

116TH CONGRESS  
2D SESSION

# H. R. 8721

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

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 30, 2020

Ms. TLAIB (for herself, Ms. OCASIO-CORTEZ, Ms. PRESSLEY, Ms. JAYAPAL, Ms. OMAR, Mr. GREEN of Texas, Mr. THOMPSON of Mississippi, Mr. BLUMENAUER, Ms. LEE of California, and Ms. SCHAKOWSKY) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Oversight and Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## 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 2020”.

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.

### 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) CORPORATION.—The term “Corporation”  
9 means the Federal Deposit Insurance Corporation.

10 (4) COVERED BANK.—The term “covered bank”  
11 means—

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

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

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

8 (5) PUBLIC MEMBER BANK.—The term “public  
9 member bank” means a covered bank that is a mem-  
10 ber of the Federal Reserve System.

11 (6) SECRETARY.—The term “Secretary” means  
12 the Secretary of the Treasury.

13 (7) STATE.—The term “State” means each of  
14 the several States, the District of Columbia, and any  
15 commonwealth, territory, or possession of the United  
16 States.

17 **TITLE I—FEDERAL RECOGNI-**  
18 **TION OF PUBLIC BANKS**

19 **SEC. 101. FEDERAL CHARTER OF PUBLIC LENDING BANKS**  
20 **AND PUBLIC PAYMENT BANKS.**

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

23 (b) PUBLIC LENDING BANK DEFINED.—The term  
24 “public lending bank” means a person that—

25 (1) is wholly owned and controlled by—

1 (A) a State or Tribal government, includ-  
2 ing a unit of local government, government  
3 agency;

4 (B) a State or Tribally chartered corpora-  
5 tion;

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

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

13 (2) that—

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

17 (B) does not own, govern, or operate as a  
18 subsidiary of any for-profit entity; and

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

23 (3) provides—

24 (A) fiscal agent services;

25 (B) money transmitter services;

1 (C) digital dollar services as a pass-  
2 through intermediary for the Federal Govern-  
3 ment;

4 (D) depository services;

5 (E) postal banking services;

6 (F) securities-related services; or

7 (G) any lending product approved by the  
8 Board of Governors.

9 (c) PUBLIC PAYMENT BANK DEFINED.—The term  
10 “public payment bank” means a person that—

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

13 (2) provides at least one of the services speci-  
14 fied in subparagraphs (A) through (E) of subsection  
15 (b)(2); and

16 (3) does not provide the services specified in  
17 subparagraph (F) or (G) of subsection (b)(2).

18 (d) EXCEPTION OF CERTAIN PUBLIC LENDING  
19 BANKS FROM CONSIDERATION AS BANK HOLDING COM-  
20 PANY.—A person described in subsection (b) shall not be  
21 considered a bank holding company under the Bank Hold-  
22 ing Company Act of 1956 (12 U.S.C. 1841 et seq.) or  
23 any other law, solely due to the person’s ownership or con-  
24 trol of a public lending bank, public payment bank, or non-  
25 federally chartered bank.

1 (e) GUIDANCE WITH RESPECT TO EXCLUDED AND  
2 MARGINALIZED GROUPS.—The Board of Governors shall  
3 issue guidance to public lending banks and public payment  
4 banks to ensure that the services provided by such banks  
5 are universal and comprehensively include historically ex-  
6 cluded and marginalized groups.

7 **SEC. 102. FEDERAL RECOGNITION OF NON-FEDERALLY**  
8 **CHARTERED BANKS.**

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

12 (b) NON-FEDERALLY CHARTERED BANK DE-  
13 FINED.—The term “non-federally chartered bank” means  
14 a person that is—

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

17 (2) either—

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

21 (B) insured as a depository institution by  
22 the Corporation, or under an alternate public  
23 deposit insurance scheme approved by the Cor-  
24 poration.

1           (c) LIST OF APPROVED NON-FEDERAL FINANCIAL  
2 REGULATORS.—The Board of Governors shall establish  
3 and maintain on a public website of the Board of Gov-  
4 ernors a list of approved non-Federal financial regulators  
5 for the purpose of determining eligibility for a certificate  
6 of Federal recognition under this section.

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

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

11               (1) may not offer depository services before—

12                       (A) obtaining—

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

15                               (ii) deposit insurance from alternate  
16                               public deposit insurance scheme approved  
17                               by the Corporation; and

18                       (B) becoming a public member bank or a  
19                       conditional public member in accordance with  
20                       section 103(b); and

21               (2) may—

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

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

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

9 (D) provide money transmitter and digital  
10 dollar services.

11 (f) GUIDANCE WITH RESPECT TO EXCLUDED AND  
12 MARGINALIZED GROUPS.—Not later than 1 year after the  
13 date of the enactment of this Act, the Board of Governors  
14 shall issue guidance to non-federally chartered banks to  
15 ensure that the services provided by such banks are uni-  
16 versal and comprehensively include historically excluded  
17 and marginalized groups.

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 cap-  
14 ital 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 the fol-  
14          lowing:

15                     (i) The overnight rate paid on re-  
16                     quired reserves.

17                     (ii) The overnight night paid on ex-  
18                     cess reserves.

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

1 (i) digital dollar account wallets ad-  
2 ministered by the Board of Governors  
3 (commonly known as “FedAccounts”);

4 (ii) digital dollar cash wallets adminis-  
5 tered by the Secretary (commonly known  
6 as “eCash”); and

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

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

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

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

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

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

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

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

23                   (A) develop rules, standards, and criteria  
24 for Federal recognition of loans, mortgages,  
25 credit cards, account overdrafts, and other di-

1 rect lending products issued by public member  
2 banks; and

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

8 (c) ADMINISTRATIVE, OPERATING, AND MAINTEN-  
9 NANCE COSTS.—The Board of Governors shall pay all ad-  
10 ministrative, operating, and maintenance costs associated  
11 with the accounts, services, and facilities described in sub-  
12 section (b).

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

17 (e) EXPENSES.—

18 (1) MEMBER SERVICES.—Any expenses in-  
19 curred by the Board of Governors under paragraphs  
20 (1) through (3) of subsection (b) and under sub-  
21 sections (c) and (d) shall be recorded—

22 (A) in an account to be known as the  
23 “Special Public Member Bank Services Ac-  
24 count” established at the Federal Reserve Bank  
25 of New York; and

1 (B) as a deferred asset (as described in  
2 section 11.96 of the Financial Accounting Man-  
3 ual for Federal Reserve Banks, as in effect on  
4 the date of the enactment of this Act) and  
5 maintained separately from the balance sheet of  
6 the Federal Reserve Bank of New York and the  
7 Federal Reserve System, so as to not reduce or  
8 impact the calculation of total income or rev-  
9 enue generated by the Federal Reserve System,  
10 or otherwise reduce the total amount of net op-  
11 erating profits to be made available for remit-  
12 tance to the Treasury on an ongoing basis.

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

16 (A) in an account to be known as the  
17 “Special Public Member Bank Liquidity and  
18 Credit Account” established at the Federal Re-  
19 serve Bank of New York; and

20 (B) as a deferred asset (as described in  
21 section 11.96 of the Financial Accounting Man-  
22 ual for Federal Reserve Banks, as in effect on  
23 the date of the enactment of this Act) and  
24 maintained separately from the balance sheet of  
25 the Federal Reserve Bank of New York and the

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

7 **SEC. 105. SPECIFIC REQUIREMENTS RELATING TO COV-**  
8 **ERED BANKS.**

9 (a) **TERMS OF RETAIL ACCOUNT SERVICES.**—Any  
10 covered bank that holds, administers, or manages funds  
11 on behalf of any unincorporated person in a payments ac-  
12 count, or otherwise accepts funds on deposit or for the  
13 purpose of providing public depository accounts services—

14 (1) may not—

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

18 (B) include on such payments accounts or  
19 public depository accounts;

20 (2) shall—

21 (A) prominently brand any such payments  
22 account or public depository account as a “pub-  
23 lic bank account” in all account statements,  
24 marketing materials, and other communications  
25 of the public bank; and



1 (B) provide such account holders with rea-  
2 sonable protection against losses caused by  
3 fraud or security breaches, as determined by  
4 the Corporation or the Director of the Bureau  
5 of Consumer Financial Protection, or both; and

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

9 (b) TERMS OF RETAIL CREDIT.—

10 (1) IN GENERAL.—Notwithstanding any provi-  
11 sion of law, the annual percentage rate applicable to  
12 any extension of credit by a covered bank may not  
13 exceed the lesser of—

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

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

18 (2) OTHER FEES.—Any fees that are not con-  
19 sidered finance charges under paragraph (1), includ-  
20 ing fees for ancillary products and services, may  
21 not—

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

24 (B) be imposed in such a way as to evade  
25 or frustrate the purpose of limiting the total in-

1 interest and related costs that may be charged in  
2 relation to any lending product issued by cov-  
3 ered banks under this Act.

4 (3) PENALTIES FOR CHARGING HIGHER RATES  
5 ON RETAIL CREDIT.—

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

14 (B) REFUND OF INTEREST AMOUNTS.—

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

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

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

15          (D) BANK SECRECY ACT.—In establishing  
16          and maintaining personal accounts, each cov-  
17          ered bank shall comply with—

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

20                 (ii) section 123 of Public Law 91–  
21                 508; and

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

24          (e) ANNUAL REPORTING REQUIREMENTS.—Each  
25          covered bank shall make publicly available an annual re-

1 port on the activities of such covered bank, including re-  
2 cipients of financial services, sources of funding, financial  
3 reporting, and evaluation of the effectiveness of the cov-  
4 ered bank's services in achieving the public purposes for  
5 which it was chartered, as well as any other purposes,  
6 goals, and targets under this Act or other law or regula-  
7 tion.

8 **SEC. 106. REGULATIONS.**

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

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

18 (2) after a notice and comment period during  
19 which consumer advocacy organizations shall be in-  
20 vited to submit feedback and suggestions, and issue  
21 such regulations as are necessary and appropriate to  
22 promote public welfare with respect to public lending  
23 banks, public payment banks, and non-federally  
24 chartered banks that receive or are in the process of

1 receiving a certificate of Federal recognition under  
2 section 102.

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

5 (1) IN GENERAL.—Not later than 1 year after  
6 the date of the enactment of this Act, the Board of  
7 Governors shall issue regulations for public lending  
8 banks and public payment banks to ensure that the  
9 services provided by such banks are universal and  
10 comprehensively include historically excluded and  
11 marginalized groups.

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

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

20 (B) result in less robust or less stringent  
21 protections to consumers than protections that  
22 exist on the date of the enactment of this Act  
23 for consumers served by other existing cat-  
24 egories of depository institutions, including pro-

1           tection under the Community Reinvestment Act  
2           of 1977 (12 U.S.C. 2901 et seq.).

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

13          (c) ECOLOGICAL SUSTAINABILITY CONSIDERATIONS  
14          AND PROHIBITIONS ON FOSSIL FUEL INVESTMENT.—

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

18                         (A) ensure that any and all activities un-  
19                         dertaken and services offered by a covered  
20                         bank, or any person seeking or in the process  
21                         of becoming a covered bank, are consistent with  
22                         Federal and scientifically established standards,  
23                         goals, and targets with respect to ecological sus-  
24                         tainability, climate crisis-mitigation, and  
25                         decarbonization; and

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

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

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

15 (iii) taking compensation to arrange  
16 or facilitate a transaction that provides  
17 funds for fossil fuel production from new  
18 sources;

19 (iv) securitizing assets that provide  
20 funds for fossil fuel production from new  
21 sources;

22 (v) entering into a derivatives trans-  
23 action designed to provide funding for, fa-  
24 cilitate, or hedge risks from fossil fuel pro-  
25 duction from new sources; and

1                   (vi) engaging in any activity that is  
2                   complementary to a financial activity in-  
3                   volving fossil fuel production from new  
4                   sources, including financing the inter-  
5                   national trade thereof; or any other form  
6                   of activity defined by regulators or super-  
7                   visors of the covered bank.

8                   (2) DEFINITIONS.—In this subsection:

9                   (A) FOSSIL FUEL.—The term “fossil fuel”  
10                  means coal, petroleum, natural gas, or any de-  
11                  rivative of coal, petroleum, or natural gas that  
12                  is used for fuel.

13                  (B) FOSSIL INFRASTRUCTURE.—The term  
14                  “fossil infrastructure” means fossil fuel-related  
15                  projects, including wells, rail infrastructure,  
16                  pipelines, terminals, refineries, and power  
17                  plants.

18                  (C) NEW SOURCES.—The term “new  
19                  sources” means—

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



1 (ii) new or expanded fossil infrastruc-  
2 ture that would facilitate the production  
3 described in subparagraph (A).

4 (D) 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.—The Corporation  
5 shall establish a separate registration and regulatory  
6 scheme for providing deposit insurance (to be known as  
7 “public deposit insurance”) to covered banks and make  
8 such deposit insurance available to covered banks without  
9 regard to the total deposit amount.

10          (b) CONDITIONAL INSURANCE.—The Corporation  
11 shall establish a separate registration and regulatory  
12 scheme for providing deposit insurance (to be known as  
13 “conditional public deposit insurance”) for entities that  
14 are in the process of applying for, but have not yet re-  
15 ceived, public deposit insurance, which shall be subject to  
16 such conditions and restrictions as the Corporation deter-  
17 mines to be necessary and appropriate to promote public  
18 welfare.

19           **TITLE IV—POSTAL BANKING**

20   **SEC. 401. PARTNERSHIPS WITH COVERED BANKS FOR**  
21                           **POSTAL BANKING SERVICES.**

22          (a) PARTNERSHIP WITH USPS.—Notwithstanding  
23 section 404(e)(2) of title 36, United States Code, the  
24 Postmaster General shall, to the maximum extent prac-  
25 ticable, partner with covered banks to make available re-

1 tail account and payment services provided by covered  
2 banks at post offices, and via any postal banking plat-  
3 forms established by the United States Postal Service.

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

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

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

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

1                   **TITLE V—PUBLIC BANK**  
2                   **DEVELOPMENT PROGRAMS**

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

4           (a) PROGRAM ESTABLISHED.—

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

11               (2) CONSIDERATIONS FOR ELIGIBILITY.—

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

22                   (B) PROHIBITED CONSIDERATION.—When  
23 determining eligibility for grants under this sec-  
24 tion, the Board of Governors and the Secretary  
25 may not consider the budgetary or financial

1 health of the entity that wholly owns or controls  
2 a covered bank.

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

5 (1) to carry out activities related to bank for-  
6 mation, chartering, and regulatory compliance;

7 (2) for capitalization;

8 (3) to make payments and develop financial  
9 market infrastructure;

10 (4) to carry out activities related to information  
11 and communications technology;

12 (5) to support operations;

13 (6) to cover unexpected losses; and

14 (7) to carry out such other activities as the  
15 Board of Governors and the Secretary determine ap-  
16 propriate.

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

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

22 (a) IN GENERAL.—The Board of Governors shall es-  
23 tablish an incubator program to provide technical and  
24 technological assistance to persons seeking to be chartered

1 by the Board of Governors under section 101 or to obtain  
2 a certificate of Federal recognition under section 102.

3 (b) APPLICATION.—The Board of Governors, in co-  
4 ordination with the Secretary, the Corporation, and the  
5 Commission, shall establish a single application and review  
6 process for persons seeking to—

7 (1) be federally chartered under section 101;

8 (2) obtain a certificate of Federal recognition  
9 under section 102;

10 (3) become a public member bank;

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

13 (5) obtain public deposit insurance pursuant to  
14 section 301 or from a Corporation-approved alter-  
15 native provider; and

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

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

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

1 (b) GRANTS FOR COORDINATION.—The Board of  
2 Governors shall, jointly with the Secretary, award grants  
3 to covered banks, community development financial insti-  
4 tutions, minority deposit institutions, and credit unions to  
5 facilitate coordination of activities under subsection (a).

6 (c) DEFINITIONS.—In this section:

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

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

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

22 **SEC. 504. TREATMENT OF FUNDING.**

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



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

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

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