Public Law 93-100

August 16, 1973
[H. R. 6370]

AN ACT

To extend certain laws relating to the payment of interest on time and savings deposits, to prohibit depository institutions from permitting negotiable orders of withdrawal to be made with respect to any deposit or account on which any interest or dividend is paid, to authorize Federal savings and loan associations and national banks to own stock in and invest in loans to certain State housing corporations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Financial institutions.
Regulation.

EXTENSION OF AUTHORITY FOR THE FLEXIBLE REGULATION OF INTEREST RATES ON DEPOSITS AND SHARE ACCOUNTS IN FINANCIAL INSTITUTIONS

SECTION 1. Section 7 of the Act of September 21, 1966 (Public Law 89–597), is amended by striking out "August 1, 1973" and inserting in lieu thereof "December 31, 1974".

Ante, p. 147.

PROHIBITION ON CERTAIN ACTIVITIES BY DEPOSITORY INSTITUTIONS

SEC. 2. (a) No depository institution shall allow the owner of a deposit or account on which interest or dividends are paid to make withdrawals by negotiable or transferable instruments for the purpose of making transfers to third parties, except that such withdrawals may be made in the States of Massachusetts and New Hampshire.

"Depository institution."

(b) For purposes of this section, the term "depository institution" means—

(1) any insured bank as defined in section 3 of the Federal Deposit Insurance Act;

64 Stat. 873; 80 Stat. 1046. 12 USC 1813.

(2) any State bank as defined in section 3 of the Federal Deposit Insurance Act;

(3) any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act;

(4) any savings bank as defined in section 3 of the Federal Deposit Insurance Act;

(5) any insured institution as defined in section 401 of the National Housing Act; and

48 Stat. 1255; 83 Stat. 375. 12 USC 1724.

(6) any building and loan association or savings and loan association organized and operated according to the laws of the State in which it is chartered or organized; and, for purposes of this paragraph, the term "State" means any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands.

"State".

Penalty.

(c) Any depository institution which violates this section shall be fined $1,000 for each violation.

EXTENSION OF AUTHORITY OF FEDERAL DEPOSIT INSURANCE CORPORATION OVER INTEREST RATES PAID ON DEPOSITS BY NONINSURED BANKS

SEC. 3. Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by—

64 Stat. 893; 83 Stat. 372, 374.

(1) inserting in the second sentence thereof "or dividends" immediately after "the payment and advertisement of interest"; and

(2) striking out in the tenth sentence thereof "(1)", and by further striking out in such sentence ", and (2) there does not exist under the laws of such State a bank supervisory agency with authority comparable to that conferred by this subsection,

including specifically the authority to regulate the rates of interest and dividends paid by such noninsured banks on time and savings deposits, or if such agency exists it has not issued regulations in the exercise of that authority".

CONVERSION OF MUTUAL SAVINGS AND LOAN ASSOCIATIONS INTO STOCK ORGANIZATIONS

SEC. 4. Section 402 of the National Housing Act (12 U.S.C. 1725) is amended by adding at the end thereof the following new subsection: 48 Stat. 1256; 74 Stat. 200.

"(j)(1) Except as provided in paragraph (2), until June 30, 1974, the Corporation shall not approve, under regulations adopted pursuant to this title or section 5 of the Home Owners' Loan Act of 1933, by *Infra.* order or otherwise, a conversion from the mutual to the stock form of organization involving or to involve an insured institution, including approval of any application for such conversion pending on the date of enactment of this subsection, except that this sentence shall not be deemed to limit now or hereafter the authority of the Corporation to approve conversions in supervisory cases. The Corporation may by rule, regulation, or otherwise and under such civil penalties (which shall be cumulative to any other remedies) as it may prescribe take whatever action it deems necessary or appropriate to implement or enforce this subsection.

"(2) After December 31, 1973, the Corporation may approve any study application filed prior to May 22, 1973, pursuant to regulations in effect and adopted pursuant to this title or section 5 of the Home Owners' Loan Act of 1933."

AUTHORITY FOR FEDERAL SAVINGS AND LOAN INSTITUTIONS AND NATIONAL BANKS TO INVEST IN STATE HOUSING CORPORATIONS

SEC. 5. (a) The Congress finds that Federal savings and loan associations and national banks should have the authority to assist in financing the organization and operation of any State housing corporation established under the laws of the State in which the corporation will carry on its operations. It is the purpose of this section to provide a means whereby private financial institutions can assist in providing housing, particularly for families of low- or moderate-income, by purchasing stock of and investing in loans to any such State housing corporation situated in the particular State in which the Federal savings and loan association or national bank involved is located.

(b) Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by adding at the end thereof the following new paragraph: 48 Stat. 132; 86 Stat. 270.

"Subject to regulation by the Board but without regard to any other provisions of this subsection, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest in, to lend to, or to commit itself to lend to any State housing corporation incorporated in the State in which the home office of such association is situated, in the same manner and to the same extent as the statutes of such State authorize a savings and loan association organized under the laws of such State to invest in, to lend to, or commit itself to lend to such State housing corporation, but loans and loan commitments under this sentence shall be subject to appropriate limitations prescribed by the Board, and no association may make any investment, other than loans and loan commitments, under this sentence if its

aggregate outstanding direct investment under this sentence, determined as prescribed by the Board, would thereupon exceed one-fourth of 1 per centum of its assets."

(c) Paragraph seventh of section 5136 of the Revised Statutes (12 U.S.C. 24) is amended by adding at the end thereof the following: "Notwithstanding any other provision of this paragraph, the association may purchase for its own account shares of stock issued by any State housing corporation incorporated in the State in which the association is located and may make investments in loans and commitments for loans to any such corporation: *Provided*, That in no event shall the total amount of such stock held for its own account and such investments in loans and commitments made by the association exceed at any time 5 per centum of its capital stock actually paid in and unimpared plus 5 per centum of its unimpaired surplus fund."

Federal supervision.

(d) (1) The Federal Savings and Loan Insurance Corporation with respect to insured institutions, the Board of Governors of the Federal Reserve System with respect to State member insured banks, and the Federal Deposit Insurance Corporation with respect to State nonmember insured banks shall by appropriate rule, regulation, order, or otherwise regulate investment in State housing corporations.

Information, availability.

(2) A State housing corporation in which financial institutions invest under the authority of this section shall make available to the appropriate Federal supervisory agency referred to in paragraph (1) such information as may be necessary to insure that investments are properly made in accordance with this section.

Definitions.

(e) For the purposes of this section and any Act amended by this section—

48 Stat. 1255. 12 USC 1724.

(1) The term "insured institution" has the same meaning as in secton 401(a) of the National Housing Act.

64 Stat. 873. 12 USC 1811 note.

(2) The terms "State member insured banks" and "State nonmember insured banks" have the same meaning as when used in the Federal Deposit Insurance Act.

(3) The term "State housing corporation" means a corporation established by a State for the limited purpose of providing housing and incidental services, particularly for families of low or moderate income.

(4) The term "State" means any State, the District of Columbia, Guam, the Commonwealth of Puerto Rico, and the Virgin Islands.

PREMIUM PAYMENTS BY INSURED SAVINGS AND LOAN ASSOCIATIONS TO THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

SEC. 6. The text of section 404 of the National Housing Act (12 U.S.C. 1727) is amended to read as follows:

75 Stat. 483; 79 Stat. 508.

"SEC. 404. (a)(1) The Corporation shall establish a primary reserve which shall be the general reserve of the Corporation and a secondary reserve to which shall be credited the amounts of the prepayments made by insured institutions pursuant to former provisions of subsection (d) and the credits made pursuant to the first sentence of subsection (e).

Primary reserves, establishment.

Rules and regulations.

"(2) The Corporation may accomplish the purposes and provisions of this section by rules, regulations, orders, or otherwise as it may consider necessary or appropriate.

"(b)(1) Each institution whose application for insurance is approved by the Corporation shall pay to the Corporation, in such manner as it shall prescribe, a premium for such insurance equal to one-twelfth of 1 per centum of the total amount of all accounts of the insured members of such institution. Such premium shall be paid at

the time the certificate is issued by the Corporation under section 403, and thereafter annually, except that under regulations prescribed by the Corporation such premium may be paid semiannually.

"(2) If, at the close of any December 31, the primary reserve equals or exceeds 2 per centum of the total amount of all accounts of insured members of all insured institutions as of such close, no premium under paragraph (1) of this subsection shall be payable by any insured institution with respect to its premium year beginning during the year commencing on May 1 next succeeding such December 31, except that the foregoing provisions of this sentence shall not be applicable to any insured institution with respect to any of the twenty premium years beginning with the premium year commencing with the date on which such certificate is issued.

Assessments.

"(c) The Corporation is further authorized to assess against each insured institution additional premiums for insurance until the amount of such premiums equals the amount of all losses and expenses of the Corporation; except that the total amount so assessed in any one year against any such institution shall not exceed one-eighth of 1 per centum of the total amount of the accounts of its insured members.

Prepayments, prohibition.

"(d)(1) The Corporation shall not, on or after the date of enactment of this sentence, accept or receive further payments in the nature of prepayments of future premiums as was formerly required by this subsection (including any such payments which have accrued or are payable under such former provisions). When no insured institution has any pro rata share of the secondary reserve, other than any such share immediately payable to it, the Corporation may take such steps as it may deem appropriate to close out and discontinue the secondary reserve.

Payment adjustments.

"(2) The Corporation may provide for the adjustment of payments made under former provisions of this subsection or made or to be made under subsections (b) and (c) of this section in cases of merger or consolidation, transfer of bulk assets or assumption of liabilities, and similar transactions, as defined by the Corporation for the purposes of this paragraph.

"(e) The Corporation shall credit to the secondary reserve, as of the close of each calendar year a return on the outstanding balances of the secondary reserve, during such calendar year, as determined by the Corporation, at a rate equal to the average annual rate of return to the Corporation during the year ending at the close of November 30 of such calendar year, as determined by the Corporation, on the investments held by the Corporation in obligations of, or guaranteed as to principal and interest by, the United States. Except as provided in subsections (f) and (g), the secondary reserve shall be available to the Corporation only for losses of the Corporation and shall be so available only to such extent as other accounts of the Corporation which are available therefor are insufficient for such losses. No right, title, or interest of any institution in or with respect to its pro rata share of the secondary reserve shall be assignable or transferable whether by operation of law or otherwise, except to such extent as the Corporation may provide for transfer of such pro rata share in cases of merger or consolidation, transfer of bulk assets or assumption of liabilities, and similar transactions, as defined by the Corporation for purposes of this sentence.

"(f) If (i) the status of an insured institution as an insured institution is terminated pursuant to any provision of section 407 or the insurance of accounts of an insured institution is otherwise terminated, (ii) a conservator, receiver, or other legal custodian is appointed for

an insured institution under the circumstances and for the purpose set forth in subsection (d) of section 401, or (iii) the Corporation makes a determination that for the purposes of this subsection an insured institution has gone into liquidation, the Corporation shall pay in cash to such institution its pro rata share of the secondary reserve, in accordance with such terms and conditions as the Corporation may prescribe, or, at the option of the Corporation, the Corporation may apply the whole or any part of the amount which would otherwise be paid in cash toward the payment of any indebtedness or obligation, whether matured or not, of such institution to the Corporation, then existing or arising before such payment in cash: *Provided*, That such payment or such application need not be made to the extent that the provisions of the exception in the last sentence of subsection (e) are applicable.

"(g) If, at the close of December 31 in any year after 1971, the aggregate of the primary reserve and the secondary reserve equals or exceeds 1¼ per centum of the total amount of all accounts of insured members of all insured institutions but the primary reserve does not equal or exceed 2 per centum of such base, each insured institution's pro rata share of the secondary reserve shall, during the year beginning with May 1 next succeeding such close, be used, to the extent available, to discharge such institution's obligation for its premium under subsection (b) for the premium year beginning in such year, but only to the extent of such percentage, to be the same for all insured institutions and to be not less than 30 nor more than 70 per centum of such premium, as the Corporation may determine; and the use of such pro rata shares as provided in this sentence shall continue unless and until the next sentence or the last sentence of this subsection shall become operative. If, at the close of any December 31 occurring before the last sentence of this subsection shall become operative, the aggregate of the primary reserve and the secondary reserve is not at least equal to 1¼ per centum of the total amount of all accounts of insured members of all insured institutions, the use of any insured institution's pro rata share of the secondary reserve under the first sentence of this subsection shall terminate with respect to its premium under subsection (b) for the premium year beginning during the calendar year commencing on May 1 next succeeding such December 31, and such termination shall continue unless and until the first sentence of this subsection shall become operative. If, at the close of any December 31, the primary reserve equals or exceeds such 2 per centum, the Corporation shall, at such time (which shall be the same for all insured institutions and shall not be later than May 1 next succeeding such close) and in such manner as the Corporation shall determine, pay in cash to each insured institution its pro rata share of the secondary reserve.

Deposit calls.

"(h)(1) Each insured institution shall make such deposits in the Corporation as may from time to time be required by call of the Federal Home Loan Bank Board. Any such call shall be calculated by applying a specified percentage, which shall be the same for all insured institutions, to the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in each insured institution. No such call shall be made unless such Board determines that the total amount of such call, plus the outstanding deposits previously made pursuant to such calls, does not exceed 1 per centum of the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in all insured institutions. For the purposes of this subsection, the total amounts hereinabove referred to shall be determined or estimated by such Board or in such manner as it may prescribe.

"(2) The Corporation shall credit as of the close of each calendar year, to each deposit outstanding at such close, a return on the outstanding balance, as determined by the Corporation, of such deposit during such calendar year, at a rate equal to the average annual rate of return, as determined by the Corporation, to the Corporation during the year ending at the close of November 30 of such calendar year, on the investments held by the Corporation in obligations of, or guaranteed as to principal and interest by, the United States. Deposit credits.

"(3) The Corporation in its discretion may at any time repay all such deposits, or repay pro rata a portion of each of such deposits, in such manner and under such procedure as the Corporation may prescribe. Any procedure for such pro rata repayment may provide for total repayment of any deposit, if total repayment of any and all deposits of equal or smaller amount is likewise provided for. Repayment.

"(4) The provisions of subsection (f) of this section and of the last sentence of subsection (e) of this section shall be applicable to deposits under this subsection, and for the purposes of this subsection the references in such subsection (f) and such last sentence to the prepayments and the pro rata shares therein mentioned shall be deemed instead to be references respectively to the deposits under this subsection and the pro rata shares of the holders thereof, and the reference in such subsection (f) to that subsection shall be deemed instead to be a reference to this subsection."

STATE TAXATION OF FEDERALLY INSURED FINANCIAL INSTITUTIONS

SEC. 7. (a) This section may be cited as the "State Taxation of Depositories Act". Citation of title.

(b) The Congress finds that the national goals of fostering an efficient banking system and the free flow of commerce among the States will be furthered by clarifying the principles governing State taxation of interstate transactions of banks and other depositories. Application of taxes measured by income or receipts, or other "doing business" taxes, in States other than the States in which depositories have their principal offices should be deferred until such time as uniform and equitable methods are developed for determining jurisdiction to tax and for dividing the tax base among States.

(c) With respect to any taxable year or other taxable period beginning on or after the date of enactment of this section and before January 1, 1976, no State or political subdivision thereof may impose any tax measured by income or receipts or any other "doing business" tax on any insured depository not having its principal office within such State.

(d) For the purpose of this section— Definitions.

(1) The term "insured depository" means any bank the deposits of which are insured under the Federal Deposit Insurance Act, any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, or any thrift and home financing institution which is a member of a Federal home loan bank.

(2) The term "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(e) (1) The Advisory Commission on Intergovernmental Relations shall make a study of all pertinent matters relating to the application of State "doing business" taxes on out-of-State commercial banks, mutual savings banks, and savings and loan associations. Such study shall include recommendations for legislation which will provide equitable State taxation of out-of-State commercial banks, mutual

savings banks, and savings and loan associations. Such recommendations shall include, but shall not be limited to, the matter of the proper allocation, apportionment, or other division of tax bases and such other matters relating to the question of multistate taxation of commercial banks, mutual savings banks, and savings and loan associations as the Commission shall determine to be pertinent. In conducting the study, the Commission shall consult with the Secretary of the Treasury, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, appropriate State banking and taxing authorities, and others as needed.

Report to Congress.

(2) The Commission shall make a report to the Congress of the results of its study and recommendations not later than December 31, 1974.

Appropriation.

(3) There are authorized to be appropriated to the Commission such sums as may be necessary to carry out the provisions of this subsection.

Effective date.

SEC. 8. The provisions of this Act shall take effect on the thirtieth day after the date of its enactment, except that the amendments made by sections 1 and 5 shall take effect on the date of enactment of this Act.

Approved August 16, 1973.

Public Law 93-101

August 16, 1973
[H. R. 3630]

AN ACT

To extend until September 30, 1975, the suspension of duty on certain dyeing and tanning products and to include logwood among such products.

Dyeing and tanning products. Duty suspension, extension. 77A Stat. 443; 84 Stat. 830.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That item 907.80 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended—

(1) by striking out "Canaigre," and inserting in lieu thereof "Logwood, canaigre,";

(2) by inserting "470.15," immediately before "470.23,"; and

(3) by striking out "9/30/72" and inserting in lieu thereof "9/30/75".

Effective date.

SEC. 2. (a) The amendments made by the first section of this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of the enactment of this Act.

(b) Upon request therefor filed with the customs officer concerned on or before the sixtieth day after the date of the enactment of this Act, the entry or withdrawal of any article—

(1) which was made after September 30, 1972, and before the date of the enactment of this Act, and

(2) with respect to which there would have been no duty if the amendments made by the first section of this Act applied to such entry or withdrawal,

shall, notwithstanding the provisions of section 514 of the Tariff Act of 1930 or any other provision of law, be liquidated or reliquidated as though such entry or withdrawal had been made on the date of the enactment of this Act.

84 Stat. 284. 19 USC 1514.

Approved August 16, 1973.