

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

House File 157

January 30, 1947.
Banks and Banking.

By SLOANE, HEDIN, OLSON.

A BILL FOR

An Act to permit banks to remain closed on any one business day of each week of the year upon approval by the superintendent of banking and the state banking board.

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

1 Section 1. Any banks desiring to do so, may remain
2 closed on any one business day of each week during each year,
3 upon approval of and under certain uniform rules prescribed
4 by the superintendent of banking and the state banking board,
5 and upon the adoption of a resolution to such effect by a
6 majority vote of the board of directors. Any such day shall,
7 with respect to any such bank which shall remain closed thereon
8 in accordance with the provisions of this act, constitute a
9 holiday within the meaning of such terms
10 for all purposes within the meaning of Chapter
11 five hundred forty-one (541), Code 1946, entitled "Negotiable
12 Instruments Law"; and any act which would otherwise be
13 required, authorized, or permitted to be performed on such
14 day by any such bank, if such day were not a holiday, shall
15 be or may be so performed on the next succeeding business day,
16 and no liability or loss of rights of any kind shall result

17 from such delay.

1 Sec. 2. The provisions of section five hundred forty-one
 2 point eighty-five (541.85), Code 1946, are extended to
 3 include, so far as applicable, any special closing day
 4 authorized for a bank or banks, as provided in section one
 5 (1) hereof. .

1 Sec. 3. This Act being deemed of immediate importance
 2 shall be in full force and effect after publication in the
 3 Plain Talk, a newspaper published at
 4 Des Moines, Iowa, and the Union-Republican,
 5 a newspaper published at Albia, Iowa.

EXPLANATION OF H. F. 157

The current trend throughout the nation in all lines of business is toward a five-day week. Banking throughout the country is feeling more and more the effect of that trend. Banking being a quasi-public business, however, unlike the many other industries, cannot join in that trend without "permissive" legislation to do so and that is the purpose of this bill. A recent poll of the Iowa bankers shows an overwhelming majority in favor of such "permissive" legislation to close some one day of the week. This bill has, therefore, been drawn as a "permissive" bill and not a mandatory one.

The custom of banks closing some one day of the week began in the east prior to World War II. Saturday seemed to be the more favorable day there because it gave a longer weekend to employees. The summer Saturday closing for New Jersey banks actually began well before the war; since the close of the war, various states have been giving it their serious consideration. Approximately a year ago the New York General Assembly enacted a measure that permitted New York banks throughout the state to close for the four summer months of June to September inclusive. So satisfactory it seemed to all that there is now a bill before the New York General Assembly at this time to extend the closing for one day to the New York banks to one day a week throughout the year. Congress passed a mandatory act effective July 13, 1946, authorizing all banks in the District of Columbia to close; the New Jersey legislature has enacted a mandatory act covering five summer months. A bill is being presented to make it year-around. The Governor of Connecticut, by proclamation, made it mandatory for Connecticut banks to close during the three summer months of 1946. So favorably did it work both in industrial and agricultural communities that legislation is reported to be before the Connecticut General Assembly to permit such year-around closing to the Connecticut banks. California has a permissive law. Bills are also already being submitted to the General Assemblies in Georgia, Oklahoma and Wisconsin granting permission to banks to close, if they desire, some one day of the week.

In many other states from coast to coast, banks that do not have permissive legislation are now giving consideration to submitting bills to their General Assemblies that are meeting this winter.

The attached measure would permit Iowa banks to close some one day of each week throughout the year if they so desire, and providing they at first obtain approval of the state superintendent of banking and the state banking board and further providing that the bank's own board of directors, by a majority vote, approves of closing the bank for such one business day in the week. This bill is substantially taken from the present New York law. The last six lines of Section 1 of the bill are taken substantially from the District of Columbia and the Massachusetts laws. Those laws make closing mandatory, whereas in Iowa this bill would merely make the closing "per-

missive." Iowa banks do not want mandatory legislation; they only want "permissive" legislation. It is barely possible that there will be many rural banks that will never use the act, while there will be banks in the larger cities of the state where the custom prevails for other lines of businesses to close some one day of the week, that will make general use of this "permissive" measure when enacted.