

# NORTHWESTERN Banker

Oldest Financial Journal Serving The Central and Western States

No. 1178

Des Moines, Iowa

August 18, 1969

## Banks Look to Senate for Tax Reform

Financial institutions are expected to begin contacting the Senate for changes in the House-passed tax reform package between now and early September, but both the recommendations they will make and the prospective success they will have are uncertain now.

As expected, the House overwhelmingly voted approval of a tax reform package that would raise substantially the effective tax rate of commercial banks, savings and loan associations and mutual savings banks. The final vote was 394 to 30 to pass without amendment the package recommended by the House Ways and Means Committee.

Even before the measure was passed, many major lobbying groups seeking to soften various tax reform provisions approved by the committee had shifted their efforts to the Senate, where the Senate Finance Committee is expected to launch hearings on the House-passed bill (H.R. 13270) soon after Congress returns from a three-week recess in early September.

Financial institution lobbies, of course, are expected to seek amendments in the Senate that would soften the impact of the House-passed bill.

The House-passed bill would

change the bad debt reserve authority of financial institutions to the extent that the effective commercial bank would rise from 23% to 36%, the effective S&L tax rate would rise from 17% to 30% and the effective savings bank tax rate would rise from 4% to 27%.



The Ways and Means Committee estimated that these changes would represent an increase in revenue to the Treasury of \$250 million a year from commercial banks. The estimated extra revenue from S&L's and savings banks under the changes is \$10 million in 1970, \$75 million in 1974 and \$160 million in 1979.

This would be accomplished under the House-passed bill by repealing authority for commercial

banks to set aside up to 2.4% of outstanding loans and forbidding them to build up bad debt reserves above their actual loss experience. Commercial banks in business more than 10 years would be allowed bad debt reserve deductions on a six-year moving average of actual loss experience. They would not be required to reduce their reserves in excess of actual loss experience, but could not make new additions until reserves fell below actual losses.

The House-passed bill also contains provisions besides the revised bad debt reserve authority that affect financial institutions.

The non-parallel treatment of long-term capital gains and capital losses on bonds for commercial banks and other institutions would be removed. The effect would be to require institutions to treat gains on bonds as ordinary income and treat losses on bonds as ordinary losses.

In addition, a Federal subsidy system under which state and local governments would be encouraged to issue taxable rather than tax-exempt bonds to raise funds would be instituted.

This provision—a highly controversial one—would not prohibit state and local governments from issuing tax-exempt securities. It would merely provide an alterna-

(Continued on Page 4)

## For Full Correspondent Banking Service



Jay  
Bordewick



Jesse J.  
Zimmerman

We're as near  
as your phone

CALL 402 341-8765  
AREA CODE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The  
U.S.  
National  
BANK  
OMAHA

GENE HAGEN

TOM HORN - JOHN DIFENDORF



on the job for you at  
**security national**  
in sioux city



YOUR STATE BANKERS ASSOCIATION  
OFFICIAL SAFE, VAULT AND  
TIMELOCK EXPERTS

**F. E. DAVENPORT & CO.**  
OMAHA

**IOWA NEWS**

Workshop sessions will be a special feature of the 15th Annual Iowa Conference on Installment Lending again this year, September 3-4 at Hotel Savery in Des Moines, according to Lewis Job, IBA installment loan chairman, and vice president, Iowa State Savings Bank, Knoxville.

director of marketing, Boating Industry Association, Chicago.

A condensed version of the program follows:

**Wednesday - September 3**

A.M.

8:45 Registration-2nd floor-Hotel Savery.

9:45 Call to order-

IBA Chairman Lewis Job.

Word of Welcome -

IBA President James W. Lipton, Jr.

10:00 Current Developments in

Truth-in-Lending -

Wendell Gibson, IBA Counsel.

10:20 Panel discussion on

Truth-in-Lending.

11:30 Recess for lunch.

P.M.

12:15 Lunch.

2:30 Workshops called to order.

Topics will be -

"Marketing Installment Loans"

"Trends in Consumer Buying and

Financing"

"Credit Cards and the Iowa Bank"

"General Banking Discussion"



Collin W. Fritz



Keith G. Cone

Key speakers will include Keith Cone, executive vice president, LaSalle National Bank, Chicago; Lorne Worthington, commissioner of Iowa insurance, and Matt J. Kaufman,

4:30 Recess.

5:30 Social Hour.

6:30 Banquet.

Speaker - James R. Craig, General Manager, Better Business Bureau, Springfield, Mo.

**Thursday - September 4**

A.M.

8:30 Registration opens.

9:30 Conference called to order.

9:40 Word of Welcome -

J. C. Blackford, IBA Vice President.

9:50 "Control of Credit Insurance" -

Lorne Worthington, Commissioner of Insurance for Iowa.

10:30 Coffee Break.

10:50 "Expanding Pleasure Boat Market Offers Financing Opportunities in Iowa" - Matt J. Kaufman, Director of Marketing and Public Relations, Boating Industry Assn., Chicago.

11:20 Collin W. Fritz, Superintendent of Banking, State of Iowa.

11:45 Adjournment.

GRUNDY CENTER: The Farmers Savings Bank here has announced plans to construct new banking facilities in the downtown area. The bank, being planned by Kirk Gross Company, Waterloo, will include a parking lot and drive-in and walk-up facilities. Construction is scheduled to begin next spring.

MONTICELLO: Harry W. Stuhler, 90, chairman of the board of the Monticello State Bank, died recently at the John McDonald Hospital here.

NEWTON: Two new employees have joined the staff of the Jasper County Savings Bank. Patrick T. Ross has assumed the duties of assistant to the officers in the installment loan department, and Robert R. Sudbrook will serve as assistant to the officers in the commercial loan department. Mr. Ross has been employed most recently as assistant cashier for the South Ottumwa Savings Bank, Ottumwa. Mr. Sudbrook is a native of Baltimore, Md., and prior to his service in the Air Force was employed by a Baltimore gas and electric firm.

OELWEIN: Harry Pinch has been



C. Gustavson

Visit Us in Our Hospitality Suite  
During the

15th Annual Installment  
Lending Conference  
Hotel Savery - Des Moines  
September 3 - 4

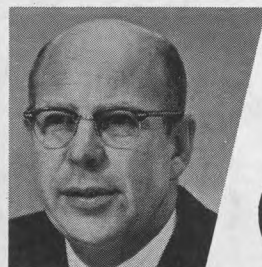


R. Fleming

One of the Nation's Strongest by Any Standard of Comparison

**National Fidelity Life**

INSURANCE COMPANY, KANSAS CITY, MO. 64116



HOMER JENSEN

Questions on EDP for your bank?  
Our feasibility study will  
give you the straight answers.



**Bankers Trust co.**

SIXTH AND LOCUST, DES MOINES  
Member F.R.S. & F.I.C.



Fixture Co.  
Spencer, Ia.

mfg. of custom

**BANK**

teller stations

Stor. units & desks

named president of the First National Bank here. Mr. Pinch has been vice president and cashier of the Golden State Bank, Golden, Colo.

**ROCK RAPIDS:** The Lyon County State Bank recently opened for business in its new building at the corner of Marshall Street and South Second Avenue. An open house was held August 16.

**WEST BRANCH:** The First State Bank has changed its name to the West Branch State Bank.

## NEBRASKA NEWS

**HYANNIS:** Robert Knepper has been named cashier of the Bank of Hyannis. He was formerly assistant cashier at the Bank of Valentine.

## MINNESOTA NEWS

**BRainerd:** Ray Kirkhorn, president of the Citizens State Bank of Brainerd, has announced the election of Harold Sweeney to the post of assistant vice president and Matt Linzback to the position of assistant cashier. Mr. Sweeney is manager of the installment loan department, and Mr. Linzback is his assistant. Both men have been employed by the bank for the past year.

**COTTAGE GROVE:** Donald Nordlie, vice president and cashier of the First National Bank of New Prague, has joined Mid-America Bancorporation and will be employed as managing officer of the Park Grove National Bank, which is scheduled to open here on about November 1. Until that time, he will be involved in planning for the new bank.

**GRANITE FALLS:** Richard Deason has been named executive vice president and secretary of the board of directors at the Granite Falls Bank. He has been with the bank since 1965 and has been serving as vice president since 1968. Fred Hodgdon, formerly executive vice president, has resigned, but will continue as a director at the bank.



Bob Buenneke

*We're here to help  
you get what you want*

## IOWA-DES MOINES NATIONAL BANK

Member Federal Deposit Insurance Corporation

been named managing officer of the First National Bank, effective September 1, succeeding Donald Nordlie. Mr. Crowley has been serving as senior vice president and director of loans at the National City Bank of Minneapolis since 1968.

**ST. PAUL:** The FDIC has approved the application of the Phalen Park State Bank of St. Paul to change the location of its main office from 1119 Barclay Street to the intersection of Maryland and Prosperity Avenues here.

**ST. PAUL:** David Bosselmann and E. Thomas Brennan have been elected assistant trust officers at the First Trust Company of St. Paul.

## SOUTH DAKOTA NEWS

**HURON:** South Dakota Bankers Association has announced dates and

meeting places for the following conferences:

September 9—Trust Conference, Kings Inn, Pierre; September 18—Public Relations & Marketing, Holiday Inn, Mitchell; October 8—9—Economic Conference for Young Adults, Holiday Inn, Mitchell.

**SIOUX FALLS:** Curt Lovre, president of the Northwestern National Bank of Sioux Falls, has announced that the bank is presenting Master Charge Credit Card to eastern South Dakota.

## DO YOU

Want to buy, sell or trade  
bank equipment or fixtures?

Let Mighty Mite

NORTHWESTERN BANKER

WANT ADS

Do the job for you!

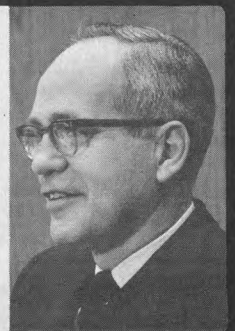
There are so many ways we can help you  
That's why over half the banks in Iowa are  
— MNB correspondents

Bob O'Meara  
Vice President



MERCHANTS NATIONAL BANK

CEDAR RAPIDS, IOWA 52401  
Member FDIC



## For Decisive Action

*Rely on NBC for all your correspondent needs.*

Member FDIC  
**NBC National Bank  
of Commerce**

Main Bank 13th & O Sts. / Patio Office 10th & O Sts. / Lincoln, Nebraska



Frank Boesche



Jim Bartels



Dick Muir

## BOESCHE, BARTELS AND MUIR

THREE TEAMMATES OF YOURS

AT

# COMMERCE TRUST BANK

Kansas City, Missouri

### ILLINOIS NEWS

**DUNDEE:** Application of the First National Bank of Dundee for a detached facility at 210 West Main Street - 209 Washington Street has been approved by the Comptroller of the Currency.

**GLENVIEW:** The Glenview State Bank's application for consent to establish a facility at 834 Waukegan Road here has been approved by the FDIC.

**SPRINGFIELD:** Robert V. Prather, Sr., vice president and trust officer, has resigned at the Illinois National Bank of Springfield. Mr. Prather's future plans have not been announced.

### COLORADO NEWS

**DENVER:** Harry G. Anderson, a Denver banker since 1923, has been elected president of Villa National Bank. Mr. Anderson has been a member of the senior management team of the Denver U. S. National Bank, serving as senior vice president, and succeeds J. P. Edrington, who resigned.

- I would like to sell my majority bank stock.
- I would like to buy majority bank stock.

Please Contact: J. Mason Henry, President  
**Charles E. Walters Co., Inc.**  
P. O. Box 1313, Omaha, Nebr. 68101

**DENVER:** Mrs. A. E. Cunningham has been promoted to assistant cashier at the Western National Bank. She will also be responsible for administration of the bank's installment loan department.

**DENVER:** Mack Tatarsky, 19-year-old teller and summer employee at the Metropolitan National Bank, was critically wounded in the recent \$5,400 hold-up of the bank by two bandits. One of the men was later apprehended in a nearby parking lot. Mr. Tatarsky was reported improving in the Denver General Hospital.

### NATIONAL NEWS

**SANDS POINT, N.Y.:** Robert Lehman, head of the international investment banking firm of Lehman Brothers, died recently at his country home after a long illness. He was 77.

**SAN FRANCISCO:** "Dialogs in Bank Marketing Management," a symposium examining the eight major problems of bank marketing managers, will be held August 24-26 at the Mark-Hopkins Hotel here. The symposium, sponsored by the Bank Public Relations and Marketing Association, is designed for senior marketing officers of major banks and will feature discussions by a faculty of distinguished experts, both bankers and non-bankers.

### Tax Reform...

(Continued from Page 1)

tive by which the Treasury would declare a subsidy ranging between 25% and 40% of the stated yield of a taxable bond. During the first five years, this subsidy would range between 30% and 40% of the stated yield of a taxable bond issued by a state or local government.

### WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.  
**NORTHWESTERN BANKER**  
306 15th St., Des Moines, Iowa

### FOR SALE

Loan application forms for the modern agricultural banker. Samples on request. Farm Business Council, Inc., P. O. Box F, Urbana, Illinois 61801.

### WANTED

Experienced cashier for \$6 million bank close to the Twin Cities. Send resume to File LMB, in care of the NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

### CALCULATORS

Before you buy look at the new SONY Electronic Calculator. It's portable with a handle and batteries, as well as regular house current. Operates with simple logical directions. Plus-Minus-Multiply-Divide and Equals. Call or write today. SONY Corp. 1115 High Street, Des Moines, Iowa 50309. Telephone (515) 244-0114.

### INCREASE 1969 PROFITS

Cy Kirk and Max Roy, vice presidents of LaSalle National Bank, Chicago, are prepared to assist you and your bank in planning increased profits for 1969. Whether it is an analysis of your bond portfolio or a cost study of your general banking services, LaSalle National Bank has the facilities to serve your every need. Call Cy or Max today at (Area Code 312) 782-5200 for immediate action.

“ “ “ ”

*Bank Under the Big* **C** *"The Bank That Cares"*

**CENTRAL NATIONAL BANK AND TRUST COMPANY**  
Member Federal Deposit Insurance Corporation

No. 1178 Northwestern Banker is published five times monthly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 50¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail

subscriptions to above address. For changes of address (Form 3579), manuscripts, mail items to above address. Federal Reserve Bank of St. Louis