

View Carter's Tax Proposals

The basic thrust of President Carter's tax reform proposals may be to cut tax rates for both individual taxpayers and corporations, Dr. Beryl W. Sprinkel, executive vice president and economist of Harris Bank, Chicago, predicts.

Dr. Sprinkel and three of his associates on the Harris staff outlined the likely parameters of the President's proposals on the Harris Sound of Business monthly cassette tape program.

Dr. Sprinkel projects a net tax cut of about \$10-15 billion for individuals and \$5-7 billion for businesses. He estimates this will stem from recommendations for a drop from 70% to 50% in the maximum level of taxation on unearned income as well as a drop in the top earned income bracket from the present 50% level of taxation. Likewise, Dr. Sprinkel expects the President will push to decrease the percentage of taxation in the lowest income bracket from 14% to 10%.

In addition, the President is likely to recommend lowering the corporate rate of taxation from 48% to 45%.

When President Carter offers this tax reform package, Dr. Sprinkel also projects it may contain these elements: A curtailment of expense accounts, elimination of favorable treatment of

capital gains, balanced by a liberalization of loss writeoff regulations; Federal subsidies of 35-40% paid to cities and states



DR. B.W. SPRINKEL

that elect to issue taxable rather than non-taxable bonds; the reduction or elimination of the double taxation of dividends; an investment tax credit increase from 10-12%, probably extended to include industrial building as well as machinery, and some reduction in the amount of mortgage interest deductible from taxes.

Says Dr. Sprinkel, "I conclude that the almost certain net effect of the President's proposal will be beneficial for investment, that is, it will net balance, encourage investment even though the capital gains change does work in the opposite direction. If passed, I would expect it to provide some aid to the equity market by improving returns.

"The real question, and the uncertainty that is going to hang

with us well into 1978, is what Congress will do." Dr. Sprinkel says he fears Congress will support individual tax cuts without extending the same benefits to business.

In other discussions, Economist Dr. Robert J. Genetski pointed to the economic slowdown indicated by the performance of leading indicators. "Most of the signs seem to suggest that we are at the end of a business expansion...In my judgment, however, we're not there yet. The pause, and I think that's all it's going to be, is likely to be extremely short-lived, and before long we're going to see signs that business activity is picking up at a more rapid pace. The main reason is we've had some very rapid monetary growth that will lead to increased spending before long."

Noting the nation's continued trade deficit, Herbert E. Neil Jr., vice president and economist, comments "I think there is reason for concern. The increase in the deficit in August reflected weak exports. Weak exports, in return, reflect that some of our major trading partners' economies are not growing as rapidly and as strongly as they anticipated. Meanwhile, our imports remain quite strong because our economy is doing quite well and, of course, we continue to incur very large imports of oil."

International Economist, Dr.

TAX PROPOSALS
[turn to back page, please]

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Iowa News

BOONE: The Central Iowa Chapter of Bank Administration Institute will meet October 20 at the Imperial Inn Here. Social hour begins at 5:30 p.m. followed by dinner and the program at 7:30. Tom Hamilton, president, Hamilton & Associates, Des Moines, will speak on "Personnel."

DES MOINES: The Valley National Bank has announced it will move its main office to the five-story building which formerly housed the main office of the Iowa-Des Moines National Bank. The Valley Bank will acquire the entire half block at Sixth and Walnut from the Iowa-Des Moines National Bank in a combination purchase and lease arrangement. The building will be purchased and the site of the present Iowa-Des Moines drive-up facility will be

acquired by the assignment of a lease.

MARION: Farmers State Bank has announced the appointments of Daniel R. Costello as assistant vice president, instalment loans, and Allen D. Shedek as assistant cashier, operations. Mr. Costello was with Commercial Credit Corporation for nine years. Mr. Shedek formerly was assistant trust officer and assisted in instalment loans.

MASON CITY: United Home Bank and Trust Company has sold 3,000 shares for \$83,333 totaling \$250,000. Distribution: \$75,000 to common capital and \$175,000 to surplus. Capital now totals \$1,575,000.

VINCENT: John E. Dencklau has been promoted to cashier of the Farmers Savings Bank.

WATERLOO: Anita M. Ward has been elected auditor of the Waterloo Savings Bank.

Nebraska News

HOWELLS: Bob Ritzdorf has been elected cashier of The Howells Bank.

PILGER: Farmers National Bank has announced the appointments of Morgan D. Monroe to vice president, cashier and director; Eva

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M. Petersen to assistant cashier, and Milo Jindra to director. Mr. Monroe has been with the Fremont County Savings Bank for 25 years as vice president and director. Ms. Petersen has been with the bank 21 years. Mr. Jindra farms south of Pilger.

OMAHA: Donald R. Petersen has been named vice president and director of marketing by The Omaha National Bank. He formerly was vice president and director of marketing for Winters National Bank in Dayton, Ohio, and also worked for Continental Bank in Chicago as advertising and marketing officer.

OMAHA: THE Omaha-Council Bluffs Chapter of BAI will meet at Anthony's Restaurant Tuesday, October 18, with the social hour scheduled for 5:30 p.m., the dinner at 6:30 p.m., and the program beginning at 7:30 p.m. The speaker

Bankers Service

LOAN ACTIVITY BULLETIN

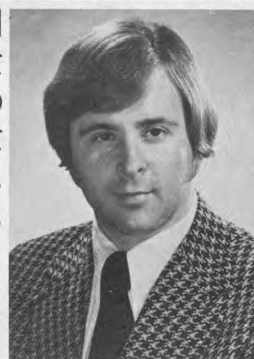
- Who:** names of all debtors in the county recorded during the period
- What:** name of secured party
- When:** the date the loan was filed with the Secretary of State
- Where:** location where loan made



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Water Revenue Bonds, Series 1977

Dated: September 1, 1977

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due June 1, 1978) payable at the office of the City Treasurer, Marshalltown, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES, IOWA FRANCHISE TAX AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

MATURITIES

	<u>5.25%</u>			<u>4.80%</u>	
\$100,000	June 1, 1978	3.50	\$170,000	June 1, 1989*	4.80
100,000	June 1, 1979	3.70		<u>4.90%</u>	
105,000	June 1, 1980	3.85	175,000	June 1, 1990*	4.90
110,000	June 1, 1981	4.00		<u>5.00%</u>	
115,000	June 1, 1982	4.10	185,000	June 1, 1991*	5.00
120,000	June 1, 1983	4.20		<u>5.10%</u>	
130,000	June 1, 1984	4.30	200,000	June 1, 1992*	5.10
135,000	June 1, 1985	4.40		<u>5.20%</u>	
145,000	June 1, 1986	4.50	210,000	June 1, 1993*	5.20
	<u>4.60%</u>		220,000	June 1, 1994*	5.30
150,000	June 1, 1987	4.60	230,000	June 1, 1995*	5.40
	<u>4.70%</u>		240,000	June 1, 1996*	5.40
160,000	June 1, 1988	4.70			

*Optional in inverse order beginning June 1, 1988 at 100%.

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Marshalltown is located in Marshall County in central Iowa about 50 miles northeast of Des Moines. The City serves as the county seat and principal trading center for the surrounding prosperous agricultural area. The major employers include: Cooper Mfg. Co. (gaskets, 200 employees); Dunham-Busch, Inc. (castings, 200 employees); Fisher Controls, Inc. (valves and regulators, 3,000 employees); Gra-Iron Foundry Corp. (castings, 190 employees); Kiowa Corp. (aluminum castings, 400 employees); Lennox Industries, Inc. (heating units, 1,000 employees); Marshalltown Trowel Co. (mechanics hand tools, power trowels, 200 employees); Marshalltown Mfg. Inc., (thermometers and gauges, 900 employees) and Swift and Co. (pork, 225 employees). There are three banks in Marshalltown with total deposits in excess of \$162,000,000. Transportation is provided by three railroads, one U. S. highway and three Iowa highways. The population of Marshalltown according to the 1970 Census was 26,219 and is presently estimated at 28,250.

These bonds are being issued under the provisions of Division V, Chapter 384, Code of Iowa, 1977, as amended, to provide the funds to pay a portion of the cost of constructing a new treatment plant, having a capacity of 10,000,000 gallons per day, construction and development of three new wells, pumps, automatic controls and considerable improvements and extensions to the distribution system. Total cost of the project exceeded \$3,900,000 of which over \$900,000 has been paid in cash from accumulated earnings of the system. In the opinion of counsel, these bonds are legal and binding obligations of Marshalltown, Iowa, payable from the future net revenues of the municipal waterworks plant and system. The system presently has about 9,917 connected customers. Rates were increased by about 30% in October, 1976, to provide better coverage for this issue. As long as any of the Bonds of this issue, or bonds ranking on a parity therewith are outstanding and unpaid, the rates or charges to consumers of services of the Utility shall be sufficient in each year for the payment of the proper and reasonable expenses of operation and maintenance of the Utility and for the payment of principal and interest on the Bonds and Parity Bonds as the same fall due and to provide for the creation of reserves.

EARNINGS

	*Pro-forma 6-30-77	Year 6-30-77	Year 6-30-76
Gross revenues	\$1,029,019	937,669	794,694
Expenses	613,376	613,376	522,289
Net revenues	<u>\$ 415,643</u>	<u>324,293</u>	<u>272,405</u>

*As if New rates had been in effect for full year

COVERAGES

(Based on 1977 pro-forma net revenues)

Average debt service	\$251,847	Maximum debt service	\$275,000
Coverage of average	1.65X	Coverage of maximum	1.62X

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will be Mrs. Betty Crow, vice president-commercial loans, Commerce Bank of Kansas City, whose topic will be "Women in Banking." About 100 members from the seven county chapter area plan to attend.

Minnesota News

BLOOMING PRAIRIE: Kenneth Trom has joined the First National Bank as vice president and agricultural representative. He formerly was branch manager of Production Credit Association heading the Austin and Mower County Area.

DULUTH: Funeral services were held recently for John C. (Jack) Buckley, 77. He was a retired vice president of Northern City National Bank here and has been in banking for 39 years.

Illinois News

DEERFIELD: Deerbrook State Bank has announced the election of Alfred L. Neises as vice president and assistant trust officer.

North Dakota News

The North Dakota Bankers Association 1977 Fall Group Meetings will begin next week. The main discussion will revolve around a five member panel consisting of a representative from the regional comptroller's office, the regional FDIC office, the State Department of Banking and Financial Institutions, a state banker, and a national banker. They will talk

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about bank examinations, particularly with regard to Equal Credit Opportunity and Truth-In-Lending. All meetings will begin at 3 p.m. Following is the schedule:

Tuesday, Oct. 25, Southeast Group, Ramada Inn, Jamestown.

Wednesday, Oct. 26, Southwest Group, Crown Room, First National Bank & Trust Co., Dickinson. Social and dinner at the Ramada Inn.

Thursday, Oct. 27, Northwest Group, Four Bears Motor Lodge, New Town.

Friday, Oct. 28, Northeast Group, Art Clare Motel, Devils Lake.

PIERRE: James H. Kelly is the new president and chief executive officer of the new American State Bank. Dan Heupel, formerly named bank executive, has been elected president emeritus. Mr. Kelly was with the Wachter Real Estate Trust in Bismarck. He has 20 years of financial experience.

Colorado News

DENVER: Frank Gardiner has joined the Metro National Bank as vice president of commercial loans. He formerly was a vice president in First National's commercial loan department.

Wyoming News

HANNA: The First Wyoming Bank has announced the promotions of Michael D. Hogg to executive vice president and chief executive officer and Robert D. Morrison to cashier.

JACKSON: The Board of the Federal Reserve System has announced its denial of the application of Jackson Hole Banking Corporation to become a bank holding company by acquiring The Jackson State Bank.

South Dakota News

CANTON: Roger D. McKellips of Alcester has sold controlling interest in the First American Bank to Nathaniel (Andy) Anderson, B. Michael Broderick, Jr., James Deinema, Bruce Farus, Manfred Hill and Victor Pavlenko, all of Canton. Mr. McKellips retained an interest and will continue as a director. Mike Broderick will continue as president and chief executive officer, and no change in staff is expected.

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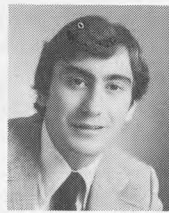
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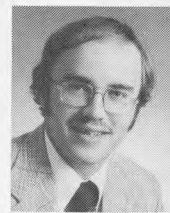
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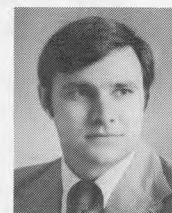
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TAX PROPOSALS

[Continued from page 1]

Donald S. Kemp, countered by noting, "We have been seeing large capital inflows in this country during the first half of the year. It is entirely possible that any negative aggregate demand effects have been offset by capital inflows. It can be very misleading, and in this case it is misleading, to put so much emphasis on just the balance of trade accounts."

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LOAN OFFICER—Rural Mo. bank of \$13MM. Diversified lending background necessary (Inst., R.E., Ag & Comm). Could lead to #2 spot. \$15,000

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