

NORTHWESTERN Banker Newsletter

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Aim Tax Reform Proposals At Banks

Future tax treatment for financial institutions may be decided within the next few weeks.

A series of general tax reform panel discussions was started last week by the House Ways and Means Committee. They will resume on February 19 through February 23. Testimony from the general public will start February 26.

Although billed under the title of general tax reform, any question that the tax problems and privileges of financial institutions would go unnoticed was killed recently. The Committee specifically listed the "bank holding company tax provisions" and the "tax treatment of financial institutions (including mutual savings and savings and loan associations and credit unions)" among the areas on which it would be "particularly concentrating."

Among other things, the Committee is interested in the special tax treatment of bad debt reserves by banks and thrift institutions — and taxing credit unions for the first time. With regard to bank holding companies its principal reference was to legislation to offer tax relief to one-bank companies required to divest their bank or non-bank properties by the Bank Holding Company Act Amendments of 1970.

Another area of major concern to some financial institutions involves proposals dealing with minimum tax. These include, but are not limited to, a consideration of the exemption level, the rate

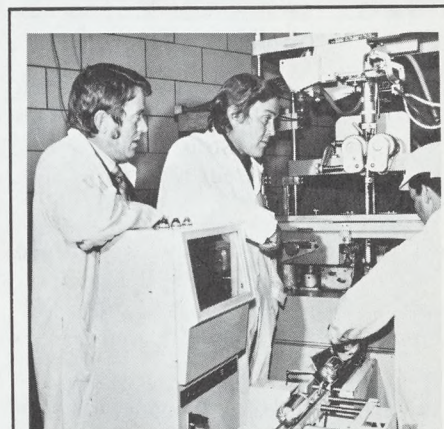
of tax, the allowance of a deduction for the regular or individual corporate income tax, and the possibility of adding other preference items to the tax base.

Still other areas of interest to financial institutions which will be explored by the tax-writing unit include the tax treatment of interest deductions, including the "interest deduction for home mortgages;" alternatives to tax exempt state and local bonds; the tax treatment of real estate, personal property leasing, and pension and profit sharing plans and other deferred compensation.

Bankers should obtain a copy of Senator Edmund Muskie's tax reform bill introduced on January 23, 1973. Some of the proposals include:

1. Interest on State and Municipal Bonds — States and municipalities would be given the option of issuing taxable bonds. To those that do, the Federal Government would pay a subsidy equal to 50% of the interest rate of the taxable bonds. With the interest subsidy fixed at 50%, government bodies would be likely to move entirely to the issuance of taxable bonds, costing the Government an estimated \$300 million by 1975.

2. Capital Gains — Repeal of the provision permitting the first \$50,000 of capital gains to be taxed at no more than 25%. Requirement that individuals include 55% of capital gains in income in the first year, and 60% of capital gains in income thereafter, rather than 50% as permitted under present law. Increase

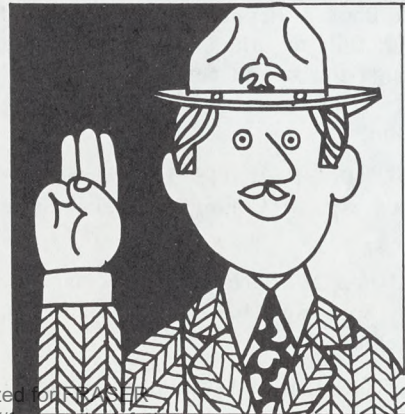


PICTURE OF THE WEEK — Brothers Don Dean, left, and Jimmy Dean inspect packaging operation at the new Jimmy Dean Meat Company plant in Osceola, Iowa. Area bankers played a key role in obtaining the industry, which will have a \$30,000 weekly payroll and produce 150,000 pounds of sausage in an 8 hour shift. A detailed article will appear in the March magazine issue of *NORTHWESTERN BANKER*.

the rate on corporate capital gains from 30% to 35%.

3. Investment Interest — The existing \$25,000 exemption would be reduced to \$10,000. All investment interest in excess of the exemption level should be made subject to the limitation — not merely one-half as provided in the present statute.

There are many other provisions in the Muskie proposal, as well as numerous other plans, such as the Tax Equity Act, aptly numbered H.R. 1040, so all bankers should keep in touch with their elected members of Congress.



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IOWA NEWS

AMES: Funeral services were held last week for Walter Lucht, 22, son of Art Lucht, pres., Union Story Trust and Sav. Bk. Death was caused by an auto accident.

ANITA: LeVeda M. Pine was named cash. at the Anita State Bank. Roger Scott was named a.v.p. and Judy Van Aernam and Patsy Warwick were named a.c.'s.

CLINTON: Albert M. Hoepfner has been promoted from a.c. to a.v.p. of the Iowa State Savings.

DES MOINES: Grover Hahn has joined the staff of Plaza State as agricultural economist.

DES MOINES: The Iowa State Banking Board will hold its monthly meeting here on Thursday, February 15.

DES MOINES: Mrs. A. C. (Helen) Steffenson of Des Moines and John E. King of Albia were married recently at the Steffenson home in Des Moines. Mr. King is chairman of the board of the Peoples Nat'l. Bank in Albia. Mrs. Steffenson is a former Albia resident.

HAMBURG: Iowa State Bank will observe the 50th anniversary of its chartering with an open house between 2 & 6 p.m. on March 7.

KELLOGG: Three promotions have been made at the Kellogg Savings Bank. They are: Robert Terlouw, to cash. & dir., Priscilla Anderson, a.c., and Ronald Streeter, a.c. & sec. off.

KEOKUK: Carl Huiskamp has been

elected to the board of directors of The State Central Savings.

KEOSAQUA: Fred E. Ovrom has stepped down as chmn. & pres. of the Farmers State. He will continue serving the bank as v.p. A son-in-law, John A. Manning, has been named chmn. and will continue as v.p. & cash. Mr. Ovrom's son, Arthur Ovrom, has been named pres. and will continue as t.o.

OAKLAND: Lew Ross, Jr., exec. v.p. of Citizens State, was named pres. Delmar Busse was elected chmn. Officials voted to raise the capital stock and surplus from \$400,000 to \$500,000.

ROCKWELL CITY: Dale R. Gidel was elected dir. of Union State, Byron Martz was named pres., Dale Sexton, t.o. and Dale E. Gray, chmn.

SAC CITY: The board of directors of the Sac City State was increased from 5 to 7 with the addition of Richard V. Jones, Chicago, and Marvin Loxterkamp, Sac City. Mr. Jones is publisher of "The Economic Trend Line Studies," a weekly publication on market trends and fiscal matters. Mr. Loxterkamp is owner of the Loxterkamp Shoe Store.

UNION: Keith W. Richard has been named exec. v.p. of Union-Whitten State Sav. Bank. He will also continue as consultant and dir. of the Clarke County State in Osceola.

WAVERLY: State Bank of Waverly has received approval for a bank office at 3rd Ave. N.W. at Highway 3.

WINTERSET: Open house was held last week by Union St. Bk. in its new home.

NEBRASKA NEWS

CHAMBERS: LeDean Weller has joined the staff of the Chambers State Bank as cash. He was formerly a.c. at the Albion Nat'l Bank.

McCOOK: Harold Larmon, pres., First Nat'l. Bank, McCook, has been appointed to the Regional Advisory Committee of the Tenth National Bank Region. He was appointed for a two-year term to the committee on banking policies and practices.

MULLEN: Don Stull, exec. v.p. of Bank of Mullen, was named a dir. The bank has increased its capital stock from \$150,000 to \$200,000.

OMAHA: Benjamin V. Lambert, sr. v.p. of Blyth, Eastman Dillon & Co., Inc., a New York-based investment banking firm, will discuss opportunities in real estate ownership at a dinner sponsored by the Omaha investment firm of Chiles, Heider & Co., Inc., Feb. 13 at the Omaha Club.

OMAHA: Gretchen Swanson Pullen has been elected a dir. of The Omaha Nat'l. Bank. He is chmn. of Swanson Enterprises.

SOUTH SIOUX CITY: Tom Ross has been elected installment loan off. and Eunice Hansen has been elected a.c. at the Nebraska State.

MINNESOTA NEWS

ADA: Lawrence J. Peterson, Jr., was appointed to fill the unexpired term of the late G. M. Thompson on the board of directors of The Ada Nat'l Bk. He is the son of former bank pres., L. J. Peterson.

ALBERT LEA: Mabel Miller has retired after 27 years of service with the First Nat'l. Bank.

AITKIN: The following promotions have been made at The Security State Bank of Aitkin: Charles Norris promoted to v.p., Lloyd Sherwood to a.v.p., Carl Carlson and Robert Janzen to a.c.'s.

BAYPORT: Stockholders of the First State Bank of Bayport have voted to add \$270,000 to the capital structure through the sale of new stock. This will increase the capital account to nearly \$1 million.

COLUMBIA HEIGHTS: L. B. Moore was named v.p. of Columbia Heights State Bank.

MINNEAPOLIS: Northwestern National Bank Southwest has named William D. Wilkening sr. v.p.

MONTGOMERY: Leonard J. Ouradnik has been elected pres. of Citizens State.



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RED WING: Milton I. Holst, partner in the law firm of Holst, Vogel, Erdmann and Vogel, has retired from First Nat'l Bank's board of directors after 12 years.

ST. PAUL: Charles T. Velin was named v.p. & cash. of Capital City State and Dorothy M. Hentz was named a.c.

STILLWATER: Richard Kutz has been promoted to auditor at the First Nat'l. Bank.

WARREN: John Engelstad, Warren farmer, was elected to the board of directors of Peoples State Bk.

ILLINOIS NEWS

CHICAGO: Frank C. Mulch has been named a.v.p., consumer loans at Lake View T & S.

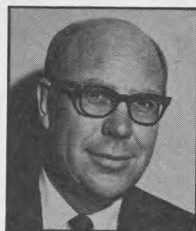
CHICAGO: Connecticut General Life has announced the formation of a wholly owned trust company in Illinois, to be headquartered at 150 South Wacker Drive.

CHICAGO: Carl A. Petersen has been elected as director of the Seaway Nat'l. He is comptroller and v.p. of Continental Casualty Co.

COLORADO NEWS

Midwestern Financial Corp. of Denver has announced it intends to spin off its subsidiary, The First National Bank in Golden, by turning it over to a holding company and giving the holding company stock to owners of Midwestern Financial common shares.

The holding company would be called First Golden Bancorporation. Its stock would be distributed on the basis of one share of Bancorporation for each five shares of Midwestern that are held.



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NORTH DAKOTA NEWS

DEVILS LAKE: Wendell Haley, v.p., First Nat'l of Devils Lake, has retired after a banking career of 58 years.

ENDERLIN: Doris Oeder was advanced from a.c. to cash. and Mrs. W. O. Glaesemann was named a.c. at the Enderlin State Bank.

GRAND FORKS: Citizen's State of E. Grand Forks has announced the appointment of Thomas Grassel as v.p. He was a.v.p.

JAMESTOWN: Jack Bernabucci has been elected chmn. and Charles Russell of Buchanan has been elected a dir. of the Stutsman County State Bank.

MOORHEAD: W. R. Amundson, pres., First Nat'l Bank, has announced the promotion of four staff members. Curtis J. Johnson has been promoted to v.p., Keith G. Falconer to a.c.p., Donald J. Mauseth and A. W. McGuire to a.c.'s

STEELE: Verlyn Nelson was named a.c. of The Bank of Steele.

VALLEY CITY: Charles L. Stowman will join the staff of the Farmers and Merchants Bank as cash. April 1, according to Jerry Zinck, pres. He currently is with the First Nat'l in Jamestown.

FARGO: Jack Holm has joined the First Nat'l. B&T as a.v.p., installment loans. Previously he was cash. at the Farmers and Merchants, Valley City.

SOUTH DAKOTA NEWS

CASTLEWOOD: Arlo Hintz was promoted to a.c. & installment lending officer at the Watertown Farmers and Merchants Bank.

WATERTOWN: First Nat'l. has announced 2 staff changes: John H. Koob promoted to a.c. and ag. rep., and Greg C. Haggart elected a.t.o.

WEBSTER: Paul Wagner of Roslyn has been elected to the board of Security Bk. & Tr. Co. Four promotions were announced: Ervin Bollinger to v.p. & mgr., Security Insurance Agency, John T. Wosepka to a.v.p., Larry T. Wilson to a.v.p. & mgr., installment loans, and Roger Ledebuhr to cash.

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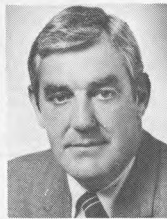
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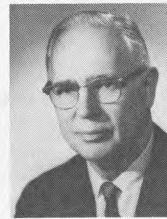


COULSON CANNON AND MUIR

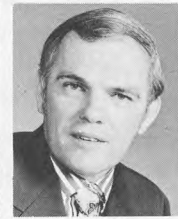
Three of our men
on your side at



Fred Coulson



Tom Cannon



Dick Muir

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MONTANA NEWS

BILLINGS: E. Burton Maynard has been advanced from v.p. to exec. v.p. at Security T & S. Other promotions included the naming of four new v.p.'s: Ken Eames, Roy Nelson, Chuck Westwood and Gordon Wolfram.

WYOMING NEWS

CHEYENNE: American National Bank of Cheyenne has named two v.p.'s. They are: Barton Z. NeVille, commercial loans, and R. E. Bailey, installment loans.

LARAMIE: David F. Wallen has been promoted to sr. v.p. and Donald J. Kany

to v.p. & cash. of the First National Bank.

LARAMIE: George J. Forbes, chmn., Bank of Laramie, has announced the following elections: Donald L. Preston to v.p. & cash.; William J. (Bill) Kvenild to a.c. & a.t.o.; Dave Kahne, to a.c.

ROCK SPRINGS: Jay E. Haskell was elected exec. v.p. & dir. of the First Security Bank. Richard J. Bertagnolli, formerly a.c., was named cash. and Michael S. Milovich was named a.c. Also elected dir. was Wesley R. Dickerson, Provo, Utah.

SHERIDAN: Five people were promoted at the Bank of Commerce. They are: Donal C. Brayton to sr. v.p., John B. Destefano & James E. Dowling, from a.v.p.'s to v.p.'s, Roman Skatula to a.v.p., sec. & dir. and Thomas Christensen to installment loan off.

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