

# NORTHWESTERN Banker Newsletter

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April 10, 1972

## Senate Committee Approves Farm Bill

A comprehensive rural development bill which would establish new forms of financial assistance to rural communities has been approved by the Senate Agriculture Committee.

The committee bill provides for establishment of a borrower-owned non-farm credit system similar to the existing Farm Credit System. The Federal Government would appropriate \$200 million a year for 10 years. It is anticipated that the system would provide a loan fund up to 20 times the size of the capital in the system.

The measure provides authority for unlimited Farmers Home Administration loans for essential community facilities; to finance business and improve the environment of rural areas. It also provides loans for small business, and expands the number of eligible applicants and loan purposes for community facility loans.

Liberalization of Farmers Home Administration lending authority for farm loans is provided for in the proposed legislation. The bill increases from \$35,000 to \$50,000 the limit on operating loan indebtedness for farmers and a total first-year grant authority of \$725 million is provided by the bill — \$500 million would be part of a revenue sharing provision to be provided to the states for rural development purposes. Unlike the Nixon Administration's original special revenue sharing plan for rural community development, the Committee bill would not "fold in" any of the 11

category grant programs, such as the Appalachian Regional Commission, the Rural Environmental Assistance Program, or the Cooperative Agriculture Extension service.



One hundred million dollars of the authorization would go to borrowers to be used as an incentive for business location in rural areas and for community facilities development. Fifty million would be authorized for grants to the Land Grant Universities for the establishment of rural development extension programs, research and training for rural development, and for small farmers.

The bill provides for an extension of the purposes for which cost sharing grants can be made by the Soil Conservation Service, providing for 10-year contracts for soil and water conservation practices. The bill permits grants from other agencies for land acquisition, and authorizes federal cost sharing for municipal and industrial water supplies.

The measure would give the Department of Agriculture prime responsibility for rural development. It would reorganize the Farmers Home Administration into the Farm Development Administration and the Rural Enterprises and Com-

munity Development Administration, each under its own Administrator. It provides for an Assistant Secretary for Rural Development Credit.

## Muskie Aims At Banks For \$200 Million

Presidential hopeful Senator Edmund S. Muskie (D., Maine) has proposed a tax program that would include higher taxes for financial institutions. His \$25 billion reform program proposes that commercial banks, mutual savings banks and savings and loan associations be limited to their actual loss experience in making tax-free additions to their bad debt reserves.

Muskie's plan also includes an option to allow states and municipalities to issue taxable, rather than tax exempt bonds.

Muskie estimates his program for the financial institutions would bring an additional \$200 million into the Treasury.

## Tax Ruling On Bank Insurance Income

The Supreme Court has ruled that insurance income is not allocable for tax purposes to National banks affiliated with bank holding companies. The ruling overturned an Internal Revenue Service ruling that 40 percent of certain types of insurance income was the equivalent of sales commissions earned by these banks. The High Court upheld a lower court ruling against the IRS, but on a different basis.




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## IOWA NEWS

**DES MOINES:** The Installment Loan Committee of the Iowa Bankers Association will meet tomorrow (Tuesday), April 11, at 10:00 a.m. in the association offices, 6th floor, Liberty Building.

**EARLVILLE:** State Bank of Earlville has received FDIC authority to exercise limited trust powers.

**HARLAN:** The Shelby County State Bank has received approval from the Iowa Banking Department and the FDIC to open a parking lot office at 504 Court St.

**OTTUMWA:** The South Ottumwa Savings Bank has received FDIC authority to exercise limited trust powers.

**RED OAK:** Gary Turner was elected recently as vice president of the Houghton State Bank, according to William Norris, president. Mr. Turner resigned as assistant vice president at Council Bluffs Savings Bank in Council Bluffs to accept the Red Oak position.

## NEBRASKA NEWS

**BELLEVUE:** Maj. Gen. Timothy J.

Dacey, Jr., Strategic Air Command chief of staff, will become the president of the Bank of Bellevue June 1, the day after he retires from the Air Force. Hugh Campbell, who has been president for six years, will become chairman of the board on that date.

**COLERIDGE:** Col. George A. Gray (Air Force ret.), and a director of The Coleridge National Bank, died recently at his home in Orlando, Fla. He was a brother of James L. Gray, president of the bank. James L. Gray, Jr., of Osmond, Nebr., has been elected a director to succeed Col. Gray.

**OMAHA:** Funeral services were held at Trinity Cathedral in Omaha last Friday, April 7, for John F. Davis, 61, chairman of the First National Bank, whose death March 23 on board a cruise ship was reported last week. The body was removed from the ship at Key West, Fla., April 3 and flown to Omaha for the services.

**WAHOO:** Emil E. Placek, 94, former president of the First National Bank, died April 3.

## ILLINOIS NEWS

**CARBONDALE:** The First National Bank in Carbondale has received approval to change its name to First National Bank and Trust Company.

**CHICAGO:** Richard M. Rieser, Jr., has been elected vice president of the Amalgamated Trust & Savings Bank.

**CHICAGO:** The application submitted to the Comptroller of the Currency by Richard W. Waller for a charter for Exchange Chicago Bank, National Association, has been approved.

**DOWNERS GROVE:** Edward Benway has been named auditor and C. Richard McCabe has been appointed trust officer of the Downers Grove National Bank, according to William Westrup, president. Mr. Benway formerly was in the auditing department of the Harris Trust and Savings Bank, Chicago. Mr. McCabe was recently assistant trust officer at National City Bank in Minneapolis.

**EAST PEORIA:** The FDIC has approved coverage for the newly incorporated Sunnysland State Bank. Meyer J. Jacobs is president. The bank has \$500,000 total capital accounts.

**MARSEILLES:** Union National Bank has received approval from the Comptroller of the Currency to establish an office at 508 Roath Street.

**WYOMING:** A charter has been issued to Wyoming Bank & Trust Co., 200 W. Williams, as a result of the conversion of the First National Bank in Wyoming to a state bank. Capital stock now is \$150,000, surplus is \$150,000, and undivided profits are in excess of \$200,000. B. F. Backlund is president of the bank.

## MINNESOTA NEWS

**ELBOW LAKE:** Harold A. Smith, chair-

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man of the Bank of Elbow Lake and its former president, died recently at the age of 73. His son, Larry, is president of the bank. Mr. Smith was also formerly president of the First State Bank at Kensington and was president emeritus of Lutheran Brotherhood, Minneapolis.

**ST. PAUL:** Truman W. Porter has been advanced from senior vice president to executive vice president and a director at Gambles Continental Bank.

**WABASHA:** E. G. (Benny) Koopman retired recently as cashier of the First State Bank, completing a 45-year span of banking service in the community. He has been succeeded as cashier by Edward M. Passe, formerly assistant cashier. The announcement of his advancement was made by J. L. Halverson, president. Mr. Passe joined the bank in 1962 after graduating from St. Mary's College in Winona. Carl Munson, Jr., a native of Wabasha, has retired from the Army after 22 years of service and has joined First State Bank as operations officer.

### COLORADO NEWS

**COLORADO SPRINGS:** Applications for three different individuals for a national bank charter here have been disapproved by the Comptroller of the Currency. Those making the applications were Frederick H. Campbell, Richard L. Mason and Wesley E. Strain.

**DENVER:** Mountain Banks Ltd., a Colorado holding company, has extended to April 17 its offer to exchange its stock for stock of Cherry Creek National Bank and South National Bank, both of Denver; Exchange National Bank of Colorado Springs, and First National Bank of Pueblo. Company spokesmen stated that more than 92% of the holders of stock in these banks have tendered it for exchange.

**DENVER:** Central Bank & Trust Co. directors have declared a stock dividend of one share for each 1.7 shares of the bank's capital stock now held, subject to stockholder approval. Baldwin-Central Inc., a wholly-owned subsidiary of D. H. Baldwin Co., owns directly or indirectly 99.2% of the bank's outstanding shares. Total capital structure after the stock dividend will be \$22,700,000. Don Hoffman, president of Central Bank, also announced the election as a director of the bank of Thomas C. Smiley, president and general manager of Wolfberg Theaters.

**PUEBLO:** Ward R. Arnold, cashier of Midtown National Bank, also has been elected a vice president.

### WYOMING NEWS

**CASPER:** Boyd R. Sims, 80, died recently at his home in Casper. Mr. Sims had worked at the Wyoming National Bank

and founded the Western Credit Corporation, both in Casper.

**CHEYENNE:** The Board of Governors of the Federal Reserve System on March 23 approved the acquisition of three Wyoming banks by Wyoming Bancorporation, it was announced by Paul L. Howes, president of the bank holding company. The three banks are First National of Lander, First National of Rawlins and Stockmans National of Lusk. This brings to eight the number of Wyoming banks affiliated with Wyoming Bancorporation. Still pending is an application for a ninth bank, University National of Laramie.

**LARAMIE:** Western National Bank is planning an \$85,000 addition to its present facilities. The new construction will more than double the size of the existing facility and should be completed by June 1, 1972.

**WORLAND:** Don Babbitt, 44, who has been with Stockgrowers State Bank for 18 years, has been advanced from executive vice president to president. He succeeds James Prell, who resigned March 22.

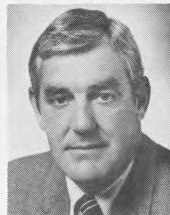
### SOUTH DAKOTA NEWS

**ABERDEEN:** First National Bank has made application for a second facility. The proposed site is near the intersection of U.S. 281 and 8th Ave. N.W., according to C. P. Buck Moore, president. Approval must be obtained from the Comptroller of the Currency.

**ABERDEEN:** The South Dakota Group of the National Association of Bank Women will have a spring meeting at the Sheraton Motor Inn April 22-23. Officers are: Chairman - Betty J. Bzoski, a.v.p.,

## COULSON CANNON AND MUIR

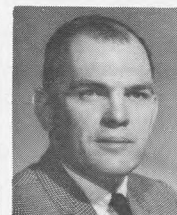
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Farmers & Merchants Bank, Aberdeen; Vice Chairman – Carol Crawford, a.c., Farmers State Bank, Canton, and Secretary-Treasurer – Margaret E. Gibbs, oper. off., Northwestern National Bank, Huron.

ABERDEEN: Robert Y. House, president and general manager of House of Glass, Inc., is a new director of the Farmers & Merchants Bank.

RAPID CITY: The board of directors of the United National Bank announced the formal opening of Trust Department Offices in Rapid City. The trust offices are located in the downtown branch at Main and 6th Streets.

Also announced was the election of Charles A. Wendtland as Vice President and Trust Officer. He was formerly with the Washington Trust Bank in Spokane.

SIOUX FALLS: Three officer promotions have been announced by Curtis A. Lovre, president, Northwestern National Bank. They are: W. Ray Laird, III, named loan officer; Allan L. Kostboth, to credit officer, both at the main office, and Patricia R. Waring, to operations officer at the Colonial branch.

### NORTH DAKOTA NEWS

GRAND FORKS: Richard O. Gormley has been elected to the board of directors of Red River National Bank.

JAMESTOWN: Jamestown National Bank has announced three staff advancements: Stanley E. Foss, a.v.p. and ag. rep.; Arlo T. Maag, a.v.p., and Patrick C. Beglau, a.c.

RUGBY: Jay McClintock, pres., Mer-

chants Bank, announces the addition of Ron Brandvold to the staff as v.p.-loan off. Mr. Brandvold joined Grafton Nat'l, Grafton in 1960 as ag rep. and has been v.p. since 1964.

### Loans to Politicians Legal After April 7

Beginning April 7, it is now legal for national and state banks to make bona fide loans to political candidates and committees. A bill – the Federal Elections Campaign Act of 1972 – making this clear was signed into law by President Nixon recently. The measure took effect sixty days after enactment.

Under the measure, bank loans to political organizations and candidates “made in accordance with the applicable banking laws and regulations” are not to be considered political contributions.

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