

Reported Recommending.....
Ind. Postponed.....
Passed House.....
Failed to Pass House.....
Passed Senate.....
Failed to Pass Senate.....

House File 215

February 3, 1943.
Passed on File.

By COMMITTEE ON BANKS AND BANKING.

A BILL FOR

An Act to repeal Section Nine Thousand one hundred Seventy-six (9176), Code, 1939, and to amend Section nine thousand one hundred seventy-seven (9177), Code, 1939, to place savings banks and trust companies on a parity with state banks and national banks with respect to receiving deposits.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section Nine thousand one hundred
2 Seventy-six (9176), Code, 1939, is hereby repealed.

1 Sec. 2. Section Nine thousand one hundred
2 Seventy-seven (9177), Code, 1939, is amended by striking
3 the words "so received" in line one (1) of said section,
4 and further by striking the word "such" in line two (2)
5 of said section and inserting in lieu thereof the word
6 "the".

1 Sec. 3. This act being deemed of immediate importance,
2 shall be in full force and effect from and after its publication
3 in the Fairfield Daily Ledger, a newspaper published
4 at Fairfield, Iowa, and in
5 The Burlington Hawkeye Gazette, a newspaper published

EXPLANATION OF H. F. 215

Explanation of the proposed amendment to Section 9176:

State banks incorporated under Chapter 414 have never been restricted as to the amount of deposits they could receive in relation in their capital and surplus. Neither has there ever been such a restriction on national banks, but Section 9176 being a part of Chapter 413, under which savings banks and trust companies are incorporated, provides:

“Any savings bank organized under this Chapter may receive on deposit money equal to twenty (20) times the aggregate amount of its paid-up capital and surplus, and no greater amount of deposits shall be received without a corresponding increase of the aggregate paid-up capital and surplus, which capital and surplus shall be a guarantee fund for the better security of deposits, and invested in safe and available securities.”

With the rapidly rising deposits in all banks we find the savings banks organized under this chapter at a disadvantage. During 1942, the capital and surplus of all Iowa chartered banks increased \$2,382,475, while deposits in these same 544 Iowa chartered banks increased \$148,051,179 to an all time high of \$699,580,884. The capital and surplus increased 6 per cent while deposits increased 30.37 per cent. The deposit increase was over 68 times the increase in capital and surplus. There is every reason to believe this trend will continue.

This section was evidently originally intended to add a special safeguard to “savings deposits” but today our savings banks are doing a commercial business giving identically the same services as the state banks and national banks. The Department has no difficulty in supervising the activities of state banks which do not have this restriction and should have none with the restriction withdrawn as to savings banks.

Explanation of the proposed amendment to Section 9177:

The repeal of Section 9176 automatically demands the slight amendment recommended in Section 9177 as it refers to language in Section 9176.

This bill has the approval of the State Banking Board.