—

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

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

13 **SEC. 106. REGULATIONS.**

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

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

23 (2) after a notice and comment period during
24 which consumer advocacy organizations shall be in-
25 vited to submit feedback and suggestions, issue such

1 regulations as are necessary and appropriate to pro-
2 mote public welfare with respect to public lending
3 banks, public payment banks, and non-federally
4 chartered banks that receive or are in the process of
5 receiving a certificate of Federal recognition under
6 section 102.

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

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

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

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

24 (B) result in less robust or less stringent
25 protections to consumers than protections that

1 exist on the date of the enactment of this Act
2 for consumers served by other existing cat-
3 egories of depository institutions, including pro-
4 tection under the Community Reinvestment Act
5 of 1977 (12 U.S.C. 2901 et seq.).

6 (3) DATA REPORTING.—The Board of Gov-
7 ernors and the Corporation shall jointly, in a man-
8 ner that respects the privacy of covered bank cus-
9 tomers to the greatest extent possible, develop an
10 annual assessment for determining if covered banks
11 have appropriately provided services to all customers
12 within the jurisdiction of service, based on demo-
13 graphic information chosen by regulators, including
14 race, gender, and area median income of such cus-
15 tomers.

16 (c) ECOLOGICAL SUSTAINABILITY CONSIDERATIONS
17 AND PROHIBITIONS ON FOSSIL FUEL INVESTMENT.—

18 (1) IN GENERAL.—The Board of Governors, the
19 Corporation, and the Commission shall jointly de-
20 velop and promulgate rules and regulations to—

21 (A) ensure that any and all activities un-
22 dertaken and services offered by a covered
23 bank, or any person seeking or in the process
24 of becoming a covered bank, are consistent with
25 Federal and scientifically established standards,

1 goals, and targets with respect to ecological sus-
2 tainability, climate crisis-mitigation, and
3 decarbonization; and

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

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

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

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

23 (iv) securitizing assets that provide
24 funds for fossil fuel production or proc-
25 essing from existing or new sources;

1 (v) entering into a derivatives trans-
2 action designed to provide funding for, fa-
3 cilitate, or hedge risks from fossil fuel pro-
4 duction or processing from existing or new
5 sources; and

6 (vi) engaging in any activity that is
7 complementary to a financial activity in-
8 volving fossil fuel production or processing
9 from existing or new sources, including fi-
10 nancing the international trade thereof; or
11 any other form of activity defined by regu-
12 lators or supervisors of the covered bank.

13 (2) DEFINITIONS.—In this subsection:

14 (A) EXISTING SOURCES.—The term “exist-
15 ing sources” means—

16 (i) reserves of fossil fuels proven, de-
17 veloped, and producing as of the date of
18 enactment of this section; or

19 (ii) fossil infrastructure that would fa-
20 cilitate the production described in clause
21 (i).

22 (B) FOSSIL FUEL.—The term “fossil fuel”
23 means coal, petroleum, natural gas, or any de-
24 rivative of coal, petroleum, or natural gas that
25 is used for fuel.

1 (C) FOSSIL INFRASTRUCTURE.—The term
2 “fossil infrastructure” means fossil fuel-related
3 projects, including wells, rail infrastructure,
4 pipelines, terminals, refineries, and power
5 plants.

6 (D) NEW SOURCES.—The term “new
7 sources” means—

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

12 (ii) new or expanded fossil infrastruc-
13 ture that would facilitate the production
14 described in clause (i).

15 (E) PROCESSING.—The term “processing”
16 means the preparation of a chemical substance
17 or mixture (including any chemical trans-
18 formations of, or physical separations involving,
19 such substance or mixture) after its production
20 or extraction, for distribution in commerce—

21 (i) in the same form or physical state
22 as, or in a different form or physical state
23 from, that in which it was received by the
24 person so preparing such substance or mix-
25 ture; or

1 (ii) as part of an article of commerce
2 containing the chemical substance or mix-
3 ture.

4 (F) PRODUCTION.—The term “produc-
5 tion” means extractive or production activities
6 that result in fossil fuels being made available
7 for refining or use.

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

13 **SEC. 107. TECHNICAL ASSISTANCE.**

14 The Board of Governors shall provide technical as-
15 sistance to public member banks to develop, use, and share
16 financial and infrastructure technologies, practices, and
17 operational and business practice data that promote the
18 public welfare, however such data may not include any
19 customer data, including transactional and identifying in-
20 formation.

1 **TITLE II—FEDERAL RECOGNITION OF PUBLIC SECURITIES**

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

4
5 (a) IN GENERAL.—The Commission shall establish a
6 separate registration and regulatory scheme for licensing
7 and regulating as public investment entities all public
8 lending banks and non-federally chartered banks that en-
9 gage or seek to engage in securities-related activities, in-
10 cluding origination, investment brokering, dealing, and
11 trading of federally-recognized public securities.

12 (b) FEDERALLY-RECOGNIZED PUBLIC SECURI-
13 TIES.—The Board of Governors shall, in consultation with
14 the Commission, develop rules, standards, and criteria for
15 Federal recognition of securities issued by public member
16 banks (to be known as “federally-recognized public securi-
17 ties”) as the Commission determines to be necessary and
18 appropriate to promote public welfare.

19 (c) CONDITIONAL LICENSE.—The Commission shall
20 establish a special category of public investment entity li-
21 cense for entities that are in the process of applying for,
22 but have not yet received, any license to issue federally-
23 recognized public securities, which shall be subject to such
24 conditions and restrictions as the Commission determines
25 to be necessary and appropriate to promote public welfare.

1 **TITLE III—PUBLIC DEPOSIT**
2 **INSURANCE**

3 **SEC. 301. IN GENERAL.**

4 (a) PUBLIC DEPOSIT INSURANCE.—Within 6 months
5 of the date of enactment of this Act, the Corporation shall
6 establish a separate registration and regulatory scheme for
7 providing deposit insurance (to be known as “public de-
8 posit insurance”) to covered banks and make such deposit
9 insurance available to covered banks without regard to the
10 total deposit amount.

11 (b) ALTERNATIVE PUBLIC DEPOSIT INSURANCE.—
12 Within 6 months of the date of enactment of this Act,
13 the Corporation shall establish publicly available criteria
14 for alternative public deposit insurance schemes estab-
15 lished and provided by an approved non-Federal financial
16 regulator, and subsequently approve, within 6 months of
17 such submission, schemes that meet said criteria.

18 (c) CONDITIONAL INSURANCE.—Within 6 months of
19 the date of enactment of this Act, the Corporation shall
20 establish a separate registration and regulatory scheme for
21 providing deposit insurance (to be known as “conditional
22 public deposit insurance”) for entities that are in the proc-
23 ess of applying for, but have not yet received, public de-
24 posit insurance, which shall be subject to such conditions

1 and restrictions as the Corporation determines to be nec-
2 essary and appropriate to promote public welfare.

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

5 (1) establish and utilize an alternative risk pro-
6 file methodology for covered banks at an advantage,
7 in comparison to other depository institutions pro-
8 vided deposit insurance, which accounts for the ben-
9 efits to the general welfare created by publicly owned
10 and operated financial institutions; and

11 (2) within 6 months following the establishment
12 of the alternative risk profile methodology, the Cor-
13 poration shall publish a publicly available report on
14 the alternative risk profile methodology.

15 **TITLE IV—POSTAL BANKING**

16 **SEC. 401. PARTNERSHIPS WITH COVERED BANKS FOR** 17 **POSTAL BANKING SERVICES.**

18 (a) PARTNERSHIP WITH USPS.—Notwithstanding
19 section 404(e)(2) of title 36, United States Code, the
20 Postmaster General shall, to the maximum extent prac-
21 ticable, partner with covered banks to make available re-
22 tail account and payment services provided by covered
23 banks at post offices, and via any postal banking plat-
24 forms established by the United States Postal Service.

1 (b) FUNDING.—The Board of Governors shall provide
2 such funding to the United States Postal Service as the
3 Postmaster General determines to be necessary to achieve
4 carry out subsection (a).

5 (c) TREATMENT OF EXPENSES.—Any expenses in-
6 curred by the Board of Governors under this section shall
7 be recorded—

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

11 (2) as a deferred asset (as described in section
12 11.96 of the Financial Accounting Manual for Fed-
13 eral Reserve Banks, as in effect on the date of the
14 enactment of this Act) and maintained separately
15 from the balance sheet of the Federal Reserve Bank
16 of New York and the Federal Reserve System, so as
17 to not reduce or impact the calculation of total in-
18 come or revenue generated by the Federal Reserve
19 System, or otherwise reduce the total amount of net
20 operating profits to be made available for remittance
21 to the Treasury on an ongoing basis.

22 **TITLE V—PUBLIC BANK**
23 **DEVELOPMENT PROGRAMS**

24 **SEC. 501. PUBLIC BANK GRANT PROGRAM.**

25 (a) PROGRAM ESTABLISHED.—

1 (1) IN GENERAL.—The Board of Governors
2 shall, jointly with the Secretary, carry out a grant
3 program to make grants to covered banks, or per-
4 sons seeking to become or in the process of becom-
5 ing covered banks, to carry out the activities de-
6 scribed in subsection (b).

7 (2) CONSIDERATIONS FOR ELIGIBILITY.—

8 (A) REQUIRED CONSIDERATIONS.—When
9 determining eligibility for grants under this sec-
10 tion, the Board of Governors and the Secretary
11 shall consider, among other factors, the extent
12 to which a grant applicant has established an
13 appropriate degree of community involvement
14 and oversight, including dedicated community
15 representation on the governing board, and evi-
16 dence of support or commitment from commu-
17 nity representative organizations.

18 (B) PROHIBITED CONSIDERATION.—When
19 determining eligibility for grants under this sec-
20 tion, the Board of Governors and the Secretary
21 may not consider the budgetary or financial
22 health of the entity that wholly owns or controls
23 a covered bank.

24 (b) USE OF FUNDS.—An entity that receives a grant
25 under this section may use the grant funds—

- 1 (1) to carry out activities related to bank for-
- 2 mation, chartering, and regulatory compliance;
- 3 (2) for capitalization;
- 4 (3) to make payments and develop financial
- 5 market infrastructure;
- 6 (4) to carry out activities related to information
- 7 and communications technology;
- 8 (5) to support operations;
- 9 (6) to cover unexpected losses;
- 10 (7) to run sortition processes; and
- 11 (8) to carry out such other activities as the
- 12 Board of Governors and the Secretary determine ap-
- 13 propriate.

14 (c) MATCHING FUNDS.—The Board of Governors
15 and the Secretary may not require that an entity that re-
16 ceives a grant under this section provide matching funds
17 with respect to such grant.

18 **SEC. 502. PUBLIC BANK INCUBATOR PROGRAM.**

19 (a) IN GENERAL.—The Board of Governors shall es-
20 tablish an incubator program to provide technical and
21 technological assistance to persons seeking to be chartered
22 by the Board of Governors under section 101 or to obtain
23 a certificate of Federal recognition under section 102.

24 (b) APPLICATION.—The Board of Governors, in co-
25 ordination with the Secretary, the Corporation, and the

1 Commission, shall establish a single application and review
2 process for persons seeking to—

3 (1) be federally chartered under section 101;

4 (2) obtain a certificate of Federal recognition
5 under section 102;

6 (3) become a public member bank;

7 (4) obtain a license to issue federally-recognized
8 public securities under section 201;

9 (5) obtain public deposit insurance pursuant to
10 section 301 or from a Corporation-approved alter-
11 native provider; and

12 (6) apply for a grant under section 401.

13 **SEC. 503. COMMUNITY DEVELOPMENT GRANT PROGRAM.**

14 (a) REASONABLE EFFORTS TO COORDINATE.—Cov-
15 ered banks shall, where and as appropriate, make reason-
16 able efforts to coordinate activities with community devel-
17 opment financial institutions, minority deposit institu-
18 tions, and credit unions to promote community develop-
19 ment and ensure community-oriented financial services are
20 universal and comprehensively include historically ex-
21 cluded and marginalized groups.

22 (b) GRANTS FOR COORDINATION.—The Board of
23 Governors shall, jointly with the Secretary, award grants
24 to covered banks, community development financial insti-

1 tutions, minority deposit institutions, and credit unions to
2 facilitate coordination of activities under subsection (a).

3 (c) DEFINITIONS.—In this section:

4 (1) COMMUNITY DEVELOPMENT FINANCIAL IN-
5 STITUTION.—The term “community development fi-
6 nancial institution” has the meaning given the term
7 in section 103(5) of the Riegle Community Develop-
8 ment and Regulatory Improvement Act of 1994 (12
9 U.S.C. 4702(5)).

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

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

19 **SEC. 504. TREATMENT OF FUNDING.**

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

22 (1) in an account to be known as the “Special
23 Public Bank Development Programs” established at
24 the Federal Reserve Bank of New York; and

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

12 **TITLE VI—COMMUNITY DEVELOP-**
13 **MENT FINANCIAL INSTITU-**
14 **TIONS**

15 **SEC. 601. STATE AND LOCAL INSTRUMENTALITIES ELIGI-**
16 **BLE TO BE COMMUNITY DEVELOPMENT FI-**
17 **NANCIAL INSTITUTIONS.**

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