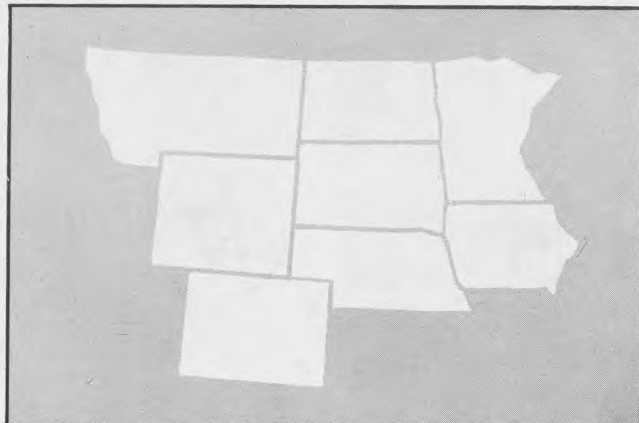


NORTHWESTERN Banker

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Des Moines, Iowa

March 18, 1968

Industrial Bonds Lose Tax Exemption

Industrial revenue bonds sold after March 15 will lose their exemption from federal income taxes under a new administrative action proposed by the treasury.

While the matter is being considered, the Internal Revenue Service said it no longer will make rulings on the tax status of interest on particular revenue bond issues.

About 40 states now permit use of industrial development bonds, issued in the name of a local government to build industrial facilities.

In reality, the treasury said, the debtor is not the local government; rather, the debtor is the private corporation which will use the industrial plant or facility.

Details of the administrative action will be handled by the Internal Revenue Service which said it will accept written comments on the proposal and will schedule a public hearing sometime after March 15.

Treasury officials said that very few industrial development bonds have been issued so far this year, but during 1967 about

\$1.4 billion reached the market, up from about \$500 million in 1966. Investment bankers have told the treasury about \$1 billion more are ready to be issued.

The proposed ruling will not affect the tax exemption on ordinary municipal bonds which finance government operations. These still will be tax exempt.

The treasury earlier this year endorsed legislation to end the exemption retroactive to the end of 1967. It has been studying the question of industrial bonds for more than a year.

The general principle of abolishing tax exemptions has proved controversial and the legislation has failed to win support of the House Ways and Means Committee.

Stanley S. Surrey, assistant secretary of the treasury for tax policy, has said the abuse of industrial development bonds has made municipalities accomplices with corporations who want a lower interest rate to finance expansion.

Legally, the proposed regulation will say that industrial development bonds will no

longer be considered obligations of a state or political subdivision for tax purposes.

Treasury officials said the industrial development bonds force up interest rates on regular municipal issues by adding to the total market demand.

67th NASSB Convention

The National Association of Supervisors of State Banks will break a half-century-old precedent by holding its 67th annual convention at the Ilikai Hotel in Honolulu, April 1-4. It will mark the first time since 1918 that the Association has met in the spring, and the first time ever in April.

It will, however, be the second occasion on which NASSB has traveled beyond the continental limits of the United States; the 1963 meeting was held in Puerto Rico.

Registration begins Sunday afternoon, March 31 and carries over through the following day. On Monday morning, bank supervisors from each of the states in attendance will convene to elect officers for the coming year. General sessions are scheduled for Tuesday, Wednesday and Thursday.

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NATIONAL NEWS

CHICAGO: William F. Murray has been elected president of the Harris Trust and Savings Bank. He was formerly senior vice president and succeeds the late A. Newell Rumpf, who died in February, as president. Kenneth V. Zwiener continues as chairman of the board and chief executive officer.

HARVEY, ILL.: The First National Bank recently hosted over 3,000 people at an open house celebrating the bank's newly remodeled and expanded headquarters. Included in the remodeling are new note teller windows, real estate officer area, conference rooms, new lobby area, walk-up tellers and storage vaults.

WASHINGTON, D.C.: The Federal National Mortgage Association, as trustee, plans to sell on or about March 26, 1968, \$1 billion of participation certificates consisting of \$330 million of participation certificates in the Federal Assets Liquidation Trust and \$670 million of participation certificates in the Federal Assets Financing Trust. Of the total amount, \$270-

million will be sold directly to government investment accounts; the public offering of the certificates will be made by an underwriting group under the joint managership of The First Boston Corporation; Morgan Guaranty Trust Company of New York; Merrill Lynch, Pierce, Fenner & Smith Inc.; and Salomon Brothers & Hutzler.

IOWA NEWS

ALLISON: F. D. Wullbrandt, R. J. Barkmeier and W. A. Krause, all of Hampton, and T. S. Gentle, Iowa Falls, have purchased controlling interest in the State Bank of Allison from the W. K. Bramwell Trust and C. H. Wild, Waverly. The new owners took over operation of the bank on March 1. Mr. Wullbrandt has become chairman of the board; Mr. Krause bank president; and Mr. Barkmeier and Mr. Gentle vice presidents. Parker Schmitz, employee of the bank for the past 18 years, has been elected executive vice president and chief administrative officer.

AMES: The 1968 annual Agricultural Credit Conference, sponsored by the Iowa Bankers Association and Iowa State University, will be

held Tuesday, March 19, and Wednesday, March 20, on the Iowa State campus. The first session will begin at 10 a.m. in the Memorial Union.

DES MOINES: Permission has been granted by the Federal Home Loan Bank Board in Washington, D.C., for a Des Moines savings and loan firm to operate mobile branching in three Iowa communities. It is the first such mobile branching permission given in the five-state area covered by the Federal Home Loan Bank of Des Moines. The application was filed December 20, 1966, and originally included 11 Iowa towns.

Under the permission granted, United Federal Savings & Loan of Des Moines can run a mobile unit into Osceola, Winterset and Jefferson. The FHLB board denied permission to enter the other eight towns of Sigourney, Albia, Centerville, Belle Plaine, Guthrie Center, Grundy Center, Pella and Humboldt.

Bankers from these Iowa communities had vigorously opposed the mobile unit idea by S&L's. A meeting of bankers affected by the new ruling was scheduled for late last week to discuss the possibility of further appeal of the ruling.

United Federal indicated the mobile unit would be handled by one man, with a local person assisting in each of the three towns. It will visit each community at least a half-day each week and will remain there up to two full days each week on a regular basis.

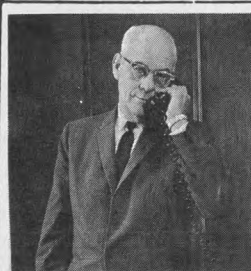
GLENWOOD: A decision is expected soon from the Iowa superintendent of banking on the application of owners of the Silver City State Bank to transfer the bank's charter into the town of Glenwood. A hearing was held February 28.

OSAGE: Charles Young has been elected cashier of the Home Trust and Savings bank to fill the vacancy created by the resignation of Weston Birdsall. Mr. Young has been employed by the bank since 1957.

TRIPOLI: Funeral services were held recently for August Krueger, 82, vice president and director of the American Savings Bank. He had been a director of the bank since 1932 and served as bank president from 1947 through 1966.

NEBRASKA NEWS

ALLIANCE: Edward Knight, president of the Alliance National Bank has received a "Top Ten" certificate of award from the



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CENTRAL CITY: T. L. Trueblood, executive vice president of the Farmers National Bank, has announced that construction will begin in the near future on a drive-in banking facility.

CODY: A man wanted for a 1963 bank burglary of the Bank of Cody has been arrested in the southern Brazil city of Porto Alegre. He is Eugene A. Williams, 46, who apparently left this country in 1965 after jumping bond before conviction of the robbery.

HASTINGS: Ed Cosgriff, president of the City National Bank, has announced that construction of the bank's new building will get underway in the near future. Features of the new building will include two drive-up islands and at least two walk-up windows, as well as a white marble facing on the front of the building.

LINCOLN: Reservations are now being taken for the Nebraska Bankers Association Convention, which will be held here May 6 and 7.

OMAHA: The First National Bank has ordered a new computer, the NCR Century 200, which will double the processing speed of the present system and offer customers broader services.

OMAHA: John R. Lauritzen, chairman of the executive committee and president of the First National Bank, will direct the Heart of the Midlands United Appeal campaign next fall.

MINNESOTA NEWS

FOREST LAKE: Mark G. Houle, formerly vice president and cashier of the First State Bank, has been appointed bank president. E. J. Letourneau has been named vice president, and Richard Gessner has been promoted from assistant cashier to cashier.

Bank will be celebrating its 25th anniversary with various observances throughout 1968. R. C. Nelson is bank president. The bank was chartered on October 4, 1943.

HINCKLEY: A retirement party for Bob Nelson, employee of the Farmers and Merchants State Bank for 43 years, was held recently at the Cassidy's Gold Pines Restaurant. Donald Smith, vice president of the Liberty State Bank of St. Paul, was the featured speaker.

MINNEOTA: A celebration was held recently at the First State Bank, commemorating both the bank's 65th anniversary and Edward M. Amundson, vice president, 40 years of service to the bank.

MINNEAPOLIS: Cornell L. Moore, formerly regional counsel for the regional administrator of national banks of the U. S. Treasury Department, will join Northwestern National Bank as assistant vice president in the legal division on March 25.

MINNEAPOLIS: Thomas K. Scallen, president of Bank of Minneapolis and Trust Company, has been elected a director of Advance Floor Machine Company, Spring Lake Park.

ORTONVILLE: The Northwestern State Bank has automated bank checking accounts through the use of a computer system known as magnetic ink character recognition, which identifies numbered checks and deposits and sorts them electronically.

REDWOOD FALLS: The State Bank recently held a grand opening for

its new Georgian-style bank building. The new building features polished brass chandeliers, paneled period walnut furniture, white brocade draperies, red carpeting and a reproduction of a Georgian fireplace in the main bank lobby.

WINONA: Ray H. Bublitz, 70, who had retired last month from the board of the Merchants National Bank after 50 years association with the bank, has died at his home after a brief illness. He retired in 1963 as vice president and cashier of the bank.

NORTH DAKOTA NEWS

DICKINSON: Gene Oakland has been promoted from vice president and cashier to executive vice president and cashier at the Liberty National Bank and Trust Company. Duane Anderson has been elected assistant cashier and installment loan manager.

SOUTH DAKOTA NEWS

WATERTOWN: Ray Matz, vice president of the Farmers and Merchants Bank and Trust Company, has been named to serve out the unexpired term of Ross Oyiatt as a member of the city's utility board.

WYOMING NEWS

POWELL: An exhibit of 35 watercolor paintings recently was on display in the lobby of the First National Bank. The paintings were done under the instruction of Bill McRann, teaching an evening art course for the University of Wyoming extension service.



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MONTANA NEWS

LIVINGSTON: David J. Freeberg, formerly with the Federal Reserve Bank, Minneapolis, has been elected cashier at the First Security Bank. Dan K. Edwards has been elected assistant vice president.

COLORADO NEWS

EVERGREEN: Mancel E. Overman, president of the Evergreen State Bank since it opened in 1960, has been named vice chairman of the bank's board of directors. David Scruby, formerly bank vice president, has been named president.

FT. COLLINS: C. J. Meyer has been promoted from vice president and cashier at the First National Bank to vice president and treasurer. Owen T. Moore has been advanced from assistant vice president to vice president. Robyn

Carroll, formerly vice president of data processing, has been elected vice president and director of marketing.

LAFAYETTE: Roy S. Roberts, president and director of the First National Bank, has retired. He is succeeded as president by C. Darrell Brubaker, formerly executive vice president. Paul N. Dawson, board chairman of the First National Bank in Boulder, has been named to the bank's board of directors. Joseph A. Distel, bank director, has been named vice president. Ann Moon has resigned as cashier, to be succeeded by Ralph C. Musfeldt, former Manning, Iowa, banker.

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Cash-Flow Budget and Farm Loan Application forms for the banker who wants to update his farm loan procedures. Samples for inspection. Farm Business Council, Inc., P.O. Box F, Urbana, Ill. 61801.

WANTED

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One model 6800 Pitney Bowes postage machine. Hand crank model which seals and posts envelopes or dispenses postage tape. Asking \$100. or best offer.

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John W. Hess, Assistant Cashier, The Decorah State Bank, Decorah, Iowa 52101. Phone 319/382-3651.

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