

# Document Summary

George E. Barnett — *State Banks and Trust Companies*  
*Since the Passage of the National-Bank Act*

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# Chapter 1

## Minimum Capital Required for State Bank Incorporation in 1911 by Class Groupings

### 1.1 No Minimum/Business Incorporation States

Of the states that allow incorporation of a state bank under general laws, 4 had no minimum capital requirements (*listed below*). In these states, banks are incorporated under “business incorporation law”, and the amount of capital required is left to the incorporating bank’s discretion.

1. Arizona
2. Arkansas
3. South Carolina
4. Tennessee

### 1.2 Class 1 States/Uniform Requirements

In some states, the minimum capital requirement is the same for all banks, regardless of location or size of business:

1. Georgia: \$15,000/\$25,000. While the minimum requirement is nominally \$25,000, there was no system in 1911 for demanding more than \$15,000.
2. Indiana: \$25,000.

3. Montana: \$20,000.
4. New Jersey: \$50,000.
5. New Mexico: \$30,000.
6. Ohio: \$25,000.
7. Virginia: \$10,000.
8. West Virginia: \$25,000.

### 1.3 Class 2 States/Population Grading

In some states, the minimum capital requirement varies with the population of the town/city in which the bank is located:

1. Alabama:
 

<2,500 Inhabitants	\$15,000
2,500+ Inhabitants	\$25,000
2. Colorado:
 

<5,000 Inhabitants	\$15,000
5,000–10,000 Inhabitants	\$25,000
10,000+ Inhabitants	\$30,000
3. Florida:
 

<3,000 Inhabitants	\$15,000
3,000–6,000 Inhabitants	\$25,000
6,000+ Inhabitants	\$50,000
4. Idaho:
 

<2,000 Inhabitants	\$10,000
2,000–3,000 Inhabitants	\$20,000
3,000–5,000 Inhabitants	\$25,000
5,000–10,000 Inhabitants	\$30,000
10,000–25,000 Inhabitants	\$50,000
25,000+ Inhabitants	\$100,000
5. Iowa:
 

<3,000 Inhabitants	\$25,000
3,000+ Inhabitants	\$50,000
6. Illinois:
 

<5,000 Inhabitants	\$25,000
5,000–10,000 Inhabitants	\$50,000
10,000–50,000 Inhabitants	\$100,000
50,000+ Inhabitants	\$200,000

7. Kentucky:

<50,000 Inhabitants	\$15,000
50,000+ Inhabitants	\$100,000

8. Louisiana:

<2,500 Inhabitants	\$10,000
2,500–10,000 Inhabitants	\$30,000
10,000–20,000 Inhabitants	\$50,000
20,000+ Inhabitants	\$100,000

9. Maryland:

<1,500 Inhabitants	\$10,000
1,500–3,500 Inhabitants	\$20,000
3,500–5,000 Inhabitants	\$25,000
5,000–10,000 Inhabitants	\$30,000
10,000–50,000 Inhabitants	\$50,000
50,000–150,000 Inhabitants	\$100,000
150,000+ Inhabitants	\$200,000

10. Michigan:

<1,500 Inhabitants	\$20,000
1,500–5,000 Inhabitants	\$25,000
5,000–20,000 Inhabitants	\$50,000
20,000–110,000 Inhabitants	\$100,000
110,000+ Inhabitants	\$250,000

11. Minnesota:

<1,000 Inhabitants	\$10,000
1,000–1,500 Inhabitants	\$15,000
1,500–2,000 Inhabitants	\$20,000
2,000+ Inhabitants	\$25,000

12. New York:

<2,000 Inhabitants	\$25,000
2,000–30,000 Inhabitants	\$50,000
30,000+ Inhabitants	\$100,000

13. North Dakota:

<1,000 Inhabitants	\$10,000
1,000–2,000 Inhabitants	\$20,000
2,000–3,000 Inhabitants	\$30,000
3,000–4,000 Inhabitants	\$35,000
4,000–5,000 Inhabitants	\$40,000
5,000+ Inhabitants	\$50,000

14. North Carolina:
 

<2,000 Inhabitants	\$5,000
2,000–5,000 Inhabitants	\$10,000
5,000+ Inhabitants	\$25,000
  
15. Oregon:
 

<1,000 Inhabitants	\$10,000
1,000–2,000 Inhabitants	\$25,000
2,000–5,000 Inhabitants	\$30,000
5,000+ Inhabitants	\$50,000
  
16. Pennsylvania:
 

<5,000 Inhabitants	\$25,000
5,000+ Inhabitants	\$50,000
  
17. Utah:
 

<3,500 Inhabitants	\$10,000
3,500–10,000 Inhabitants	\$25,000
10,000–50,000 Inhabitants	\$50,000
50,000+ Inhabitants	\$100,000
  
18. Washington:
 

<1,000 Inhabitants	\$15,000
1,000–2,000 Inhabitants	\$20,000
3,000–5,000 Inhabitants	\$25,000
5,000–10,000 Inhabitants	\$30,000
10,000–25,000 Inhabitants	\$50,000
25,000–50,000 Inhabitants	\$75,000
50,000+ Inhabitants	\$100,000
  
19. Wisconsin:
 

<1,500 Inhabitants	\$10,000
1,500–3,500 Inhabitants	\$20,000
3,500–5,000 Inhabitants	\$25,000
5,000–10,000 Inhabitants	\$30,000
10,000+ Inhabitants	\$50,000
  
20. Wyoming:
 

<2,000 Inhabitants	\$10,000
2,000–4,000 Inhabitants	\$25,000
4,000–6,000 Inhabitants	\$50,000
6,000+ Inhabitants	\$100,000

## 1.4 Class 3 States/Size Grading

In some states, the minimum capital requirement varies by the amount of business done by the bank (*listed below*). In all states in this category, there is an additional requirement akin to Class 1 or Class 2.

1. California: \$25,000. Additional laws requiring capital be in a certain proportion to either deposits or loans.

2. Kansas:

<500 Inhabitants	\$10,000
500–1,000 Inhabitants	\$15,000
1,000–2,000 Inhabitants	\$20,000
2,000–15,000 Inhabitants	\$25,000
15,000+ Inhabitants	\$50,000

3. Nebraska:

<100 Inhabitants	\$10,000
100–500 Inhabitants	\$15,000
500–1,000 Inhabitants	\$20,000
1,000–2,000 Inhabitants	\$25,000
2,000–5,000 Inhabitants	\$35,000
5,000–25,000 Inhabitants	\$50,000
25,000–100,000 Inhabitants	\$100,000
100,000+ Inhabitants	\$200,000

4. Nevada:

<100 Inhabitants	\$10,000
100–500 Inhabitants	\$15,000
500–1,000 Inhabitants	\$20,000
1,000–2,000 Inhabitants	\$25,000
2,000–5,000 Inhabitants	\$35,000
5,000+ Inhabitants	\$50,000

5. Oklahoma:

<500 Inhabitants	\$10,000
500–1,500 Inhabitants	\$15,000
1,500–6,000 Inhabitants	\$25,000
6,000–20,000 Inhabitants	\$50,000
20,000+ Inhabitants	\$100,000

6. Rhode Island: \$25,000. The Rhode Island Board of Bank Incorporation determines the minimum capital requirement for incorporation.

7. South Dakota:	
<1,500 Inhabitants	\$10,000
1,500–2,500 Inhabitants	\$15,000
2,500–5,000 Inhabitants	\$25,000
5,000+ Inhabitants	\$50,000

8. Texas:	
<2,500 Inhabitants	\$10,000
2,500–10,000 Inhabitants	\$25,000
10,000–20,000 Inhabitants	\$50,000
20,000+ Inhabitants	\$100,000

## 1.5 Unclassed States

Included are states which, for whatever reason, Barnett has not grouped in any of the classes.

1. Mississippi:	
<500 Inhabitants	\$10,000
500+ Inhabitants	\$15,000



## Chapter 2

# Minimum Capital Required for State Bank Incorporation in 1911 by Region

States and Territories can then be grouped into two main groups:

### 2.1 Eastern States

Eastern States have a minimum capital requirement of \$25,000, with the exception of Maryland (\$10,000) and New Jersey (\$50,000).

### 2.2 All Other States/Territories

The minimum capital required for incorporation is largely \$10,000, with the following exceptions:

1. North Carolina: \$5,000
2. Florida and Kentucky: \$15,000
3. Montana and Michigan: \$20,000
4. Indiana, Ohio, Iowa, Illinois, and California: \$25,000
5. New Mexico: \$30,000

## Chapter 3

# Historical Increases in Minimum Capital Requirements

In a few states, the original banking laws permitted incorporation with a minimum capital of \$5,000 but then increased the requirement to \$10,000 (*listed below*).

1. Kansas
2. Nebraska
3. North Dakota
4. South Dakota
5. Oklahoma

Wisconsin permitted bank incorporation with \$5,000 through a state act in 1903 and then increased to \$10,000.

Barnett reports that in *all* states with a minimum capital requirement of \$5,000 there were complaints that the requirement was not satisfactory.

# Chapter 4

## State Minimum Capital Requirements by Bank Comparison

### 4.1 State Requirement $>$ National Requirement

In a few states, the minimum capital requirement for state banks is greater than that for national banks.

1. New Jersey and New Mexico: In cities/towns with less than 3,000 inhabitants.
2. New York: In cities/towns with 2,000–3,000 inhabitants.

### 4.2 State Requirement $=$ National Requirement

In seven states the requirement capital is the same for both state and national banks – but only in locations with less than 3,000 inhabitants.

1. California
2. Indiana
3. Iowa
4. Illinois
5. Ohio
6. Pennsylvania
7. West Virginia

### **4.3 State Requirement < National Requirement – Later Exceeds**

In five states the required capital is smaller for state banks than national banks in smaller cities/towns but then exceeds the required capital for national banks by 3,000 inhabitants.

1. Louisiana
2. Nevada
3. North Dakota
4. Nebraska
5. Oregon

### **4.4 State Requirement < National Requirement – Later Equals**

In eight states the required capital is smaller for state banks than national banks in smaller cities/towns but then equals the required capital for national banks by 3,000 inhabitants.

1. Alabama
2. Kansas
3. Michigan
4. Oklahoma
5. Minnesota
6. South Dakota
7. Texas
8. Wyoming

### **4.5 State Requirement < National Requirement**

In all the remaining states the required capital is smaller for state banks than national banks in all places under 3,000 inhabitants.

1. Colorado

2. Georgia
3. Florida
4. Idaho
5. Kentucky
6. Maryland
7. Mississippi
8. Missouri
9. Montana
10. North Carolina
11. Utah
12. Virginia
13. Washington
14. Wisconsin