

# FEDERAL RESERVE BOARD

393

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

March 20, 1926.  
St. 4891

My dear Congressman:

During the course of the hearing on March 17 before the Committee on Banking and Currency on the bill to authorize the construction of a banking house for the Baltimore Branch, the Committee asked for certain information regarding the cost of buildings already constructed, the policy of the Federal Reserve Board with reference to charge-offs and depreciation allowances on bank premises, the cost of the Fiscal Agency work handled by the Federal reserve banks segregated so as to show the cost of the various operations, and the cost of operating the Transit and Transfer of Funds departments.

In compliance with this request I am enclosing herewith a pamphlet showing the "Directors, Personnel, Bank Premises, etc." of each Federal reserve bank, branch, and agency, which was prepared in January of this year. This pamphlet shows the cost of the land, buildings, vaults, and vault equipment, fixed machinery and equipment, and furniture and equipment separately for each Federal reserve bank and branch, together with charge-offs and depreciation allowances thereon, and I trust gives the information desired regarding the cost of bank premises and of furniture and equipment at the Federal reserve banks.

I should like to call your attention to the fact that the separate figures shown as the cost of the buildings and of fixed machinery and equipment represent the division between the two items set up by the Board for depreciation allowance purposes, the depreciation obviously being much less on a building than on fixed machinery and equipment such as boilers, engines, dynamos, elevators, heating, plumbing and lighting systems, refrigeration plants, etc., which wear out in a relatively brief period as compared with the life of the building. The Board's policy in authorizing depreciation allowances and charge-offs on bank premises is shown in the enclosed extract from its 1922 annual report, from which you will note that the depreciation allowance on buildings does not exceed 2 per cent, unless the replacement cost of the building is below its book value, while on fixed machinery and equipment the maximum allowance is 10 per cent.

- 2 -

There have been only four Federal reserve branch buildings erected since the passage of the Act of June 3, 1922, as amended by the Act of February 6, 1923, limiting the cost of buildings erected for Federal reserve branches, exclusive of the cost of vaults, permanent equipment, furnishings and fixtures. Of these buildings, the contract prices of the buildings proper of the Denver, Omaha, and Little Rock branches were as follows: Denver \$250,863, Omaha \$230,227, and Little Rock \$220,659. The total cost of the building at Jacksonville including vault and permanent equipment was only \$236,499, or less than the \$250,000 maximum set up by Congress for the building proper.

I am also sending you a statement regarding the Fiscal Agency work handled by the Federal reserve banks, which shows reimbursable and non-reimbursable expenses from 1917 to the end of 1925, and a statement showing the cost of operating the Transit and Collection departments and the cost of effecting Transfers of Funds.

This letter together with the enclosures referred to herein is being sent to each member of the Committee on Banking and Currency. In case the data enclosed are not sufficiently complete for the Committee's purposes, I shall be glad to have such additional data prepared as may be desired.

Very truly yours,

Geo. R. James,  
Member, Federal Reserve Board.

Enclosures.

(TO ALL MEMBERS OF HOUSE COMMITTEE ON BANKING AND CURRENCY)