

project for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would normally be marketed is in excess of the normal supply as defined in section 301(b)(10) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security.

SEC. 6. There is hereby authorized to be appropriated for the construction of the Tualatin project the sum of \$20,900,000 (January 1965 prices) plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to the types of construction involved therein, and, in addition thereto, such sums as may be required to operate and maintain said project.

Approved September 20, 1966.

63 Stat. 1051.
7 USC 1471
note.

62 Stat. 1251.
7 USC 1301.

Appropriation.

Public Law 89-597

AN ACT

September 21, 1966
[H. R. 14026]

To provide for the more flexible regulation of maximum rates of interest or dividends payable by banks and certain other financial institutions on deposits or share accounts, to authorize higher reserve requirements on time deposits at member banks, to authorize open market operations in agency issues by the Federal Reserve banks, and for other purposes.

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

SECTION 1. The Secretary of the Treasury, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, in implementation of their respective powers under existing law and this Act, shall take action to bring about the reduction of interest rates to the maximum extent feasible in the light of prevailing money market and general economic conditions.

Banks.
Interest rates,
controls.

RESERVES AND RATE CEILINGS—MEMBER BANKS

SEC. 2. (a) Section 19 of the Federal Reserve Act is amended by striking the first six paragraphs (12 U.S.C. 461, 462, and 462b) and inserting:

40 Stat. 239.

“(a) The Board is authorized for the purposes of this section to define the terms used in this section, to determine what shall be deemed a payment of interest, and to prescribe such regulations as it may deem necessary to effectuate the purposes of this section and to prevent evasions thereof.

“(b) Every member bank shall maintain reserves against its deposits in such ratios as shall be determined by the affirmative vote of not less than four members of the Board within the following limitations:

“(1) In the case of any member bank in a reserve city, the minimum reserve ratio for any demand deposit shall be not less than 10 per centum and not more than 22 per centum, except that the Board, either in individual cases or by regulation, on such basis as it may deem reasonable and appropriate in view of the character of business transacted by such bank, may make applicable the reserve ratios prescribed for banks not in reserve cities.

“(2) In the case of any member bank not in a reserve city, the

minimum reserve ratio for any demand deposit shall be not less than 7 per centum and not more than 14 per centum.

“(3) In the case of any deposit other than a demand deposit, the minimum reserve ratio shall be not less than 3 per centum and not more than 10 per centum.

“(c) Reserves held by any member bank to meet the requirements imposed pursuant to subsection (b) of this section shall be in the form of—

“(1) balances maintained for such purpose by such bank in the Federal Reserve bank of which it is a member, and

“(2) the currency and coin held by such bank, or such part thereof as the Board may by regulation prescribe.”

(b) The paragraphs which, prior to the amendments made by this Act, were the seventh (12 U.S.C. 374a), eighth (12 U.S.C. 374, 463), ninth (12 U.S.C. 464), tenth (12 U.S.C. 465), eleventh (12 U.S.C. 466), twelfth (12 U.S.C. 371a), and thirteenth (12 U.S.C. 371b) paragraphs of section 19 of the Federal Reserve Act are respectively redesignated as subsections (d), (e), (f), (g), (h), (i), and (j) of that section.

(c) Such section is further amended by striking the first sentence of subsection (j) as redesignated (12 U.S.C. 371) and inserting: “The Board may from time to time, after consulting with the Board of Directors of the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board, limit by regulation the rates of interest which may be paid by member banks on time and savings deposits. The Board may prescribe different rate limitations for different classes of deposits, for deposits of different amounts or with different maturities or subject to different conditions regarding withdrawal or repayment, according to the nature or location of member banks or their depositors, or according to such other reasonable bases as the Board may deem desirable in the public interest.”

(d) The last paragraph of such section (12 U.S.C. 462a-1) and the proviso in section 8 of the Second Liberty Bond Act (31 U.S.C. 771) are repealed.

49 Stat. 715;
12 USC 371b.

Repeal.
49 Stat. 715.
40 Stat. 504.

RATE CEILINGS—INSURED NONMEMBER BANKS

SEC. 3. The second and third sentences of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) are amended to read as follows: “The Board of Directors may from time to time, after consulting with the Board of Governors of the Federal Reserve System and the Federal Home Loan Bank Board, limit by regulation the rates of interest or dividends that may be paid by insured nonmember banks (including insured mutual savings banks) on time and savings deposits. The Board of Directors may prescribe different rate limitations for different classes of deposits, for deposits of different amounts or with different maturities or subject to different conditions regarding withdrawal or repayment, according to the nature or location of insured nonmember banks or their depositors, or according to such other reasonable bases as the Board of Directors may deem desirable in the public interest.”

64 Stat. 893.

RATE CEILINGS—SAVINGS AND LOAN ASSOCIATIONS

SEC. 4. The Federal Home Loan Bank Act is amended by adding after section 5A thereof (12 U.S.C. 1425a) the following new section:

“SEC. 5B. The Board may from time to time, after consulting with the Board of Governors of the Federal Reserve System and the Board of Directors of the Federal Deposit Insurance Corporation, limit by

64 Stat. 257.

regulation the rates of interest or dividends on deposits, shares, or withdrawable accounts that may be paid by members, other than those the deposits of which are insured in accordance with the provisions of the Federal Deposit Insurance Act, and by institutions which are insured institutions as defined in section 401(a) of the National Housing Act. The Board may prescribe different rate limitations for different classes of deposits, shares, or withdrawable accounts, for deposits, shares, or withdrawable accounts of different amounts or with different maturities or subject to different conditions regarding withdrawal or repayment, according to the nature or location of such members or institutions or their depositors, shareholders, or withdrawable accountholders, or according to such other reasonable bases as the Board may deem desirable in the public interest."

64 Stat. 873.
12 USC 1811
note.
48 Stat. 1255.
12 USC 1724.

OUTSTANDING RATE REGULATIONS

SEC. 5. Any regulation prescribed by the Board of Governors of the Federal Reserve System or the Board of Directors of the Federal Deposit Insurance Corporation with respect to the payment of deposits and interest thereon by members banks or insured nonmember banks which is in effect when this Act is enacted shall continue in effect unless and until it is modified or rescinded after consultation with the Board of Directors or the Board of Governors, as the case may be, and the Federal Home Loan Bank Board.

OPEN MARKET OPERATIONS

SEC. 6. Section 14(b) of the Federal Reserve Act (12 U.S.C. 355) is amended by inserting "(1)" immediately after "(b)" and by adding the following new paragraph at the end:

38 Stat. 265.

"(2) To buy and sell in the open market, under the direction and regulations of the Federal Open Market Committee, any obligation which is a direct obligation of, or fully guaranteed as to principal and interest by, any agency of the United States."

SEC. 7. The provisions of the preceding sections of this Act shall be effective only during the one-year period which begins on the date of enactment of this Act. Upon the expiration of such period, each provision of law amended by this Act is further amended to read as it did immediately prior to the enactment of this Act.

Approved September 21, 1966.

Public Law 89-598

AN ACT

Relating to the composition of the District of Columbia Court of General Sessions.

September 21, 1966
[S. 2263]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 11-902 (a) of the District of Columbia Code is amended by striking out "fifteen" and inserting in lieu thereof "twenty".

D.C.
Judges.
77 Stat. 487.

Approved September 21, 1966.