

X-7845

## INTERPRETATION OF BANKING ACT OF 1933.

(Copies to be sent to all Federal reserve banks.)

March 30, 1934.

Hale  
San Francisco

Re your inquiry of March 13 as to whether deposits of funds advanced to State treasurers to be used as revolving funds in connection with construction of public highways are deposits "of public funds made by or on behalf of any State" within the meaning of Section 19 of the Federal Reserve Act. Board understands that title to such funds is not vested in State, that any excess of funds remaining after completion of project for which such funds are to be used must be returned to Government, and that State treasurer acts simply in capacity of disbursing officer for Government. In view of foregoing, Board concurs in your conclusion that such deposits are not deposits of QUOTE public funds made by or on behalf of any State UNQUOTE which would be subject to exemption with respect to payment of interest on deposits payable on demand.

(Signed) Chester Morrill

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