

[COMMITTEE PRINT NO. 2]

MAY 10, 1939

**AMENDMENTS PROPOSED BY SOCIAL SECURITY
BOARD**

NOTE.—In this print existing law in which no change is proposed is shown in roman type; existing law proposed to be omitted is shown in line type; new matter is shown in italic.

1 *This Act may be cited as the "Social Security Act*
2 *Amendments of 1939."*

3 SEC. 2. Section 2 (a) of the Social Security Act is
4 amended to read as follows:

5 "(a) A State plan for old-age assistance must (1)
6 provide that it shall be in effect in all political subdivisions
7 of the State, and, if administered by them, be mandatory
8 upon them; (2) provide for financial participation by the
9 State; (3) either provide for the establishment or designa-
10 tion of a single State agency to administer the plan, or pro-
11 vide for the establishment or designation of a single State
12 agency to supervise the administration of the plan; (4)
13 provide for granting to any individual, whose claim for old-
14 age assistance is denied, an opportunity for a fair hearing

1 before such State agency; (5) provide such methods of
2 administration (other than those relating to selection, tenure
3 of office, and compensation of personnel) as are found by
4 the Board to be necessary for the *proper and efficient*
5 operation of the plan; (6) provide that the State agency
6 will make such reports, in such form and containing such
7 information, as the Board may from time to time require,
8 and comply with such provisions as the Board may from
9 time to time find necessary to assure the correctness and
10 verification of such reports; and (7) ~~provide that if the State~~
11 ~~or any of its political subdivisions collects from the estate of~~
12 ~~any recipient of old-age assistance any amount with respect~~
13 ~~to old-age assistance furnished him under the plan, one-half~~
14 ~~of the net amount so collected shall be promptly paid to the~~
15 ~~United States. Any payment so made shall be deposited in~~
16 ~~the Treasury to the credit of the appropriation for the pur-~~
17 ~~poses of this title effective July 1, 1941, provide that the State~~
18 ~~agency shall, in determining need, take into consideration any~~
19 ~~other income and resources of an individual claiming old-~~
20 ~~age assistance; and (8) effective July 1, 1941, provide safe-~~
21 ~~guards which restrict the use or disclosure of information~~
22 ~~concerning applicants and recipients to purposes directly~~
23 ~~connected with the administration of old-age assistance."~~

24 SEC. 3. Section 3 of such Act is amended to read as
25 follows:

"PAYMENT TO STATES"

1
2 "SEC. 3. (a) From the sums appropriated therefor,
3 the Secretary of the Treasury shall pay to each State which
4 has an approved plan for old-age assistance, for each quar-
5 ter, beginning with the quarter commencing July 1, 1935
6 January 1, 1940, (1) an amount, which shall be used exclu-
7 sively as old-age assistance, equal to one-half of the total
8 of the sums expended during such quarter as old-age assist-
9 ance under the State plan with respect to each *needy* indi-
10 vidual who at the time of such expenditure is sixty-five
11 years of age or older and is not an inmate of a public insti-
12 tution, not counting so much of such expenditure with respect
13 to any individual for any month as exceeds \$30, and (2) 5
14 per centum of such amount, which shall be used for paying
15 the costs of administering the State plan or for old-age
16 assistance, or both, and for no other purpose; ~~Provided, That~~
17 ~~the State plan, in order to be approved by the Board, need~~
18 ~~not provide for financial participation before July 1, 1937, by~~
19 ~~the State, in the case of any State which the Board, upon ap-~~
20 ~~plication by the State and after reasonable notice and oppor-~~
21 ~~tunity for hearing to the State, finds is prevented by its con-~~
22 ~~stitution from providing such financial participation.~~
23 (b) The method of computing and paying such
24 amounts shall be as follows:

1 “(1) The Board shall, prior to the beginning of
2 each quarter, estimate the amount to be paid to the
3 State for such quarter under the provisions of clause (1)
4 of subsection (a), such estimate to be based on (A) a
5 report filed by the State containing its estimate of the
6 total sum to be expended in such quarter in accordance
7 with the provisions of such clause, and stating the
8 amount appropriated or made available by the State
9 and its political subdivisions for such expenditures in
10 such quarter, and if such amount is less than one-half of
11 the total sum of such estimated expenditures, the source
12 or sources from which the difference is expected to be
13 derived, (B) records showing the number of aged indi-
14 viduals in the State, and (C) such other investigation
15 as the Board may find necessary.

16 “(2) The Board shall then certify to the Secretary
17 of the Treasury the amount so estimated by the Board,
18 (A) reduced or increased, as the case may be, by any
19 sum by which it finds that its estimate for any prior
20 quarter was greater or less than the amount which
21 should have been paid to the State under clause (1) of
22 subsection (a) for such quarter, and (B) reduced by
23 a sum equivalent to the pro rata share to which the
24 United States is equitably entitled, as determined by the
25 Board, of the net amount recovered during any prior

1 *quarter by the State or any political subdivision thereof*
2 *with respect to old-age assistance furnished under the*
3 *State plan; except that such increases or reductions shall*
4 *not be made to the extent that such ~~sum~~ has sums have*
5 *been applied to make the amount certified for any prior*
6 *quarter greater or less than the amount estimated by the*
7 *Board for such prior quarter: Provided, That any part*
8 *of the amount recovered from the estate of a deceased*
9 *recipient which is not in excess of the amount expended*
10 *by the State for the funeral expenses of the deceased in*
11 *accordance with the State plan shall not be considered*
12 *as a basis for reduction of the amount estimated by the*
13 *Board under paragraph (1) of this subsection.*

14 “(3) The Secretary of the Treasury shall there-
15 upon, through the Division of Disbursement of the
16 Treasury Department and prior to audit or settlement by
17 the General Accounting Office, pay to the State, at the
18 time or times fixed by the Board, the amount so certi-
19 fied, increased by 5 per centum.”

20 SEC. 4. Section 6 of such Act is amended to read as
21 follows:

22 “SEC. 6. When used in this title the term ‘old-age
23 assistance’ means money payments to *needy* aged individ-
24 uals.”

1 SEC. 5. Effective January 1, 1940, title II of such Act
2 is amended to read as follows:

3 ~~"TITLE II—FEDERAL OLD-AGE BENEFITS~~

4 ~~"OLD-AGE RESERVE ACCOUNT~~

5 ~~"SECTION 201. (a) There is hereby created an account~~
6 ~~in the Treasury of the United States to be known as the~~
7 ~~'Old-Age Reserve Account' hereinafter in this title called~~
8 ~~the 'Account'. There is hereby authorized to be appropri-~~
9 ~~ated to the Account for each fiscal year, beginning with the~~
10 ~~fiscal year ending June 30, 1937, an amount sufficient as~~
11 ~~an annual premium to provide for the payments required~~
12 ~~under this title, such amount to be determined on a reserve~~
13 ~~basis in accordance with accepted actuarial principles, and~~
14 ~~based upon such tables of mortality as the Secretary of the~~
15 ~~Treasury shall from time to time adopt, and upon an interest~~
16 ~~rate of 3 per centum per annum compounded annually. The~~
17 ~~Secretary of the Treasury shall submit annually to the~~
18 ~~Bureau of the Budget an estimate of the appropriations to~~
19 ~~be made to the Account.~~

20 ~~"(b) It shall be the duty of the Secretary of the Treas-~~
21 ~~ury to invest such portion of the amounts credited to the~~
22 ~~Account as is not, in his judgment, required to meet current~~
23 ~~withdrawals. Such investment may be made only in inter-~~
24 ~~est-bearing obligations of the United States or in obligations~~
25 ~~guaranteed as to both principal and interest by the United~~

1 States. For such purpose such obligations may be acquired
2 (1) on original issue at par, or (2) by purchase of outstand-
3 ing obligations at the market price. The purposes for which
4 obligations of the United States may be issued under the
5 Second Liberty Bond Act, as amended, are hereby extended
6 to authorize the issuance at par of special obligations ex-
7 clusively to the Account. Such special obligations shall
8 bear interest at the rate of 3 per centum per annum. Ob-
9 ligations other than such special obligations may be acquired
10 for the Account only on such terms as to provide an invest-
11 ment yield of not less than 3 per centum per annum.

12 “(c) Any obligations acquired by the Account (except
13 special obligations issued exclusively to the Account) may
14 be sold at the market price, and such special obligations may
15 be redeemed at par plus accrued interest.

16 “(d) The interest on, and the proceeds from the sale or
17 redemption of, any obligations held in the Account shall be
18 credited to and form a part of the Account.

19 “(e) All amounts credited to the Account shall be avail-
20 able for making payments required under this title.

21 “(f) The Secretary of the Treasury shall include in his
22 annual report the actuarial status of the Account.

23 “OLD-AGE BENEFIT PAYMENTS

24 “SEC. 202. (a) Every qualified individual (as defined
25 in section 210) shall be entitled to receive, with respect to

1 the period beginning on the date he attains the age of sixty-
 2 five, or on January 1, 1942, whichever is the later, and end-
 3 ing on the date of his death, an old-age benefit (payable as
 4 nearly as practicable in equal monthly installments) as
 5 follows:

6 “(1) If the total wages (as defined in section 210)
 7 determined by the Board to have been paid to him, with
 8 respect to employment (as defined in section 210) after
 9 December 31, 1936, and before he attained the age of
 10 sixty-five, were not more than \$3,000, the old-age benefit
 11 shall be at a monthly rate of one-half of 1 per centum
 12 of such total wages;

13 “(2) If such total wages were more than \$3,000,
 14 the old-age benefit shall be at a monthly rate equal to
 15 the sum of the following:

16 “(A) One-half of 1 per centum of \$3,000; plus

17 “(B) One-twelfth of 1 per centum of the
 18 amount by which such total wages exceeded \$3,000
 19 and did not exceed \$45,000; plus

20 “(C) One-twenty-fourth of 1 per centum of
 21 the amount by which such total wages exceeded
 22 \$45,000.

23 “(b) In no case shall the monthly rate computed under
 24 subsection (a) exceed \$85.

1 “(c) If the Board finds at any time that more or less
 2 than the correct amount has theretofore been paid to any in-
 3 dividual under this section, then, under regulations made by
 4 the Board, proper adjustments shall be made in connection
 5 with subsequent payments under this section to the same
 6 individual.

7 “(d) Whenever the Board finds that any qualified indi-
 8 vidual has received wages with respect to regular employ-
 9 ment after he attained the age of sixty-five, the old-age
 10 benefit payable to such individual shall be reduced, for each
 11 calendar month in any part of which such regular employ-
 12 ment occurred, by an amount equal to one month's benefit.
 13 Such reduction shall be made, under regulations prescribed
 14 by the Board, by deductions from one or more payments of
 15 old-age benefit to such individual.

16 “PAYMENTS UPON DEATH

17 “SEC. 208. (a) If any individual dies before attaining
 18 the age of sixty-five, there shall be paid to his estate an
 19 amount equal to $\frac{3}{4}$ per centum of the total wages determined
 20 by the Board to have been paid to him, with respect to
 21 employment after December 31, 1936.

22 “(b) If the Board finds that the correct amount of the
 23 old-age benefit payable to a qualified individual during his
 24 life under section 202 was less than $\frac{3}{4}$ per centum of the

1 total wages by which such old-age benefit was measurable,
 2 then there shall be paid to his estate a sum equal to the
 3 amount, if any, by which such $\frac{3}{4}$ per centum exceeds the
 4 amount (whether more or less than the correct amount) paid
 5 to him during his life as old-age benefit.

6 ~~“(c)~~ If the Board finds that the total amount paid to a
 7 qualified individual under an old-age benefit during his life
 8 was less than the correct amount to which he was entitled
 9 under section 202, and that the correct amount of such old-age
 10 benefit was $\frac{3}{4}$ per centum or more of the total wages by
 11 which such old-age benefit was measurable, then there shall
 12 be paid to his estate a sum equal to the amount, if any, by
 13 which the correct amount of the old-age benefit exceeds the
 14 amount which was so paid to him during his life.

15 ~~“PAYMENTS TO AGED INDIVIDUALS NOT QUALIFIED FOR~~
 16 ~~BENEFITS~~

17 ~~“SEC. 204. (a)~~ There shall be paid in a lump sum to
 18 any individual who, upon attaining the age of sixty-five, is
 19 not a qualified individual, an amount equal to $\frac{3}{4}$ per centum
 20 of the total wages determined by the Board to have been
 21 paid to him, with respect to employment after December 31,
 22 1936, and before he attained the age of sixty-five.

23 ~~“(b)~~ After any individual becomes entitled to any pay-
 24 ment under subsection (a), no other payment shall be made

1 under this title in any manner measured by wages paid to
2 him, except that any part of any payment under subsection
3 (a) which is not paid to him before his death shall be paid
4 to his estate.

5 **"AMOUNTS OF \$500 OR LESS PAYABLE TO ESTATES**

6 **"SEC. 205.** If any amount payable to an estate under
7 section 203 or 204 is \$500 or less, such amount may, under
8 regulations prescribed by the Board, be paid to the persons
9 found by the Board to be entitled thereto under the law of
10 the State in which the deceased was domiciled, without the
11 necessity of compliance with the requirements of law with
12 respect to the administration of such estate.

13 **"OVERPAYMENTS DURING LIFE**

14 **"SEC. 206.** If the Board finds that the total amount paid
15 to a qualified individual under an old-age benefit during his
16 life was more than the correct amount to which he was
17 entitled under section 202, and was $2\frac{1}{2}$ per centum or more
18 of the total wages by which such old-age benefit was measur-
19 able, then upon his death there shall be repaid to the United
20 States by his estate the amount, if any, by which such total
21 amount paid to him during his life exceeds whichever of
22 the following is the greater: (1) Such $2\frac{1}{2}$ per centum, or
23 (2) the correct amount to which he was entitled under sec-
24 tion 202.

1 **"METHOD OF MAKING PAYMENTS**

2 **"SEC. 207.** The Board shall from time to time certify
 3 to the Secretary of the Treasury the name and address of
 4 each person entitled to receive a payment under this title,
 5 the amount of such payment, and the time at which it should
 6 be made, and the Secretary of the Treasury through the
 7 Division of Disbursement of the Treasury Department, and
 8 prior to audit or settlement by the General Accounting Office,
 9 shall make payment in accordance with the certification by
 10 the Board.

11 **"ASSIGNMENT**

12 **"SEC. 208.** The right of any person to any future pay-
 13 ment under this title shall not be transferable or assignable,
 14 at law or in equity, and none of the moneys paid or payable
 15 or rights existing under this title shall be subject to execution,
 16 levy, attachment, garnishment, or other legal process, or to
 17 the operation of any bankruptcy or insolvency law.

18 **"PENALTIES**

19 **"SEC. 209.** Whoever in any application for any payment
 20 under this title makes any false statement as to any material
 21 fact, knowing such statement to be false, shall be fined not
 22 more than \$1,000 or imprisoned for not more than one year,
 23 or both.

24 **"DEFINITIONS**

25 **"SEC. 210.** When used in this title—

26 **"(a)** The term 'wages' means all remuneration for em-

1 employment, including the cash value of all remuneration paid in
2 any medium other than cash; except that such term shall not
3 include that part of the remuneration which, after remunera-
4 tion equal to \$8,000 has been paid to an individual by an em-
5 ployer with respect to employment during any calendar year,
6 is paid to such individual by such employer with respect to
7 employment during such calendar year.

8 “(b) The term ‘employment’ means any service, of
9 whatever nature, performed within the United States by an
10 employee for his employer, except—

11 “(1) Agricultural labor;

12 “(2) Domestic service in a private home;

13 “(3) Casual labor not in the course of the em-
14 ployer’s trade or business;

15 “(4) Service performed as an officer or member of
16 the crew of a vessel documented under the laws of the
17 United States or of any foreign country;

18 “(5) Service performed in the employ of the
19 United States Government or of an instrumentality of
20 the United States;

21 “(6) Service performed in the employ of a State;
22 a political subdivision thereof, or an instrumentality of
23 one or more States or political subdivisions;

24 “(7) Service performed in the employ of a corpora-
25 tion, community chest, fund, or foundation, organized

1 and operated exclusively for religious, charitable, scien-
 2 tific, literary, or educational purposes, or for the preven-
 3 tion of cruelty to children or animals, no part of the net
 4 earnings of which inures to the benefit of any private
 5 shareholder or individual.

6 “(c) The term ‘qualified individual’ means any indi-
 7 vidual with respect to whom it appears to the satisfaction of
 8 the Board that—

9 “(1) He is at least sixty-five years of age; and

10 “(2) The total amount of wages paid to him, with
 11 respect to employment after December 31, 1936, and
 12 before he attained the age of sixty-five, was not less
 13 than \$2,000; and

14 “(3) Wages were paid to him, with respect to
 15 employment on some five days after December 31, 1936,
 16 and before he attained the age of sixty-five, each day
 17 being in a different calendar year.”

18 **TITLE II—FEDERAL INSURANCE BENEFITS**

19 **“FEDERAL SOCIAL INSURANCE TRUST FUND**

20 **“SEC. 201. (a) There is hereby created on the books**
 21 **of the Treasury of the United States a trust fund to be known**
 22 **as the ‘Federal Social Insurance Trust Fund’ (hereinafter**
 23 **in this title called the ‘Trust Fund’). The Trust Fund shall**
 24 **consist of the securities held by the Secretary of the Treasury**

1 for the Old Age Reserve Account and the amount standing
2 to the credit of the Old Age Reserve Account on the books
3 of the Treasury on January 1, 1940, which securities and
4 amount the Secretary of the Treasury is authorized and
5 directed to transfer to the Trust Fund, and in addition such
6 amounts as Congress may appropriate to the Trust Fund.
7 There is hereby authorized to be permanently appropriated
8 to the Trust Fund, out of any moneys in the Treasury not
9 otherwise appropriated, amounts equivalent to 100 per
10 centum of the taxes received under subchapter (A) of chapter
11 9 of the Internal Revenue Code and covered into the Treas-
12 ury; and in addition to such permanent appropriation there
13 is hereby authorized to be appropriated to the Trust Fund
14 such further amounts as may be necessary to carry out the
15 purposes of such Trust Fund.

16 “(b) There is hereby created a body to be known as the
17 Board of Trustees of the Federal Social Insurance Trust Fund
18 (hereinafter in this title called the ‘Board of Trustees’) which
19 Board of Trustees shall be composed of the Secretary of the
20 Treasury, the Secretary of Labor, and the Chairman of the
21 Social Security Board, all *ex officio*. The Secretary of the
22 Treasury shall be the Managing Trustee of the Board of
23 Trustees (hereinafter in this title called the ‘Managing Trus-
24 tee’). It shall be the duty of the Board of Trustees to—

1 “(1) *Hold the Trust Fund;*

2 “(2) *Report to the Congress on the first day of*
3 *each regular session of the Congress on the operation*
4 *and status of the Trust Fund during the preceding*
5 *fiscal year and on its expected operation and status*
6 *during the next ensuing five fiscal years;*

7 “(3) *Report immediately to the Congress whenever*
8 *the Board of Trustees is of the opinion that during*
9 *the ensuing five fiscal years the Trust Fund will exceed*
10 *three times the highest annual expenditures anticipated*
11 *during that five-fiscal-year period, and whenever the*
12 *Board of Trustees is of the opinion that the amount of*
13 *the Trust Fund is unduly small.*

14 *The report provided for in paragraph (2) above shall in-*
15 *clude a statement of the assets of, and the disbursements made*
16 *from, the Trust Fund during the preceding fiscal year, an*
17 *estimate of the expected future income to, and disbursements*
18 *to be made from, the Trust Fund during each of the next*
19 *ensuing five fiscal years, and a statement of the actuarial*
20 *status of the Trust Fund.*

21 “(c) *It shall be the duty of the Managing Trustee to*
22 *invest such portion of the Trust Fund as is not, in his judg-*
23 *ment, required to meet current withdrawals. Such invest-*
24 *ments may be made only in interest-bearing obligations of*
25 *the United States or in obligations guaranteed as to both*

1 *principal and interest by the United States. For such pur-*
2 *pose such obligations may be acquired (1) on original issue*
3 *at par, or (2) by purchase of outstanding obligations at the*
4 *market price. The purposes for which obligations of the*
5 *United States may be issued under the Second Liberty Bond*
6 *Act, as amended, are hereby extended to authorize the*
7 *issuance at par of special obligations exclusively to the Trust*
8 *Fund. Such special obligations shall bear interest at a rate*
9 *equal to the average rate of interest, computed as to the end*
10 *of the calendar month next preceding the date of such issue,*
11 *borne by all interest-bearing obligations of the United States*
12 *then forming a part of the Public Debt; except that where*
13 *such average rate is not a multiple of one-eighth of 1 per*
14 *centum, the rate of interest of such special obligations shall*
15 *be the multiple of one-eighth of 1 per centum next lower than*
16 *such average rate.*

17 “(d) Any obligations acquired by the Trust Fund (ex-
18 cept special obligations issued exclusively to the Trust Fund)
19 may be sold by the Managing Trustee at the market price,
20 and such special obligations may be redeemed at par plus
21 accrued interest.

22 “(e) The interest on, and the proceeds from the sale
23 or redemption of, any obligations held in the Trust Fund
24 shall be credited to and form a part of the Trust Fund.

1 “(f) The Managing Trustee is directed to pay each
2 month from the Trust Fund into the Treasury the amount
3 estimated by him and the Chairman of the Social Security
4 Board which will be expended during the month by the Social
5 Security Board and the Treasury Department for the admin-
6 istration of Title II and Title VIII of this Act, and sub-
7 chapter A of chapter 9 of the Internal Revenue Code.
8 Such payments shall be covered into the Treasury as miscel-
9 laneous receipts. If it subsequently appears that the esti-
10 mates in any particular month were too high or too low,
11 appropriate adjustments shall be made by the Managing
12 Trustee in future monthly payments.

13 “(g) All amounts credited to the Trust Fund shall be
14 available for making payments required under this title.

15 “INSURANCE BENEFIT PAYMENTS

16 “Primary Insurance Benefits

17 “SEC. 202. (a) Every individual, who (1) is a fully
18 insured individual (as defined in section 209 (g)) after
19 December 31, 1939, (2) has attained the age of sixty-five, and
20 (3) has filed application for primary insurance benefits,
21 shall be entitled to receive a primary insurance benefit (as
22 defined in section 209 (e)) for each month, beginning with
23 the month in which such individual becomes so entitled to such
24 benefits and ending with the month preceding the month in
25 which he dies: Provided, That where an individual is paid

1 a lump sum under subsection (g) of this section, such indi-
 2 vidual shall not be entitled to receive a primary insurance
 3 benefit for the month in which such individual becomes entitled
 4 to such lump sum and for the five months immediately suc-
 5 ceeding such month.

6 "Wife's Insurance Benefits"

7 "(b) (1) Every wife (as defined in section 209 (i)) of
 8 an individual entitled to primary insurance benefits, if such
 9 wife (A) has attained the age of sixty-five, (B) has filed ap-
 10 plication for wife's insurance benefits, (C) was living with
 11 such individual at the time such application was filed, and
 12 (D) is not entitled to receive primary insurance benefits, or is
 13 entitled to receive primary insurance benefits each of which
 14 is less than one-half of each of her husband's primary insur-
 15 ance benefits, shall be entitled to receive a wife's insurance
 16 benefit for each month, beginning with the month in which she
 17 becomes so entitled to such insurance benefits, and ending
 18 with the month immediately preceding the first month in which
 19 any of the following occurs: She dies, her husband dies, they
 20 are divorced a vinculo matrimonii, or she becomes entitled to
 21 receive a primary insurance benefit equal to or exceeding
 22 one-half of a primary insurance benefit of her husband:
 23 Provided, That where a wife is paid a lump sum under sub-
 24 section (g) of this section, such wife shall not be entitled
 25 to receive a wife's insurance benefit for the month in which

1 she becomes entitled to such lump sum and for the five months
2 immediately succeeding such month.

3 “(2) Each of such wife’s insurance benefits shall be equal
4 to one-half of a primary insurance benefit of her husband,
5 except that, if she is entitled to receive a primary insurance
6 benefit for any month, such wife’s insurance benefits for
7 such month shall be reduced by an amount equal to a primary
8 insurance benefit of such wife.

9 “Child’s Insurance Benefits

10 “(c) (1) Every child (as defined in section 209 (k))
11 of an individual entitled to primary insurance benefits, or
12 of an individual who died a fully or currently insured indi-
13 vidual (as defined in section 209 (g) and (h)) after De-
14 cember 31, 1939, if such child (A) has filed application for
15 child’s insurance benefits, (B) at the time such application was
16 filed was unmarried and had not attained the age of 18, and
17 (C) was dependent upon such individual at the time such
18 application was filed, or, if such individual has died, was
19 dependent upon such individual at the time of such individ-
20 ual’s death, shall be entitled to receive a child’s insurance
21 benefit for each month, beginning with the month in which such
22 child becomes so entitled to such benefits, and ending with
23 the month immediately preceding the first month in which any
24 of the following occurs: Such child dies, marries, is adopted,
25 or attains the age of eighteen.

1 “(2) Each of such child's insurance benefits shall be
2 equal to one-half of a primary insurance benefit of the
3 individual with respect to whose wages the child is entitled
4 to receive such benefit, except that when there is more than
5 one such individual such benefit shall be equal to one-half
6 of whichever primary insurance benefit is greatest.

7 “(3) A child shall be deemed dependent upon a father
8 or adopting father, or to have been dependent upon such
9 individual at the time of the death of such individual, unless,
10 at the time of such death, or, if such individual was living,
11 at the time such child's application for child's insurance
12 benefits was filed, such individual was not living with or
13 contributing to the support of such child and—

14 “(A) such child is neither the legitimate nor adopted
15 child of such individual, or

16 “(B) such child had been adopted by some other
17 individual, or

18 “(C) such child, at the time of such individual's
19 death, was living with and supported by such child's
20 stepfather.

21 “(4) A child shall be deemed dependent upon a mother,
22 adopting mother, or stepparent, or to have been dependent
23 upon such individual at the time of the death of such indi-
24 vidual, only if, at the time of such death, or, if such
25 individual was living, at the time such child's application

1 for child's insurance benefits was filed, no parent other than
2 such individual was contributing to the support of such child
3 and such child was not living with its father or adopting
4 father.

5 "Widow's Insurance Benefits"

6 "(d) (1) Every widow (as defined in section 209 (j))
7 of an individual who died a fully insured individual after
8 December 31, 1939, if such widow (A) has not remarried,
9 (B) has attained the age of sixty-five, (C) has filed appli-
10 cation for widow's insurance benefits, (D) was living with
11 such individuals at the time of his death, and (E) is not entitled
12 to receive primary insurance benefits, or is entitled to receive
13 primary insurance benefits each of which is less than three-
14 fourths of each of her husband's primary insurance benefits,
15 shall be entitled to receive a widow's insurance benefit for
16 each month, beginning with the month in which she becomes
17 so entitled to such insurance benefits or with the sixth month
18 after the month in which her husband died, whichever is
19 later, and ending with the month immediately preceding the
20 first month in which any of the following occurs: she re-
21 marries, dies, or becomes entitled to receive a primary
22 insurance benefit equal to or exceeding three-fourths of a
23 primary insurance benefit of her husband.

24 "(2) Each of such widow's insurance benefits shall
25 be equal to three-fourths of a primary insurance benefit of

1 her deceased husband, except that, if she is entitled to receive
2 a primary insurance benefit for any month, such widow's
3 insurance benefits for such month shall be reduced by an
4 amount equal to a primary insurance benefit of such widow.

5 "Widow's Current Insurance Benefits"

6 "(e) (1) Every widow (as defined in section 209 (j))
7 of an individual who died a fully or currently insured indi-
8 vidual after December 31, 1939, if such widow (A) has not
9 remarried, (B) is not entitled to receive a widow's insurance
10 benefit and, is not entitled to receive primary insurance bene-
11 fits, or is entitled to receive primary insurance benefits, each
12 of which is less than three-fourths of each of her husband's
13 primary insurance benefits, (C) was living with such indi-
14 vidual at the time of his death, (D) has filed application
15 for widow's current insurance benefits, and (E) at the
16 time of filing such application has in her care a child of
17 such deceased individual entitled to receive a child's insur-
18 ance benefit, shall be entitled to receive a widow's current
19 insurance benefit for each month, beginning with the month
20 in which she becomes so entitled to such current insurance
21 benefits or with the sixth month after the month in which
22 her husband died, whichever is later, and ending with the
23 month immediately preceding the first month in which any
24 of the following occurs: no child of such deceased individual
25 is entitled to receive a child's insurance benefit, she becomes

1 entitled to receive a primary insurance benefit equal to or
2 exceeding three-fourths of a primary insurance benefit of
3 her deceased husband, she becomes entitled to receive a
4 widow's insurance benefit, she remarries, she dies.

5 “(2) Each of such widow's current insurance benefits
6 shall be equal to three-fourths of a primary insurance benefit
7 of her deceased husband, except that, if she is entitled to
8 receive a primary insurance benefit for any month, such
9 widow's current insurance benefits for such month shall be
10 reduced by an amount equal to a primary insurance benefit
11 of such widow.

12 “(f) (1) *Parent's Insurance Benefit*

13 “(f) (1) Every parent (as defined in this subsection)
14 of an individual who died a fully or currently insured indi-
15 vidual after December 31, 1939, leaving no widow and no
16 unmarried surviving child under the age of 18, if such
17 parent (A) has attained the age of 65, (B) was wholly
18 dependent upon and supported by such individual at the
19 time of such individual's death and filed proof of such
20 dependency and support within two years of such date of
21 death, (C) has not married since such individual's death,
22 (D) is not entitled to receive any other insurance benefits
23 under this section, or is entitled to receive one or more of such
24 benefits for a month, but the total for such month is less than
25 one half of a primary insurance benefit of such deceased

1 individual, and (E) has filed application for parent's insur-
2 ance benefits, shall be entitled to receive a parent's insurance
3 benefit of each month, beginning with the month in which such
4 parent becomes so entitled to such parent's insurance benefits
5 or with the sixth month after the month in which such
6 individual died, whichever is later, and ending with the
7 month immediately preceding the first month in which any of
8 the following occurs: Such parent dies, marries, or becomes
9 entitled to receive for any month a benefit or benefits (other
10 than a benefit under this subsection) in a total amount equal
11 to or exceeding one-half of a primary insurance benefit of
12 such deceased individual.

13 “(2) Each of such parent's insurance benefits shall be
14 equal to one-half of a primary insurance benefit of such
15 deceased individual, except that, if such parent is entitled to
16 receive a benefit or benefits for any month (other than a benefit
17 under this subsection), such parent's insurance benefits for
18 such month shall be reduced by an amount equal to the total
19 of such other benefit or benefits for such month.

20 “(3) As used in this subsection, the term 'parent' means
21 the mother or father of an individual, the stepparent of such
22 individual by a marriage contracted before such individual
23 attained the age of sixteen, or the adopting parent by whom
24 such individual was adopted before he attained the age of
25 sixteen.

1 *“Lump-sum Death Payments*

2 *“(g) (1) On the death of an individual who died a fully*
3 *or currently insured individual after December 31, 1939—*

4 *“(A) his widow (as defined in section 209 (j)) who*
5 *was living with him at the time of his death, or*

6 *“(B) such individual's surviving parent (as defined*
7 *in subsection (f) (3) of this section), if such individual*
8 *died leaving no such widow and no unmarried child*
9 *under the age of eighteen, and such parent was wholly*
10 *dependent upon and supported by such individual at*
11 *the time of such individual's death.*

12 *shall, on filing application therefor before the end of the*
13 *twenty-third month following the month in which such indi-*
14 *vidual died, be entitled to receive a lump-sum payment in an*
15 *amount equal to six times the primary insurance benefit of*
16 *such deceased individual. If more than one such parent*
17 *survives such individual, such lump-sum payment shall be*
18 *divided equally among them.*

19 *“Funeral Expenses*

20 *“(h) Upon the death, after December 31, 1939, of a*
21 *fully or currently insured individual who left surviving no*
22 *widow, no unmarried child eighteen years of age or under, and*
23 *no parent (as defined in section 202 (f) (3)), \$100 shall be*
24 *paid in a lump sum, under regulations prescribed by the*
25 *Board, for the funeral expenses of the deceased.. No pay-*

1. ment shall be made to any person under this subsection unless
 2. application therefor shall have been filed, by or on behalf of
 3. any such person (whether or not legally competent), prior
 4. to the expiration of two years after the date of death of such
 5. individual.

6. "REDUCTION AND INCREASE OF INSURANCE BENEFITS

7. "SEC. 203. (a) Whenever the benefit or total of benefits
 8. under section 202, payable for a month with respect to an
 9. individual's wages, exceeds (1) \$85, or (2) an amount
 10. equal to twice a primary insurance benefit of such individual,
 11. or (3) an amount equal to 80 per centum of his average
 12. monthly wage (as defined in section 209 (f)), whichever
 13. of such three amounts is least, such benefit or total of benefits
 14. shall, prior to any other deductions under subsections (d),
 15. (e), or (g), be reduced to such least amount.

16. (b) Whenever the benefit or total of benefits under sec-
 17. tion 202 (or as reduced under subsection (a)), payable for a
 18. month with respect to an individual's wages, is less than \$10,
 19. such benefit or total of benefits shall, prior to any deduc-
 20. tions under subsections (d), (e), or (g), be increased to \$10.

21. (c) Whenever a decrease or increase of the total of
 22. benefits for a month is made under subsection (a) or (b)
 23. of this section, each benefit shall be proportionately decreased
 24. or increased, as the case may be.

1 “(d) Deductions shall be made from any benefits to
2 which an individual is entitled, until the total of such deduc-
3 tions equals such individual's benefit or benefits for any month
4 in which such individual:

5 “(1) rendered services for wages of not less than
6 \$15; or

7 “(2) if a child under eighteen and over sixteen
8 years of age, failed to attend school regularly and the
9 Board finds that attendance was feasible; or

10 “(3) if a widow, entitled to a widow's current in-
11 surance benefit, did not have living with her a child of
12 her deceased husband entitled to receive a child's insur-
13 ance benefit.

14 “(e) Deductions shall be made from any wife's or child's
15 insurance benefit to which such wife or child is entitled,
16 until such deductions total the amount of any such insurance
17 benefit or benefits, for any month in which the individual,
18 with respect to whose wages such benefit was paid, rendered
19 services for wages of not less than \$15.

20 “(f) If more than one event occurs in any one month
21 which would occasion deductions equal to a benefit for such
22 month, only an amount equal to such benefit shall be deducted.

23 “(g) Deductions shall also be made from any primary
24 insurance benefit to which an individual is entitled, or from
25 any other insurance benefit payable with respect to such

1 *individual's wages, until such deductions total the amount*
2 *an individual is entitled until such deductions total the amount*
3 *of any lump sum paid to such individual under section 204*
4 *of the Social Security Act in force prior to the date of enact-*
5 *ment of the Social Security Act Amendments of 1939.*

6 “(h) *Any individual whose benefits are subject to deduc-*
7 *tion under subsection (d) or (e), because of the occurrence of*
8 *an event enumerated therein, shall report such occurrence to*
9 *the Board prior to the receipt and acceptance of an insur-*
10 *ance benefit for the second month following the month in*
11 *which such event occurred. Any such individual having*
12 *knowledge thereof, who fails to report any such occur-*
13 *rence, shall suffer an additional deduction equal to that*
14 *imposed under subsection (d) or (e).*

15 “OVERPAYMENTS AND UNDERPAYMENTS

16 “SEC. 204. (a) *Whenever an error has been made*
17 *with respect to payments to an individual under this title*
18 *(including payments made prior to January 1, 1940),*
19 *proper adjustment shall be made, under regulations pre-*
20 *scribed by the Board, by increasing or decreasing subsequent*
21 *payments to which such individual is entitled. If such indi-*
22 *vidual dies before such adjustment has been completed, adjust-*
23 *ment shall be made by increasing or decreasing subsequent*
24 *benefits payable with respect to the wages which were the*
25 *basis of benefits of such deceased individual.*

1 “(b) There shall be no adjustment or recovery by the
2 United States in any case where incorrect payment has been
3 made to an individual who is without fault (including pay-
4 ments made prior to January 1, 1940), and where adjust-
5 ment or recovery would defeat the purpose of this title or
6 would be against equity and good conscience.

7 “(c) No certifying or disbursing officer shall be held
8 liable for any amount certified or paid by him to any person
9 where the adjustment or recovery of such amount is not
10 required under subsection (b), or where adjustment under
11 subsection (a) is not completed prior to the death of all
12 persons against whose benefits deductions are authorized.

13 “EVIDENCE, PROCEDURE, AND CERTIFICATION FOR

14 PAYMENT

15 “SEC. 205: (a) The Board shall have full power and
16 authority to make rules and regulations and to establish pro-
17 cedures, not inconsistent with the provisions of this title, which
18 are necessary or appropriate to carry out such provisions,
19 and shall adopt reasonable and proper rules and regulations
20 to regulate and provide for the nature and extent of the proofs
21 and evidence and the method of taking and furnishing the
22 same in order to establish the right to benefits hereunder.

23 “(b) The Board is directed to make findings of fact,
24 and decisions as to the rights of any individual applying for
25 a payment under this title. Whenever requested by any

1 *such individual or whenever requested by a wife, widow,*
2 *child, or parent who makes a showing in writing that his or*
3 *her rights may be prejudiced by any decision the Board*
4 *has rendered, it shall give such applicant and such other*
5 *individual reasonable notice and opportunity for a hearing*
6 *with respect to such decision, and, if a hearing is held, shall,*
7 *on the basis of evidence adduced at the hearing, affirm,*
8 *modify, or reverse its findings of fact and such decision. The*
9 *Board is further authorized, on its own motion, to hold such*
10 *hearings and to conduct such investigations and other pro-*
11 *ceedings as it may deem necessary or proper for the admin-*
12 *istration of this title. In the course of any hearings, investi-*
13 *gations, and other proceeding it may administer oaths and*
14 *affirmations, examine witnesses, and receive evidence. Evi-*
15 *dence may be received at any hearing before the Board*
16 *even though inadmissible under rules of evidence applicable*
17 *to court procedure.*

18 “(c) (1) *On the basis of information obtained by or*
19 *submitted to the Board, and after such verification thereof as*
20 *it deems necessary, the Board shall establish and maintain*
21 *records of the amounts of wages paid to each wage earner*
22 *and of the periods in which such wages were paid and, upon*
23 *request, shall inform any wage earner or any interested indi-*
24 *vidual of the amounts of such wages and periods of payments*
25 *shown by such records at the time of such request. Such*

1 records shall be evidence, for the purpose of proceedings be-
2 fore the Board or any court, of the amounts of such wages
3 and the periods in which they were paid, and the absence of
4 an entry in such records for any period shall be evidence
5 that no wages were paid in such period.

6 “(2) If, prior to the expiration of the fourth calendar
7 year following any year in which wages were paid or are
8 alleged to have been paid, it is brought to the attention of the
9 Board that any entry of such wages in such records is
10 erroneous, or that any item of such wages has been omitted
11 from the records, the Board may correct such entry or in-
12 clude such omitted item in its records, as the case may be.
13 Written notice of any revision of an entry hereunder, which
14 is adverse to the interests of the wage earner or of any
15 interested individual, shall be given to the wage earner or any
16 such interested individual, in any case where the wage
17 earner or such interested individual has previously been
18 notified by the Board of the amount of wages and of the
19 period of payments shown by such entry. Upon request in
20 writing made prior to the expiration of such fourth year, or
21 within sixty days thereafter, the Board shall afford any
22 wage earner or any interested individual reasonable notice
23 and opportunity for hearing with respect to any entry or
24 alleged omission of wages in such records, or any revision
25 pursuant to the provisions of this paragraph. If a hearing

1 *is held, the Board shall make findings of fact and a decision*
2 *based upon the evidence adduced at such hearing and shall*
3 *revise its records as may be required by such findings and*
4 *decision. After the expiration of such fourth year or after*
5 *any such hearing, such records shall be conclusive for the*
6 *purposes of this title as to the amount of wages and the*
7 *periods of wage payments, except as hereafter provided.*

8 “(3) *After the expiration of such fourth year, the*
9 *Board may revise any entry or include in its records any*
10 *omitted item of wages to conform its records with tax returns*
11 *or portions of tax returns (including information returns and*
12 *other written statements) filed with the Commissioner of Inter-*
13 *nal Revenue under title VIII of the Social Security Act or*
14 *subchapter A of chapter 9 of the Internal Revenue Code*
15 *or under regulations made under authority thereof. Notice*
16 *shall be given of such revision under such conditions and to*
17 *such individuals as is provided for revisions under para-*
18 *graph (2) of this subsection. Upon request, notice and*
19 *opportunity for hearing with respect to any such entry,*
20 *omission, or revision, shall be afforded under such conditions*
21 *and to such individuals as is provided in paragraph (2)*
22 *hereof, but no evidence shall be introduced at any such hear-*
23 *ing except with respect to conformity of such records with*
24 *such tax returns and such other data submitted under such*
25 *title VIII or subchapter A or under such regulations.*

1 “(4) Decisions of the Board under this section shall be
2 reviewable by commencing a civil action in the district court
3 of the United States as provided in subsection (g) hereof.

4 “(5) As used in this subsection, the term ‘interested in-
5 dividual’ means any widow, child, or parent who may be
6 entitled to benefits based on the wages of a deceased wage
7 earner.

8 “(d) For the purpose of any hearing, investigation, or
9 other proceeding authorized or directed under this title, or
10 relative to any other matter within its jurisdiction hereunder,
11 the Board shall have power to issue subpoenas requiring the
12 attendance and testimony of witnesses and the production of
13 any evidence that relates to any matter under investigation
14 or in question before the Board. Such attendance of wit-
15 nesses and production of evidence at the designated place of
16 such hearing, investigation, or other proceeding may be re-
17 quired from any place in the United States or in any Terri-
18 tory or possession thereof. Subpoenas of the Board shall be
19 served by anyone authorized by it (1) by delivering a copy
20 thereof to the individual named therein, or (2) by regis-
21 tered mail addressed to such individual at his last dwelling
22 place or principal place of business. A verified return by
23 the individual so serving the subpoena setting forth the manner
24 of service, or, in the case of service by registered mail, the
25 return post-office receipt therefor signed by the individual so

1 served, shall be proof of service. Witnesses so subpoenaed
2 shall be paid the same fees and mileage as are paid witnesses
3 in the district courts of the United States.

4 “(e) In case of contumacy by, or refusal to obey a
5 subpoena duly served upon, any person, any district court
6 of the United States for the judicial district in which said
7 person charged with contumacy or refusal to obey is found
8 or resides or transacts business, upon application by the
9 Board, shall have jurisdiction to issue an order requiring
10 such person to appear and give testimony, or to appear and
11 produce evidence, or both; any failure to obey such order
12 of the court may be punished by said court as contempt
13 thereof.

14 “(f) No person so subpoenaed or ordered shall be ex-
15 cused from attending and testifying or from producing books,
16 records, correspondence, documents, or other evidence on the
17 ground that the testimony or evidence required of him may
18 tend to incriminate him or subject him to a penalty or for-
19 feiture; but no person shall be prosecuted or subjected to any
20 penalty or forfeiture for, or on account of, any transaction,
21 matter, or thing concerning which he is compelled, after
22 having claimed his privilege against self-incrimination, to
23 testify or produce evidence, except that such person so testi-
24 fying shall not be exempt from prosecution and punishment
25 for perjury committed in so testifying.

1 “(g) Any individual, after any final decision of the
2 Board made after a hearing to which he was a party, irre-
3 spective of the amount in controversy, may obtain a review
4 of any such decision by a civil action commenced within sixty
5 days after the mailing to him of notice of such decision or
6 within such further time as the Board may allow. Such
7 action shall be brought in the district court of the United
8 States (including the District Court of Alaska and the Dis-
9 trict Court of Hawaii) for the judicial district in which the
10 plaintiff resides, or has his principal place of business, or, if
11 he does not reside or have his principal place of business
12 within any such judicial district, in the District Court of
13 the United States for the District of Columbia. As part
14 of its answer the Board shall file a certified copy of the
15 transcript of the record including the evidence upon which
16 the findings and decision complained of are based. The
17 court shall have power to enter, upon the pleadings and
18 transcript of the record, a judgment affirming, modifying,
19 or reversing the decision of the Board, with or without re-
20 manding the cause for a rehearing. The findings of the Board
21 as to any fact, if supported by substantial evidence, shall be
22 conclusive, and where a claim has been denied by the Board
23 or a decision is rendered under subsection (b) hereof which
24 is adverse to an individual who was a party to the hearing
25 before the Board, because of failure of the claimant or such

1 individual to submit proof in conformity with any regulation
2 prescribed under subsection (a) hereof, the court shall review
3 only the question of conformity with such regulations and
4 the validity of such regulations. The court shall, on motion
5 of the Board made before it files its answer, remand the case
6 to the Board for further action by the Board, and may, at
7 any time, on good cause shown, order additional evidence to
8 be taken before the Board, and the Board shall, after the
9 case is remanded, and after hearing such additional evidence
10 if so ordered, modify or affirm its findings of fact or its
11 decision, or both, and shall file with the court any such
12 additional and modified findings of fact and decision, and a
13 transcript of the additional record and testimony upon which
14 its action in modifying or affirming was based. Such addi-
15 tional or modified findings of fact and decision shall be
16 reviewable only to the extent provided for review of the orig-
17 inal findings of fact and decision. The judgment of the court
18 shall be final except that it shall be subject to review in the
19 same manner as a judgment in other civil actions.

20 “(h) The findings and decision of the Board after a
21 hearing shall be binding upon all individuals who were par-
22 ties to such hearing. No findings of fact or decision of the
23 Board shall be reviewed by any person, tribunal, or govern-
24 mental agency except as herein provided. No action against

1 *the United States, the Board, or any officer or employee*
2 *thereof shall be brought under section 24 (20) of the Judi-*
3 *cial Code of the United States to recover on any claim aris-*
4 *ing under this title.*

5 “(i) *Upon final decision of the Board, or upon final*
6 *judgment of any court of competent jurisdiction, that any*
7 *person is entitled to any payment or payments under this*
8 *title, the Board shall certify to the Managing Trustee the*
9 *name and address of the person so entitled to receive such*
10 *payment or payments, the amount of such payment or pay-*
11 *ments, and the time at which such payment or payments*
12 *should be made, and the Managing Trustee, through the*
13 *Division of Disbursement of the Treasury Department, and*
14 *prior to any action thereon by the General Accounting*
15 *Office, shall make payment in accordance with the certifica-*
16 *tion of the Board: Provided, That where a review of the*
17 *Board's decision is or may be sought under subsection (g)*
18 *the Board may withhold certification of payment pending*
19 *such review. The Managing Trustee shall not be held per-*
20 *sonally liable for any payment or payments made in accord-*
21 *ance with a certification by the Board.*

22 “(j) *When it appears to the Board that the interest of*
23 *an applicant entitled to a payment would be served thereby,*
24 *certification of payment may be made regardless of the legal*
25 *competency or incompetency of the individual entitled thereto,*

1 either for direct payment to such applicant or, for his use
2 and benefit, to a relative or some other person.

3 “(k) Any payments hereafter made under conditions
4 set forth in subsection (j), any payments which have been
5 made before the date of this amendment to, or on behalf of,
6 legally incompetent individuals, and any payments hereafter
7 made to legally incompetent individuals without knowledge
8 by the Board of incompetency prior to certification of pay-
9 ment, if otherwise valid under this title shall be a complete
10 settlement and satisfaction of any claim, right, or interest in
11 and to such payment.

12 “(l) The Board is authorized to delegate to any mem-
13 ber, officer, or employee of the Board designated by it any
14 of the powers conferred upon it by this section, including the
15 power to make findings of fact and decisions and the power
16 to make certification of payment to the Secretary of the
17 Treasury, and is authorized to be represented by its own
18 attorneys in any court in any case or proceeding arising
19 under the provisions of subsection (e).

20 “(m) No application for any benefit under this title
21 filed prior to three months before the first month for which
22 such applicant becomes entitled to receive a benefit shall be
23 accepted as an application for the purposes of this title.

24 “(n) The Board may, in its discretion, certify to the
25 Secretary of the Treasury any two or more individuals of

1 the same family for joint payment of the total benefits payable
2 to such individuals.

3 "REPRESENTATION OF CLAIMANTS BEFORE THE BOARD

4 "SEC. 206. The Board may prescribe rules and regula-
5 tions governing the recognition of agents or other persons,
6 other than attorneys as hereinafter provided, representing
7 claimants before the Board, and may require of such agents
8 or other persons, before being recognized as representatives
9 of claimants that they shall show that they are of good
10 character and in good repute, possessed of the necessary
11 qualifications to enable them to render such claimants valu-
12 able service, and otherwise competent to advise and assist
13 such claimants in the presentation of their cases. An attor-
14 ney in good standing who is admitted to practice before the
15 highest court of the State, Territory, District, or insular
16 possession of his residence or before the Supreme Court of
17 the United States or the inferior Federal courts, shall be
18 entitled to represent claimants before the Board upon filing
19 with the Board a certificate of his right to so practice from
20 the presiding judge or clerk of the aforesaid courts. The
21 Board may, after due notice and opportunity for hearing,
22 suspend or disbar from further practice before it any such
23 person, agent, or attorney who refuses to comply with the
24 Board's rules and regulations or who violates any provision
25 of this section for which a penalty is prescribed. The Board

1. may, by rule and regulation, prescribe the maximum fees
2 which may be charged for services performed in connection
3 with any claim before the Board under this title, and any
4 agreement in violation of such rules and regulations shall
5 be void. Any person who shall, with intent to defraud, in
6 any manner willfully and knowingly deceive, mislead, or
7 threaten any claimant or prospective claimant or beneficiary
8 under this title by word, circular, letter or advertisement, or
9 who shall knowingly charge or collect directly or indirectly
10 any fee in excess of the maximum fee, or make any agree-
11 ment directly or indirectly to charge or collect any fee in
12 excess of the maximum fee prescribed by the Board shall be
13 deemed guilty of a misdemeanor and, upon conviction
14 thereof, shall for each offense be punished by a fine not ex-
15 ceeding \$500 or by imprisonment not exceeding one year.
16 or both.

17 "ASSIGNMENT

18 "SEC. 207. The right of any person to any future pay-
19 ment under this title shall not be transferable or assignable,
20 at law or in equity, and none of the moneys paid or payable
21 or rights existing under this title shall be subject to execution,
22 levy, attachment, garnishment, or other legal process, or to
23 the operation of any bankruptcy or insolvency law.

24 "SEC. 208. Whoever, for the purpose of causing an
25 increase in any payment authorized to be made under this

1 title, or for the purpose of causing any payment to be made
2 where no payment is authorized under this title, shall make
3 or cause to be made, any false statement or representation
4 (including any false statement or representation in connec-
5 tion with any matter arising under subchapter A of chap-
6 ter 9 of the Internal Revenue Code) as to the amount of
7 wages paid or received or the period during which earned or
8 paid; or whoever makes or causes to be made, any false state-
9 ment of a material fact in any application for any payment
10 under this title, or whoever makes or causes to be made, any
11 false statement, representation, affidavit, or document in con-
12 nection with such an application, shall be guilty of a mis-
13 demeanor and upon conviction thereof shall be fined not more
14 than \$1,000 or imprisoned for not more than one year, or
15 both.

16 "DEFINITIONS

17 "SEC. 209. When used in this title—

18 "(a) The term 'wages' means all remuneration for em-
19 ployment, including the cash value of all remuneration paid
20 in any medium other than cash; except that such term shall
21 not include—

22 "(1) That part of the remuneration which, after
23 remuneration equal to \$3,000 has been paid to an indi-
24 vidual by an employer with respect to employment dur-
25 ing any calendar year, is paid to such individual by such

1 *employer with respect to employment during such*
2 *calendar year;*

3 *“(2) The amount of any payment made to, or on*
4 *behalf of, an employee under a plan or system estab-*
5 *lished by an employer which makes provision for his*
6 *employees generally or for a class or classes of his em-*
7 *ployees (including any amount paid by an employer*
8 *for insurance, or into a fund, to provide for any such*
9 *payment), on account of (A) retirement, or (B) sick-*
10 *ness or accident disability, or (C) medical and hospitali-*
11 *zation expenses in connection with sickness or accident*
12 *disability;*

13 *“(3) The payment by an employer (without de-*
14 *duction from the remuneration of the employee) (A) of*
15 *the tax imposed upon such employee under section 1400*
16 *of the Internal Revenue Code, and (B) of any payment*
17 *required from such employee under a State unemploy-*
18 *ment compensation law;*

19 *“(4) Dismissal payments which the employer is not*
20 *legally required to make; or*

21 *“(5) Any remuneration paid to an individual prior*
22 *to January 1, 1937.*

23 *“(b) The term ‘employment’ means any service per-*
24 *formed prior to January 1, 1940, which was employment as*

1 *defined in section 210 (b) of the Social Security Act prior*
2 *to such date, except service performed by an individual after*
3 *he attained the age of sixty-five, and any service, of what-*
4 *ever nature, performed after December 31, 1939, by an*
5 *employee for the person employing him, irrespective of the*
6 *citizenship or residence of either, (A) within the United*
7 *States, or (B) on or in connection with an American*
8 *vessel under a contract of service which is entered into*
9 *within the United States or during the performance of*
10 *which the vessel touches at a port in the United States, if the*
11 *employee is employed on and in connection with such vessel*
12 *when outside the United States, except—*

13 (1) *Agricultural labor (as defined in subsection*
14 (1) *of this section);*

15 “(2) *Domestic service in a private home;*

16 “(3) *Casual labor not in the course of the em-*
17 *ployer’s trade or business;*

18 “(4) *Service performed by an individual in the*
19 *employ of his son, daughter, or spouse, and service per-*
20 *formed by a child under the age of twenty-one in the*
21 *employ of his father or mother;*

22 “(5) *Service performed on or in connection with*
23 *a vessel not an American vessel by an employee, if the*
24 *employee is employed on and in connection with such*
25 *vessel when outside the United States;*

1 “(6) Service performed in the employ of the
2 United States Government, or of an instrumentality of
3 the United States which is (A) wholly owned by the
4 United States (excluding any corporation wholly owned
5 by the United States if a majority of its board of direc-
6 tors may not be selected by the United States), or (B)
7 exempt from the tax imposed by section 1410 of the
8 Internal Revenue Code by virtue of any other provision
9 of law;

10 “(7) Service performed in the employ of a State,
11 or any political subdivision thereof, or any instrumen-
12 tality of any one or more of the foregoing which is
13 wholly owned by one or more States or political sub-
14 divisions; and any service performed in the employ of
15 any instrumentality of one or more States or political
16 subdivisions to the extent that the instrumentality is,
17 with respect to such service, immune under the Constitu-
18 tion of the United States from the tax imposed by section
19 1410 of the Internal Revenue Code;

20 “(8) Service performed in the employ of a corpo-
21 ration, community chest, fund, or foundation, organ-
22 ized and operated exclusively for religious, charitable,
23 scientific, literary, or educational purposes, or for the
24 prevention of cruelty to children or animals, no part
25 of the net earnings of which inures to the benefit of any

1 *private shareholder or individual, and no substantial*
2 *part of the activities of which is carrying on propaganda,*
3 *or otherwise attempting, to influence legislation;*

4 “(9) *Service performed by an individual as an*
5 *employee or employee representative as defined in sec-*
6 *tion 1532 of the Internal Revenue Code;*

7 “(10) (A) *Service performed in any calendar*
8 *quarter in the employ of any organization exempt from*
9 *income tax under section 101 of the Internal Revenue*
10 *Code, if—*

11 “(i) *the remuneration for such service does not*
12 *exceed \$45, or*

13 “(ii) *such service is in connection with the*
14 *collection of dues or premiums for a fraternal bene-*
15 *ficiary society, order, or association, and is per-*
16 *formed away from the home office, or is ritualistic*
17 *service in connection with any such society, order,*
18 *or association, or*

19 “(iii) *such service is performed by a student*
20 *who is enrolled and is regularly attending classes at*
21 *a school, college, or university;*

22 “(B) *Service performed in the employ of an agri-*
23 *cultural or horticultural organization;*

24 “(C) *Service performed in the employ of a volun-*
25 *tary employees' beneficiary association providing for the*

1 *payment of life, sick, accident, or other benefits to the*
2 *members of such association or their dependents, if (i) no*
3 *part of their net earnings inures (other than through*
4 *such payments) to the benefit of any private shareholder*
5 *or individual, and (ii) 85 per centum or more of the*
6 *income consists of amounts collected from members for*
7 *the sole purpose of making such payments and meeting*
8 *expenses;*

9 “(D) *Service performed in any calendar quarter*
10 *in the employ of a school, college, or university, not*
11 *exempt from income tax under section 101 of the*
12 *Internal Revenue Code, if such service is performed*
13 *by a student who is enrolled and is regularly attending*
14 *classes at such school, college, or university, and the*
15 *remuneration for such service does not exceed \$45*
16 *(exclusive of room, board, and tuition);*

17 “(11) *Service performed in the employ of a foreign*
18 *government (including service as a consular or other*
19 *officer or employee or a nondiplomatic representative);*

20 “(12) *Service performed in the employ of an in-*
21 *strumentality wholly owned by a foreign government—*

22 “(A) *If the service is of a character similar*
23 *to that performed in foreign countries by employees*
24 *of the United States Government or of an instru-*
25 *mentality thereof; and*

1 “(B) If the Secretary of State shall certify to
2 the Secretary of the Treasury that the foreign gov-
3 ernment, with respect to whose instrumentality and
4 employees thereof exemption is claimed, grants an
5 equivalent exemption with respect to similar service
6 performed in the foreign country by employees of
7 the United States Government and of instrumentali-
8 ties thereof.

9 “(c) If the services performed during one-half or more
10 of any pay period by an employee for the person employing
11 him constitute employment, all the services of such employee
12 for such period shall be deemed to be employment; but if the
13 services performed during more than one-half of any such
14 pay period by an employee for the person employing him do
15 not constitute employment, then none of the services of such
16 employee for such period shall be deemed to be employ-
17 ment. As used in this subsection the term ‘pay period’ means
18 a period (of not more than thirty-one consecutive days)
19 for which a payment of remuneration is ordinarily made
20 to the employee by the person employing him. This subsec-
21 tion shall not be applicable with respect to services performed
22 for an employer in a pay period, where any of such service
23 is excepted by paragraph (9) of subsection (b).

24 “(d) The term ‘American vessel’ means any vessel doc-
25 umented or numbered under the laws of the United States;

1 *and shall include any vessel which is neither documented or*
 2 *numbered under the laws of the United States nor documented*
 3 *under the laws of any foreign country, if its crew is em-*
 4 *ployed solely by one or more citizens or residents of the*
 5 *United States or corporations organized under the laws of*
 6 *the United States or of any State.*

7 “(e) The term ‘primary insurance benefit’ means an
 8 amount equal to the sum of the following—

9 “(1) (A) 40 per centum of the amount of an
 10 individual’s average monthly wage if such average
 11 monthly wage does not exceed \$50, or (B) if such aver-
 12 age monthly wage exceeds \$50, 40 per centum of \$50,
 13 plus 10 per centum of the amount by which such aver-
 14 age monthly wage exceeds \$50, and

15 “(2) an amount equal to 1 per centum of the amount
 16 computed under paragraph (1) multiplied by the num-
 17 ber of years in which \$200 or more of wages were paid
 18 to such individual.

19 “(f) The term ‘average monthly wage’ means the quo-
 20 tient obtained by dividing the total wages paid an individual
 21 before the year in which he died or became entitled to receive
 22 primary insurance benefits, whichever first occurred, by
 23 twelve times the number of years elapsing after 1936 and
 24 before such year in which he died or became so entitled, ex-
 25 cluding any year prior to the year in which he attained

1 the age of twenty-two during which he was paid less than
2 \$200; but in no case shall such total wages be divided by a
3 number less than thirty-six.

4 “(g) The term ‘fully insured individual’ means any
5 individual with respect to whom it appears to the satisfac-
6 tion of the Board that—

7 “(1) (A) he attained age sixty-five prior to 1940,
8 and

9 “(B) he has not less than two years of coverage,
10 and

11 “(C) the total amount of wages paid to him was
12 not less than \$600; or

13 “(2) (A) within the period of 1940-1945, inclu-
14 sive, he attained the age of sixty-five or died before at-
15 taining such age, and

16 “(B) he had not less than one year of coverage for
17 each two of the years specified in clause (C), plus an
18 additional year of coverage, and

19 “(C) the total amount of wages paid to him was not
20 less than an amount equal to \$200 multiplied by the
21 number of years elapsing after 1936 and up to and
22 including the year in which he attained the age of sixty-
23 five or died, whichever first occurs; or

24 “(3) (A) he had at least fifteen years of coverage,
25 or

1 “(B) the total amount of wages paid to him was
2 not less than \$2,000, and

3 “(C) he had not less than one year of coverage
4 for each two of the years elapsing after 1936, or after
5 the year in which he attained the age of twenty-one,
6 whichever year is later, and up to but excluding the year
7 in which he attained the age of sixty-five or died, which-
8 ever first occurs, and in no case had less than five years
9 of coverage.

10 “As used in this subsection, the term ‘year’ means calen-
11 dar year, and the term ‘year of coverage’ means a calendar
12 year in which the individual has been paid not less than
13 \$200 in wages. When the number of years specified in
14 clause (2) (C) or clause (3) (C) is an odd number, for
15 purposes of clause (2) (B) or (3) (C) such number shall be
16 reduced by one.

17 “(h) The term ‘currently insured individual’ means any
18 individual with respect to whom it appears to the satisfaction
19 of the Board that he has been paid wages of not less than
20 \$50 for each of not less than six of the twelve calendar
21 quarters, immediately preceding the quarter in which he died.

22 “(i) The term ‘wife’ means the wife of an individual
23 who was married to him prior to January 1, 1939, or if
24 later, prior to the date upon which he attained the age of
25 sixty.

1 “(j) The term ‘widow’ means the surviving wife of an
2 individual who was married to him prior to the beginning
3 of the twelfth month before the month in which he died.

4 “(k) The term ‘child’ means the child of an indi-
5 vidual, and the stepchild of an individual by a marriage
6 contracted prior to the date upon which he attained the age
7 of sixty and prior to the beginning of the twelfth month
8 before the month in which he died, and a child legally adopted
9 by an individual prior to the date upon which he attained the
10 age of sixty and prior to the beginning of the twelfth month
11 before the month in which he died.

12 “(l) The term ‘agricultural labor’ includes all services
13 performed—

14 “(1) On a farm, in the employ of any person, in con-
15 nection with cultivating the soil, or in connection with raising
16 or harvesting any agricultural or horticultural commodity,
17 including the raising, feeding, and management of livestock,
18 bees, poultry, and fur-bearing animals.

19 “(2) In the employ of the owner or tenant of a farm,
20 in connection with the operation, management, or maintenance
21 of such farm, if the major part of such services are performed
22 on such farm.

23 “(3) In connection with the production or harvesting of
24 maple sirup or maple sugar or any commodity defined as an
25 agricultural commodity in section 15 (g) of the Agricultural

1 *Marketing Act, as amended, or in connection with the raising*
2 *or harvesting of mushrooms, or in connection with the hatching*
3 *of poultry, or in connection with the ginning of cotton.*

4 “(4) *In handling, drying, packing, packaging, processing,*
5 *freezing, grading, storing, or delivering to storage or to*
6 *market or to a carrier for transportation to market, any agri-*
7 *cultural or horticultural commodity; but only if such service*
8 *is performed as an incident to ordinary farming operations*
9 *or, in the case of fruits and vegetables, as an incident to the*
10 *preparation of such fruits or vegetables for market. The*
11 *provisions of this subparagraph shall not be deemed to be*
12 *applicable with respect to services performed in connection with*
13 *commercial canning or commercial freezing or in connection*
14 *with any agricultural or horticultural commodity after its*
15 *delivery to a terminal market for distribution for consumption.*

16 “*As used in this subsection, the term ‘farm’ includes*
17 *stock, dairy, poultry, fruit, fur-bearing animal, and truck*
18 *farms, plantations, ranches, nurseries, ranges, greenhouses*
19 *or other similar structures used primarily for the raising of*
20 *agricultural or horticultural commodities, and orchards.*

21 “(m) *In determining whether an applicant is the wife,*
22 *widow, or child of a fully insured or currently insured*
23 *individual for purposes of this title, the Board shall apply*
24 *such law as would be applied in determining the devolution*
25 *of intestate personal property by the courts of the State in*

1 *which such insured individual is domiciled at the time such*
2 *applicant files application, or, if such insured individual*
3 *is dead, by the courts of the State in which he was domiciled*
4 *at the time of his death. Applicants who according to such*
5 *law would have the same status relative to taking intestate*
6 *personal property as a wife, widow, or child shall be deemed*
7 *such.*

8 “(n) *A wife shall be deemed to be living with her hus-*
9 *band if they are both members of the same household, or*
10 *she is receiving regular contributions from him toward her*
11 *support, or he has been ordered by any court to contribute*
12 *to her support.”*

13 **SEC. 6.** Section 302 (a) of such Act is amended to
14 read as follows:

15 “(a) The Board shall from time to time certify to the
16 Secretary of the Treasury for payment to each State which
17 has an unemployment compensation law approved by the
18 Board under ~~Title IX~~ *the provisions of subchapter C of*
19 *chapter 9 of the Internal Revenue Code*, such amounts as
20 the Board determines to be necessary for the proper admin-
21 istration of such law during the fiscal year ~~in~~ *for* which such
22 payment is to be made. The Board’s determination shall be
23 based on (1) the population of the State; (2) an estimate
24 of the number of persons covered by the State law and of
25 the cost of proper administration of such law; and (3) such

1 other factors as the Board finds relevant. The Board shall
2 not certify for payment under this section in any fiscal year
3 a total amount in excess of the amount appropriated therefor
4 for such fiscal year."

5 SEC. 7. Effective July 1, 1941, section 303 (a) of such
6 Act is amended to read as follows:

7 "PROVISIONS OF STATE LAWS

8 "SEC. 303. (a) The Board shall make no certification
9 for payment to any State unless it finds that the law of such
10 State, approved by the Board under ~~Title IX~~ *the provisions*
11 *of subchapter C of chapter 9 of the Internal Revenue Code,*
12 includes provision for—

13 "(1) Such methods of administration (other than those
14 relating to selection, tenure of office, and compensation of
15 personnel) as are found by the Board to be reasonably calcu-
16 lated to insure full payment of unemployment compensation
17 when due; and

18 "(2) Payment of unemployment compensation solely
19 through public employment offices ~~in the State~~ or such other
20 agencies as the Board may approve; and

21 "(3) Opportunity for a fair hearing, before an impar-
22 tial tribunal, for all individuals whose claims for unem-
23 ployment compensation are denied; and

24 "(4) The payment of all money received in the unem-
25 ployment fund of such State (*except for refunds of sums*

1 *erroneously paid into such fund and except for refunds paid*
2 *in accordance with the provisions of section 1606 (b) of the*
3 *Internal Revenue Code), immediately upon such receipt,*
4 *to the Secretary of the Treasury to the credit of the unem-*
5 *ployment trust fund established by section 904; and*

6 “(5) Expenditure of all money ~~requisitioned by the~~
7 ~~State agency from the Unemployment Trust Fund withdrawn~~
8 *from an unemployment fund of such State, in the payment of*
9 *unemployment compensation, exclusive of expenses of admin-*
10 *istration, and for refunds of sums erroneously paid into such*
11 *fund and refunds paid in accordance with the provisions of*
12 *section 1606 (b) of the Internal Revenue Code; and*

13 “(6) The making of such reports, in such form and
14 containing such information, as the Board may from time to
15 time require, and compliance with such provisions as the
16 Board may from time to time find necessary to assure the
17 correctness and verification of such reports; and

18 “(7) Making available upon request to any agency of
19 the United States charged with the administration of public
20 works or assistance through public employment, the name,
21 address, ordinary occupation and employment status of each
22 recipient of unemployment compensation, and a statement of
23 such recipient's rights to further compensation under such
24 ~~law.~~ *law; and*

1 “(8) *The expenditure of all moneys received pursuant*
2 *to section 302 of this title solely for the purposes and in the*
3 *amounts found necessary by the Board for the proper admin-*
4 *istration of such State law; and*

5 “(9) *The replacement, within a reasonable time, of any*
6 *moneys received pursuant to section 302 of this title, which,*
7 *because of any action or contingency, have been lost or have*
8 *been expended for purposes other than, or in amounts in*
9 *excess of, those found necessary by the Board for the proper*
10 *administration of such State law.”*

11 SEC. 8. (a) Clause (5) of section 402 (a) of such Act
12 is amended to read as follows: “(5) provide such methods
13 of administration (other than those relating to selection,
14 tenure of office, and compensation of personnel) as are found
15 by the Board to be necessary for the *proper and efficient*
16 *operation of the plan.”*

17 (b) Effective July 1, 1941, section 402 (a) of such Act
18 is further amended by inserting before the period at the end
19 thereof a semicolon and the following new clauses: “(7)
20 *provide that the State agency shall, in determining need, take*
21 *into consideration any other income and resources of any*
22 *such child or children claiming aid to dependent children;*
23 *and (8) provide safeguards which restrict the use or disclo-*
24 *sure of information concerning applicants and recipients to*

1 *purposes directly connected with the administration of aid to*
2 *dependent children”.*

3 SEC. 9. Section 403 of such Act is amended to read
4 as follows:

5 “PAYMENT TO STATES

6 “SEC. 403. (a) From the sums appropriated therefor,
7 the Secretary of the Treasury shall pay to each State which
8 has an approved plan for aid to dependent children, for
9 each quarter, beginning with the quarter commencing July
10 ~~1, 1935~~ *January 1, 1940*, an amount, which shall be used
11 exclusively for carrying out the State plan, equal to (1)
12 ~~one-third~~ *one-half* of the total of the sums expended during
13 such quarter under such plan, not counting so much of such
14 expenditure with respect to any dependent child for any
15 month as exceeds \$18, or if there is more than one de-
16 pendent child in the same home, as exceeds \$18 for any
17 month with respect to one such dependent child and \$12
18 for such month with respect to each of the other dependent
19 children as exceeds an average of \$18 a month with respect
20 to the total number of dependent children receiving aid to
21 dependent children for such month.

22 “(b) The method of computing and paying such
23 amounts shall be as follows:

24 “(1) The Board shall, prior to the beginning of
25 each quarter, estimate the amount to be paid to the State

1 for such quarter under the provisions of subsection (a);
2 such estimate to be based on (A) a report filed by the
3 State containing its estimate of the total sum to be
4 expended in such quarter in accordance with the provi-
5 sions of such subsection and stating the amount ap-
6 propriated or made available by the State and its politi-
7 cal subdivisions for such expenditures in such quarter,
8 and if such amount is less than ~~two-thirds~~ *one-half* of
9 the total sum of such estimated expenditures, the source
10 or sources from which the difference is expected to be
11 derived, (B) records showing the number of dependent
12 children in the State, and (C) such other investigation
13 as the Board may find necessary.

14 “(2) The Board shall then certify to the Secretary
15 of the Treasury the amount so estimated by the Board,
16 (A) reduced or increased, as the case may be, by any
17 sum by which it finds that its estimate for any prior
18 quarter was greater or less than the amount which
19 should have been paid to the State for such quarter, and
20 (B) reduced by a sum equivalent to the pro rata share
21 to which the United States is equitably entitled, as deter-
22 mined by the Board, of the net amount recovered during
23 any prior quarter by the State or any political subdivi-
24 sion thereof with respect to aid to dependent children
25 furnished under the State plan; except that such in-

1 *creases or reductions shall not be made to the extent that*
2 *such sum has sums have been applied to make the*
3 *amount certified for any prior quarter greater or less*
4 *than the amount estimated by the Board for such prior*
5 *quarter.*

6 “(3) The Secretary of the Treasury shall there-
7 upon, through the Division of Disbursement of the
8 Treasury Department and prior to audit or settlement
9 by the General Accounting Office, pay to the State, at
10 the time or times fixed by the Board, the amount so
11 certified.”

12 SEC. 10. Section 406 (a) of such Act is amended to
13 read as follows:

14 “(a) The term ‘dependent child’ means a *needy* child
15 under the age of sixteen, *or under the age of eighteen if found*
16 *by the State agency to be regularly attending school*, who
17 has been deprived of parental support or care by reason of
18 the death, continued absence from the home, or physical or
19 mental incapacity of a parent, and who is living with his
20 father, mother, grandfather, grandmother, brother, sister,
21 stepfather, stepmother, stepbrother, stepsister, uncle, or aunt,
22 in a place of residence maintained by one or more of such
23 relatives as his or their own home;”.

24 SEC. 11. Clause (3) of section 503 (a) of such Act
25 is amended to read as follows: “(3) provide such methods
26 of administration (other than those relating to selection,

1 tenure of office, and compensation of personnel) as are
2 necessary for the *proper and efficient* operation of the plan.”

3 SEC. 12. Clause (3) of section 513 (a) of such Act is
4 amended to read as follows: “(3) provide such methods of
5 administration (other than those relating to selection, tenure
6 of office, and compensation of personnel) as are necessary for
7 the *proper and efficient* operation of the plan.”

8 SEC. 13. Section 1400 of the Internal Revenue Code is
9 amended to read as follows:

10 **“SEC. 1400. RATE OF TAX.**

11 “In addition to other taxes, there shall be levied,
12 collected, and paid upon the income of every individual
13 a tax equal to the following percentages of the wages (as
14 defined in section 1426 (a)) received by him after December
15 31, 1936, with respect to employment (as defined in sec-
16 tion 1426 (b)) after such date:

17 “(1) With respect to *employment wages received*
18 during the calendar ~~year~~ *years* 1939, 1940, 1941, and
19 1942, the rate shall be 1 per centum.

20 ~~“(2) With respect to employment during the cal-~~
21 ~~endar years 1940, 1941, and 1942, the rate shall be~~
22 ~~1½ per centum.~~

23 ~~“(3) (2) With respect to employment wages re-~~
24 ~~ceived during the calendar years 1943, 1944, and 1945,~~
25 ~~the rate shall be 2 per centum.~~

1 “(4) (3) With respect to *employment wages re-*
2 *ceived* during the calendar years 1946, 1947, and 1948,
3 the rate shall be 2½ per centum.

4 “(5) (4) With respect to *employment wages re-*
5 *ceived* after December 31, 1948, the rate shall be 3 per
6 centum.”

7 SEC. 14. Section 1401 (c) of the Internal Revenue
8 Code is amended to read as follows:

9 “(c) ADJUSTMENTS.—If more or less than the correct
10 amount of tax imposed by section 1400 is paid with respect
11 to any *wage payment of remuneration, then, under regula-*
12 *tions made under this subchapter,* proper adjustments, with
13 respect both to the tax and the amount to be deducted, shall
14 be made, without interest, *in connection with subsequent*
15 *wage payments to the same individual by the same em-*
16 *ployer in such manner and at such times as may be pre-*
17 *scribed by regulations made under this subchapter.”*

18 SEC. 15. Part I of subchapter A of chapter 9 of the
19 Internal Revenue Code is amended by adding at the end
20 thereof the following new section:

21 “SEC. 1403. RECEIPTS FOR EMPLOYEES.

22 “(a) REQUIREMENT.—*Every employer shall furnish*
23 *to each of his employees a written statement or statements,*
24 *in a form suitable for retention by the employee, showing*
25 *the wages paid by him to the employee after December 31,*

1 1939. Each statement shall cover a calendar year, or one,
2 two, three, or four calendar quarters, whether or not within
3 the same calendar year, and shall show the name of the
4 employer, the name of the employee, the period covered by
5 the statement, the total amount of wages paid within such
6 period, and the amount of the tax imposed by section 1400
7 with respect to such wages. Each statement shall be fur-
8 nished to the employee not later than the last day of the second
9 calendar month following the period covered by the state-
10 ment, except that, if the employee leaves the employ of the
11 employer, the final statement shall be furnished on the day
12 on which the last payment of wages is made to the employee.
13 The employer may, at his option, furnish such a statement
14 to any employee at the time of each payment of wages to the
15 employee during any calendar quarter, in lieu of a statement
16 covering such quarter; and, in such case, the statement may
17 show the date of payment of the wages, in lieu of the period
18 covered by the statement.

19 “(b) *PENALTY FOR FAILURE TO FURNISH.*—Any
20 employer who fails to furnish a statement to an employee in
21 the manner, at the time, and showing the information, re-
22 quired under subsection (a), shall for each such failure be
23 subject to a penalty of not more than \$100.”

24 SEC. 16. Section 1410 of the Internal Revenue Code
25 is amended to read as follows:

1 "SEC. 1410. RATE OF TAX.

2 "In addition to other taxes, every employer shall pay
3 an excise tax, with respect to having individuals in his em-
4 ploy, equal to the following percentages of the wages (as
5 defined in section 1426 (a)) paid by him after December
6 31, 1936, with respect to employment (as defined in section
7 1426 (b)) after such date:

8 "(1) With respect to *employment wages paid* during the
9 calendar year *years* 1939, 1940, 1941, and 1942, the rate
10 shall be 1 per centum.

11 "~~(2)~~ With respect to employment during the calendar
12 years 1940, 1941, and 1942, the rate shall be $1\frac{1}{2}$ per centum.

13 "~~(3)~~ (2) With respect to *employment wages paid* dur-
14 ing the calendar years 1943, 1944, and 1945, the rate shall
15 be 2 per centum.

16 "~~(4)~~ (3) With respect to *employment wages paid* dur-
17 ing the calendar years 1946, 1947, and 1948, the rate shall
18 be $2\frac{1}{2}$ per centum.

19 "~~(5)~~ (4) With respect to *employment wages paid* after
20 December 31, 1948, the rate shall be 3 per centum."

21 SEC. 17. Section 1411 of the Internal Revenue Code is
22 amended to read as follows:

23 "SEC. 1411. ADJUSTMENT OF TAX.

24 "If more or less than the correct amount of tax im-
25 posed by section 1410 is paid with respect to any wage

1 payment of remuneration, then, under regulations made
 2 under this subchapter, proper adjustments with respect to
 3 the tax shall be made, without interest, in connection with
 4 subsequent wage payments to the same individual by the
 5 same employer in such manner and at such times as may be
 6 prescribed by regulations made under this subchapter."

7 SEC. 18. Effective January 1, 1940, section 1426 of the
 8 Internal Revenue Code is amended to read as follows:

9 "SEC. 1426. DEFINITIONS.

10 "When used in this subchapter—

11 "(a) WAGES.—The term 'wages' means all remuner-
 12 ation for employment, including the cash value of all remu-
 13 neration paid in any medium other than cash; except that
 14 such term shall not include—

15 "(1) That part of the remuneration which, after
 16 remuneration equal to \$3,000 has been paid to an indi-
 17 vidual by an employer with respect to employment
 18 during any calendar year, is paid to such individual by
 19 such employer with respect to employment during such
 20 calendar year; year;

21 "(2) The amount of any payment made to, or on
 22 behalf of, an employee under a plan or system established
 23 by an employer which makes provision for his employees
 24 generally or for a class or classes of his employees (in-

1 cluding any amount paid by an employer for insurance,
2 or into a fund, to provide for any such payment), on
3 account of (A) retirement, or (B) sickness or accident
4 disability, or (C) medical and hospitalization expenses
5 in connection with sickness or accident disability;

6 “(3) The payment by an employer (without deduc-
7 tion from the remuneration of the employee) (A) of the
8 tax imposed upon such employee under section 1400 or
9 (B) of any payment required from such employee under
10 a State unemployment compensation law; or

11 “(4) Dismissal payments which the employer is not
12 legally required to make.

13 “(b) EMPLOYMENT.—The term ‘employment’ means
14 any service performed prior to January 1, 1940, which was
15 employment as defined in this section prior to such date, and
16 any service, of whatever nature, performed after December
17 31, 1939, by an employee for the person employing him, ir-
18 respective of the citizenship or residence of either, (A) within
19 the United States, ~~by an employee for his employer,~~ or (B)
20 on or in connection with an American vessel under a contract
21 of service which is entered into within the United States or
22 during the performance of which the vessel touches at a port
23 in the United States, if the employee is employed on and in
24 connection with such vessel when outside the United States,
25 except—

1 “(1) Agricultural labor (as defined in subsection
2 (i) of this section);

3 “(2) Domestic service in a private home;

4 “(3) Casual labor not in the course of the em-
5 ployer's trade or business;

6 “(4) Service performed by an individual who has
7 attained the age of sixty-five Service performed by an
8 individual in the employ of his son, daughter, or spouse,
9 and service performed by a child under the age of
10 twenty-one in the employ of his father or mother;

11 “(5) Service performed as an officer or member of
12 the crew of a vessel documented under the laws of the
13 United States or of any foreign country; Service per-
14 formed on or in connection with a vessel not an American
15 vessel by an employee, if the employee is employed on and
16 in connection with such vessel when outside the United
17 States;

18 “(6) Service performed in the employ of the
19 United States Government, or of an instrumentality of
20 the United States which is (A) wholly owned by the
21 United States (excluding any corporation wholly owned
22 by the United States if a majority of its board of directors
23 may not be selected by the United States), or (B)
24 exempt from the taxes imposed by section 1410 by virtue
25 of any other provision of law;

1 “(7) Service performed in the employ of a State,
2 a or any political subdivision thereof, or ~~an~~ any
3 instrumentality of one or more States or political sub-
4 divisions any one or more of the foregoing which is wholly
5 owned by one or more States or political subdivisions; and
6 any service performed in the employ of any instru-
7 mentality of one or more States or political subdivisions
8 to the extent that the instrumentality is, with respect to
9 such service, immune under the Constitution of the
10 United States from the tax imposed by section 1410;

11 “(8) Service performed in the employ of a cor-
12 poration, community chest, fund, or foundation, organ-
13 ized and operated exclusively for religious, charitable,
14 scientific, literary, or educational purposes, or for the
15 prevention of cruelty to children or animals, no part of
16 the net earnings of which inures to the benefit of any
17 private shareholder or individual, and no substantial
18 part of the activities of which is carrying on propaganda,
19 or otherwise attempting, to influence legislation;

20 “(9) Service performed by an individual as an
21 employee or employee representative as defined in section
22 1532 ~~(b)~~; or

23 “(10) Service performed as an employee repre-
24 sentative as defined in section 1532 ~~(c)~~ (A) Service
25 performed in any calendar quarter in the employ of

1 *any organization exempt from income tax under section*
2 *101, if—*

3 “(i) *the remuneration for such service does not*
4 *exceed \$45, or*

5 “(ii) *such service is in connection with the*
6 *collection of dues or premiums for a fraternal bene-*
7 *ficiary society, order, or association, and is performed*
8 *away from the home office, or is ritualistic service in*
9 *connection with any such society, order, or associa-*
10 *tion, or*

11 “(iii) *such service is performed by a student*
12 *who is enrolled and is regularly attending classes*
13 *at a school, college, or university;*

14 “(B) *Service performed in the employ of an agri-*
15 *cultural or horticultural organization;*

16 “(C) *Service performed in the employ of a voluntary*
17 *employees' beneficiary association providing for the pay-*
18 *ment of life, sick, accident, or other benefits to the mem-*
19 *bers of such association or their dependents, if (i) no*
20 *part of their net earnings inures (other than through*
21 *such payments) to the benefit of any private shareholder*
22 *or individual, and (ii) 85 per centum or more of the*
23 *income consists of amounts collected from members for*
24 *the sole purpose of making such payments and meeting*
25 *expenses;*

1 “(D) Service performed in any calendar quarter
2 in the employ of a school, college, or university, not
3 exempt from income tax under section 101, if such
4 service is performed by a student who is enrolled and
5 is regularly attending classes at such school, college, or
6 university, and the remuneration for such service does
7 not exceed \$45 (exclusive of room, board, and tuition);

8 “(11) Service performed in the employ of a foreign
9 government (including service as a consular or other
10 officer or employee or a nondiplomatic representative);
11 or

12 “(12) Service performed in the employ of an in-
13 strumentality wholly owned by a foreign government—

14 “(A) If the service is of a character similar
15 to that performed in foreign countries by employees
16 of the United States Government or of an instru-
17 mentality thereof; and

18 “(B) If the Secretary of State shall certify
19 to the Secretary of the Treasury that the foreign
20 government, with respect to whose instrumentality
21 and employees thereof exemption is claimed, grants
22 an equivalent exemption with respect to similar
23 service performed in the foreign country by em-
24 ployees of the United States Government and of
25 instrumentalities thereof.”

1 “(c) *INCLUDED AND EXCLUDED SERVICE.*—If the
2 *services performed during one-half or more of any pay period*
3 *by an employee for the person employing him constitute*
4 *employment, all the services of such employee for such period*
5 *shall be deemed to be employment; but if the services per-*
6 *formed during more than one-half of any such pay period by*
7 *an employee for the person employing him do not constitute*
8 *employment, then none of the services of such employee for*
9 *such period shall be deemed to be employment. As used in*
10 *this subsection the term ‘pay period’ means a period (of not*
11 *more than thirty-one consecutive days) for which a payment*
12 *of remuneration is ordinarily made to the employee by the*
13 *person employing him. This subsection shall not be appli-*
14 *cable with respect to services performed for an employer in*
15 *a pay period, where any of such service is excepted by*
16 *paragraph (9) of subsection (b).*

17 “(e) (d) *EMPLOYEE.*—The term ‘employee’ includes
18 *an officer of a corporation. The term ‘employee’ includes*
19 *an officer of a corporation. It also includes any individual*
20 *who, for remuneration (by way of commission or otherwise)*
21 *under an agreement or agreements contemplating a series*
22 *of similar transactions, secures applications or orders or*
23 *otherwise personally performs services as a salesman for a*
24 *person in furtherance of such person’s trade or business*
25 *(but who is not an employee of such person under the law*

1 of master and servant); unless such services are performed
2 as a part of such individual's business as a broker or factor
3 and, in furtherance of such business as broker or factor,
4 similar services are performed for other persons and one
5 or more employees of such broker or factor perform a sub-
6 stantial part of such services.

7 “(e) EMPLOYER.—The term ‘employer’ includes any
8 person for whom an individual performs any service of
9 whatever nature as his employee.

10 “~~(d)~~ (f) STATE.—The term ‘State’ includes Alaska,
11 Hawaii, and the District of Columbia.

12 “~~(c)~~ (g) PERSON.—The term ‘person’ means an indi-
13 vidual, a trust or estate, a partnership, or a corporation.

14 “(h) AMERICAN VESSEL.—The term ‘American ves-
15 sel’ means any vessel documented or numbered under the
16 laws of the United States; and shall include any vessel which
17 is neither documented or numbered under the laws of the
18 United States nor documented under the laws of any foreign
19 country, if its crew is employed solely by one or more citi-
20 zens or residents of the United States or corporations organ-
21 ized under the laws of the United States or of any State.

22 “(i) AGRICULTURAL LABOR.—The term ‘agricultural
23 labor’ includes all services performed—

24 “(1) On a farm, in the employ of any person, in
25 connection with cultivating the soil, or in connection

1 *with raising or harvesting any agricultural or horticultural*
2 *commodity, including the raising, feeding, and*
3 *management of livestock, bees, poultry, and fur-bearing*
4 *animals.*

5 *“(2) In the employ of the owner or tenant of a farm,*
6 *in connection with the operation, management, or main-*
7 *tenance of such farm, if the major part of such services*
8 *are performed on such farm.*

9 *“(3) In connection with the production or harvest-*
10 *ing of maple sirup or maple sugar or any commodity*
11 *defined as an agricultural commodity in section 15 (g)*
12 *of the Agricultural Marketing Act, as amended, or in*
13 *connection with the raising or harvesting of mushrooms,*
14 *or in connection with the hatching of poultry, or in con-*
15 *nection with the ginning of cotton.*

16 *“(4) In handling, drying, packing, packaging,*
17 *processing, freezing, grading, storing, or delivering to*
18 *storage or to market or to a carrier for transportation to*
19 *market, any agricultural or horticultural commodity;*
20 *but only if such service is performed as an incident to*
21 *ordinary farming operations or, in the case of fruits and*
22 *vegetables, as an incident to the preparation of such*
23 *fruits or vegetables for market. The provisions of this*
24 *subparagraph shall not be deemed to be applicable with*

1 *respect to services performed in connection with commer-*
 2 *cial canning or commercial freezing or in connection with*
 3 *any agricultural or horticultural commodity after its deliv-*
 4 *ery to a terminal market for distribution for consumption.*

5 *“As used in this subsection, the term ‘farm’ includes*
 6 *stock, dairy, poultry, fruit, fur-bearing animal, and truck*
 7 *farms, plantations, ranches, nurseries, ranges, greenhouses*
 8 *or other similar structures used primarily for the raising of*
 9 *agricultural or horticultural commodities, and orchards.”*

10 SEC. 19. Subchapter A of chapter 9 of the Internal
 11 Revenue Code is amended by adding at the end thereof the
 12 following new section:

13 *“SEC. 1432. This subchapter may be cited as the ‘Fed-*
 14 *eral Insurance Contributions Act’.”*

15 SEC. 20. Section 1600 of the Internal Revenue Code
 16 is amended to read as follows:

17 **“SEC. 1600. RATE OF TAX.**

18 *“On and after January 1, 1939, Every employer (as de-*
 19 *finied in section 1607 (a)) shall pay for each the calendar*
 20 *year 1939 and for each calendar year thereafter an excise*
 21 *tax, with respect to having individuals in his employ, equal*
 22 *to 3 per centum of the total wages (as defined in section*
 23 *1607 (b)) payable paid by him (regardless of the time of*
 24 *payment) during the calendar year with respect to em-*

1 ployment (as defined in section 1607 (c)) during the
2 calendar year 1939 and subsequent calendar years after De-
3 cember 31, 1938.”

4 SEC. 21. Section 1601 of the Internal Revenue Code is
5 amended to read as follows:

6 **“SEC. 1601. CREDITS AGAINST TAX.**

7 **“(a) CONTRIBUTIONS TO STATE UNEMPLOYMENT**
8 **FUNDS.—**

9 **“(1) The taxpayer may, to the extent provided in**
10 **this subsection and subsection (c), credit against the tax**
11 **imposed by section 1600 the amount of contribu-**
12 **tions, with respect to employment during the taxable**
13 **year, paid by him (before the date of filing his return**
14 **for the taxable year) into an unemployment fund under**
15 **a State law maintained during the taxable year under**
16 **the unemployment compensation law of a State which**
17 **is certified for the taxable year as provided in section**
18 **1603. Credit shall be allowed only for contributions**
19 **made under the laws of States certified for the taxable**
20 **year as provided in section 1603. The total credit**
21 **allowed to a taxpayer under this subsection for all con-**
22 **tributions paid into unemployment funds with respect**
23 **to employment during such taxable year shall not exceed**
24 **90 per centum of the tax against which it is credited.**

1 “(2) The credit shall be permitted against the tax
2 for the taxable year only for the amount of contributions
3 paid with respect to such taxable year.

4 “(3) The credit against the tax for any taxable year
5 shall be permitted only for contributions paid on or before
6 the last day upon which the taxpayer is required under
7 section 1604 to file a return for such year; except that
8 credit shall be permitted for contributions paid after such
9 last day but before July 1 next following such last day,
10 but such credit shall not exceed 90 per centum of the
11 amount which would have been allowable as credit on
12 account of such contributions had they been paid on or
13 before such last day. The preceding provisions of this
14 subdivision shall not apply to the credit against the tax
15 of a taxpayer for any taxable year whose assets, at any
16 time during the period from such last day for filing a
17 return for such year to June 30 next following such last
18 day, both dates inclusive, are in the custody or control
19 of a receiver, trustee, or other fiduciary appointed by,
20 or under the control of, a court of competent jurisdiction.

21 “(4) Upon the payment of contributions into the
22 unemployment fund of a State which are required under
23 the unemployment compensation law of that State with
24 respect to remuneration on the basis of which, prior to
25 such payment into the proper fund, the taxpayer erro-

1 *neously paid an amount as contributions under another*
2 *unemployment compensation law, the payment into the*
3 *proper fund shall, for purposes of credit against the*
4 *tax imposed by section 1600, be deemed to have been*
5 *made at the time of the erroneous payment. If, by*
6 *reason of such other law, the taxpayer was entitled to*
7 *cease paying contributions with respect to services subject*
8 *to such other law, the payment into the proper fund shall,*
9 *for purposes of credit against the tax, be deemed to have*
10 *been made on the date the return for the taxable year was*
11 *filed under section 1604.*

12 “(5) *Refund of the tax (including penalty and*
13 *interest collected with respect thereto, if any), based on*
14 *any credit allowable under this section, may be made in*
15 *accordance with the provisions of law applicable in the*
16 *case of erroneous or illegal collection of the tax. No*
17 *interest shall be allowed or paid on the amount of any*
18 *such refund.*

19 “(b) **ADDITIONAL CREDIT.—**

20 “(1) **ALLOWANCE.—***In addition to the credit*
21 *allowed under subsection (a), a taxpayer may, subject*
22 *to the conditions imposed by section 1602, credit against*
23 *the tax imposed by section 1600 for any taxable year,*
24 *an amount, with respect to each State law, equal to the*
25 *amount, if any, by which the contributions, with respect*

1 to employment in such taxable year, actually paid by
 2 the taxpayer under such law before the date of filing
 3 his return for such taxable year, is exceeded by which-
 4 ever of the following is the lesser—

5 “(A) The amount of contributions which he
 6 would have been required to pay under such law
 7 for such taxable year if he had been subject to the
 8 highest rate applicable from time to time throughout
 9 such year to any employer under such law; or

10 “(B) Two and seven-tenths per centum of the
 11 wages payable by him with respect to employment
 12 with respect to which contributions for such year
 13 were required under such law.

14 “(2) REDUCTION.—If the amount of the contribu-
 15 tions actually so paid by the taxpayer is less than the
 16 amount which he should have paid under the State law,
 17 the additional credit under subsection (b) shall be re-
 18 duced proportionately.

19 *In addition to the credit allowed under subsection (a), a*
 20 *taxpayer may credit against the tax imposed by section 1600*
 21 *for any taxable year an amount, with respect to the unem-*
 22 *ployment compensation law of each State certified for the*
 23 *taxable year as provided in section 1602 (or with respect*
 24 *to any provisions thereof so certified), equal to the amount,*
 25 *if any, by which the contributions required to be paid by*

1 *him with respect to the taxable year were less than the con-*
 2 *tributions such taxpayer would have been required to pay*
 3 *if throughout the taxable year he had been subject under*
 4 *such State law to a rate of 2.7 per centum.*

5 **“(c) LIMIT ON TOTAL CREDITS.**—The total credits
 6 allowed to a taxpayer under this subchapter shall not exceed
 7 90 per centum of the tax against which such credits are
 8 ~~taken~~ *allowable.*”

9 **SEC. 22.** Effective January 1, 1941, section 1602 of the
 10 Internal Revenue Code is amended to read as follows:

11 **“SEC. 1602. CONDITIONS OF ADDITIONAL CREDIT ALLOW-**
 12 **ANCE.**

13 **“(a) CONTRIBUTIONS WITHIN RECOGNIZED STATE**
 14 **LAW REQUIREMENTS STANDARDS WITH WHICH STATE**
 15 **LAWS SHALL CONFORM.**—A taxpayer shall be allowed ~~the~~
 16 *an* additional credit under section 1601 (b) ~~and (c)~~, with
 17 respect to his contribution rate under a State law being
 18 lower, for any taxable year, than that of another employer
 19 subject to such law any reduced rate of contributions per-
 20 mitted by a State law, only if the Board finds that under
 21 such law—

22 **“(1) The total annual contributions will yield not**
 23 *less than an amount substantially equivalent to 2.7 per*
 24 *centum of the total annual pay roll with respect to*
 25 *which contributions are required under such law, and—*

1 “~~(1)~~ Such lower ~~(2)~~ No reduced rate, with re-
 2 spect to of contributions to a pooled fund or to a partially
 3 pooled account, is permitted to a person (or group of
 4 persons) having individuals in his (or their) employ
 5 except on the basis of not less than his (or their) three
 6 years of compensation experience with respect to unem-
 7 ployment or other factors bearing a direct relation to
 8 unemployment risk during not less than the three con-
 9 secutive years immediately preceding the computation
 10 date; or

11 “~~(2)~~ Such lower ~~(3)~~ No reduced rate, with respect
 12 to of contributions to a guaranteed employment account,
 13 account is permitted to a person (or a group of persons)
 14 having individuals in his (or their) employ only when
 15 unless (A) his the guaranty of employment remuneration
 16 was fulfilled in the year preceding the computation date;
 17 calendar year, and (B) the balance of such guaranteed
 18 employment account amounts to not less than 7½ 2½
 19 per centum of that part of the pay roll or pay rolls
 20 the total wages payable by him, in accordance with such
 21 guaranty, with respect to employment in such State in
 22 the preceding calendar year for the three years pre-
 23 ceding the computation date by which contributions to
 24 such account were measured; and (C) such contribu-

1 *tions were payable to such account with respect to three*
 2 *years preceding the computation date; or*

3 ~~“(a) Such lower~~ (4) *No reduced rate, with respect*
 4 ~~to of contributions to a separate reserve account, account~~
 5 *is permitted to a person (or group of persons) having in-*
 6 *dividuals in his (or their) employ unless only when (A)*
 7 *compensation has been payable from such account*
 8 *throughout the preceding calendar year preceding the*
 9 *computation date, and (B) the balance of such account*
 10 *amounts to not less than five times the largest amount of*
 11 *compensation paid from such account within any one of*
 12 *the three preceding calendar years preceding such date,*
 13 *and (C) the balance of such account amounts to not less*
 14 *than 7½ 2½ per centum of that part of the pay roll or pay*
 15 *rolls for the three years preceding such date the total*
 16 *wages payable by him (plus the total wages payable by*
 17 *any other employers who may be contributing to such*
 18 *account) with respect to employment in such State in the*
 19 *preceding calendar year by which contributions to such*
 20 *account were measured; and (D) such contributions were*
 21 *payable to such account with respect to the three years pre-*
 22 *ceding the computation date.*

23 ~~“(b) OTHER CONTRIBUTIONS.—Such additional credit~~
 24 ~~shall be reduced, if any contributions under such law are~~

1 made by such taxpayer at a lower rate under conditions not
2 fulfilling the requirements of subsection (a); by the amount
3 bearing the same ratio to such additional credit as the amount
4 of contributions made at such lower rate bears to the total
5 of his contributions paid for such year under such law.

6 “(b) Notwithstanding the provisions of subsection (a)
7 (1) of this section a taxpayer shall be allowed an additional
8 credit under section 1601 (b) with respect to any reduced
9 rate of contributions permitted by a State law only if the Board
10 finds that under such law—

11 “(1) the amount in the unemployment fund as of
12 the computation date equals not less than one and one-
13 half times the highest amount paid into such fund with
14 respect to any one of the preceding ten calendar years or
15 one and one-half times the highest amount of compensa-
16 tion paid out of such fund within any one of the pre-
17 ceding ten calendar years, whichever is the greater; and

18 “(2) compensation will be paid to any otherwise
19 eligible individual in accordance with general standards
20 and requirements not less favorable to such individual
21 than the following or substantially equivalent standards:

22 “(A) the individual will be entitled to receive,
23 within a compensation period prescribed by State
24 law of not more than fifty-two consecutive weeks, a
25 total amount of compensation equal to not less than

1 *sixteen times his weekly rate of compensation for a*
2 *week of total unemployment or one-half the individ-*
3 *ual's total earnings (with respect to which contribu-*
4 *tions were required under such State law) during*
5 *a base period prescribed by State law of not less*
6 *than fifty-two consecutive weeks, whichever is less,*

7 “(B) *no such individual will be required to*
8 *have been totally unemployed for longer than two*
9 *calendar weeks or two periods of seven consecutive*
10 *days each, as a condition to receiving, during the*
11 *compensation period prescribed by State law, the*
12 *total amount of compensation provided in subpara-*
13 *graph (A) of this subsection,*

14 “(C) *the weekly rates of compensation payable*
15 *for total unemployment in such State will be related*
16 *to the full-time weekly earnings (with respect to*
17 *which contributions were required under such State*
18 *law) of such individual during a period prescribed*
19 *by State law and will not be less than (i) \$5 per*
20 *week if such full-time weekly earnings were \$10 or*
21 *less, (ii) 50 per centum of such full-time weekly*
22 *earnings if they were more than \$10 but not more*
23 *than \$30, and (iii) \$15 per week if such full-time*
24 *weekly earnings were more than \$30; and*

1 “(D) compensation will be paid under such
2 State law to any such individual whose earnings in
3 any week equal less than such individual’s weekly
4 rate of compensation for total unemployment, in an
5 amount at least equal to the difference between
6 such individual’s actual earnings with respect to
7 such week and his weekly rate of compensation for
8 total unemployment; and

9 “(3) Any variations in reduced rates of contribu-
10 tions, as between different persons having individuals in
11 their employ, are permitted only in accordance with the
12 provisions of paragraphs (2), (3), or (4) of subsection
13 (a) of this section.

14 “(c) CERTIFICATION BY THE BOARD WITH RESPECT
15 TO ADDITIONAL CREDIT ALLOWANCE.—

16 “(1) On December 31 in each taxable year, the
17 Board shall certify to the Secretary of the Treasury the
18 law of each State (certified with respect to such year
19 by the Board as provided in section 1603) with respect
20 to which it finds that reduced rates of contributions were
21 allowable with respect to such taxable year only in ac-
22 cordance with the provisions of subsections (a) or (b)
23 of this section.

24 “(2) If the Board finds that under the law of a
25 single State (certified by the Board as provided in sec-

1 *tion 1603) more than one type of fund or account is*
2 *maintained, and reduced rates of contributions to more*
3 *than one type of fund or account were allowable with*
4 *respect to any taxable year, and one or more of such*
5 *reduced rates were allowable under conditions not ful-*
6 *filling the requirements of subsections (a) or (b) of*
7 *this section, the Board shall, on December 31 of such*
8 *taxable year, certify to the Secretary of the Treasury*
9 *only those provisions of the State law pursuant to which*
10 *reduced rates of contributions were allowable with re-*
11 *spect to such taxable year under conditions fulfilling the*
12 *requirements of subsections (a) or (b) of this section,*
13 *and shall, in connection therewith, designate the kind of*
14 *fund or account, as defined in subsection (d) of this*
15 *section, established by the provisions so certified: Pro-*
16 *vided, That if the Board finds that a part of any re-*
17 *duced rate of contributions payable under such law*
18 *or under such provisions is required to be paid into one*
19 *fund or account and a part into another fund or ac-*
20 *count, the Board shall make such certification pursuant*
21 *to this paragraph as it finds will assure the allowance of*
22 *additional credits only with respect to that part of the*
23 *reduced rate of contributions which is allowed under*
24 *provisions which do fulfill the requirements of subsec-*
25 *tion (a) or (b) of this section.*

1 “(3) The Board shall, within thirty days after any
2 State law is submitted to it for such purpose, certify to
3 the State agency its findings with respect to reduced rates
4 of contributions to a type of fund or account, as defined
5 in subsection (d) of this section, which are allowable
6 under such State law only in accordance with the provi-
7 sions of subsection (a) or (b) of this section. After
8 making such findings, the Board shall not withhold its
9 certification to the Secretary of the Treasury of such
10 State law, or of the provisions thereof with respect to
11 which such findings were made, for any taxable year
12 pursuant to paragraph (1) or (2) of this subsection
13 unless, after reasonable notice and opportunity for hear-
14 ing to the State agency, the Board finds the State has
15 changed its law so that it no longer contains the provi-
16 sions specified in subsection (a) or (b) of this section
17 or has, with respect to such taxable year, failed to com-
18 ply substantially with any such provision.

19 “(e) (d) DEFINITIONS.—As used in this section—

20 “(1) RESERVE ACCOUNT.—The term ‘reserve account’
21 means a separate account in an unemployment fund, main-
22 tained with respect to an employer or group of employers
23 a person (or group of persons) having individuals in his
24 (or their) employ, from which account, unless such account
25 is exhausted, is paid all and only compensation is payable

1 *on the basis of services performed for such person (or for*
2 *one or more of the persons comprising the group) only with*
3 *respect to the unemployment of individuals who were in*
4 *the employ of such employer, or one of the employers*
5 *comprising the group.*

6 “(2) POOLED FUND.—The term ‘pooled fund’ means
7 an unemployment fund or any part thereof (*other than a*
8 *reserve account or a guaranteed employment account*) into
9 in which all contributions the total contributions of persons
10 contributing thereto are payable, in which all contributions
11 are mingled and undivided, and from which compensation
12 is payable to all eligible individuals,—except that to indi-
13 viduals last employed by employers with respect to whom
14 reserve accounts are maintained by the State agency, it is
15 payable only when such accounts are exhausted eligible for
16 compensation from such fund.

17 “(3) PARTIALLY POOLED ACCOUNT.—The term ‘par-
18 tially pooled account’ means a part of an unemployment fund
19 in which part of the fund all contributions thereto are mingled
20 and undivided, and from which part of the fund compensation
21 is payable only to individuals to whom compensation would
22 be payable from a reserve account or from a guaranteed em-
23 ployment account but for the exhaustion or termination of
24 such reserve account or of such guaranteed employment ac-
25 count. Payments from a reserve account or guaranteed

1 *employment account into a partially pooled account shall not*
2 *be construed to be inconsistent with the provisions of para-*
3 *graph (1) or (4) of this subsection.*

4 “~~(3)~~ (4) **GUARANTEED EMPLOYMENT ACCOUNT.**—

5 The term ‘guaranteed employment account’ means a separate
6 account, in an unemployment fund, of contributions paid by
7 an employer ~~(or group of employers)~~ maintained with respect
8 to a person (or group of persons) having individuals in his
9 (or their) employ who, in accordance with the provisions
10 of the State law or of a plan thereunder approved by the
11 State agency,

12 “(A) guarantees in advance at least thirty hours of
13 wages work, for which remuneration will be paid at not
14 less than stated rates, for each of forty calendar weeks
15 (or if more, with one weekly hour may be deducted for
16 each added week guaranteed) in twelve months a year,
17 to all the individuals who are in his (or their) employ;
18 in, and who continue to be available for suitable work in,
19 one or more distinct establishments, except that any
20 such individual’s guaranty may commence after a proba-
21 tionary period (included within ~~twelve~~ the eleven or less
22 consecutive calendar weeks immediately following the
23 first week in which the individual renders services), and

24 “(B) gives security or assurance, satisfactory to the
25 State agency, for the fulfillment of such guaranties,

1 from which account, unless such account is exhausted or
 2 terminated, is paid all and only compensation, payable on
 3 the basis of services performed for such person (or for one or
 4 more of the persons comprising the group), to compensation
 5 shall be payable with respect to the unemployment of
 6 any such individual whose guaranteed remuneration has
 7 not been paid (either pursuant to the guaranty or from
 8 the security or assurance provided for the fulfillment of
 9 the guaranty), or whose guaranty is not fulfilled or renewed
 10 and who is otherwise eligible for compensation under the
 11 State law.

12 “(4) (5) YEAR OF COMPENSATION EXPERIENCE
 13 YEAR.—The term ‘year of compensation experience’, as ap-
 14 plied to an employer, means any calendar year throughout
 15 which compensation was payable with respect to any indi-
 16 vidual in his employ who became unemployed and was eli-
 17 gible for compensation. The term ‘year’ means any twelve
 18 consecutive calendar months.

19 “(6) BALANCE.—The term ‘balance’, with respect to a
 20 reserve account or a guaranteed employment account, means
 21 the amount standing to the credit of the account as of the
 22 computation date; except that, if subsequent to January 1,
 23 1939, any moneys have been paid into or credited to such
 24 account other than payments thereto by persons having in-

1 *dividuals in their employ, such term shall mean the amount*
2 *in such account as of the computation date less the total*
3 *of such other moneys paid into or credited to such account*
4 *subsequent to January 1, 1939.*

5 “(7) *The term ‘computation date’ means the date, occur-*
6 *ring at least once in each calendar year and within twenty-*
7 *seven weeks prior to the effective date of new rates of contri-*
8 *butions, as of which such rates are computed.*

9 “(8) *REDUCED RATE.—The term ‘reduced rate’ means*
10 *a rate of contributions lower than the standard rate ap-*
11 *plicable under the State law, and the term ‘standard rate’*
12 *means the rate on the basis of which variations therefrom*
13 *are computed.”*

14 SEC. 23. Paragraphs (1), (3), and (4) of section
15 1603 (a) of the Internal Revenue Code are amended
16 to read as follows:

17 “(1) All compensation is to be paid through public
18 employment offices ~~in the State~~ or such other agencies as
19 the Board may approve;

20 “(3) All money received in the unemployment
21 fund shall *(except for refunds of sums erroneously paid*
22 *into such fund and except for refunds paid in accordance*
23 *with the provisions of section 1606 (b)) immediately*
24 *upon such receipt be paid over to the Secretary of the*
25 *Treasury to the credit of the Unemployment Trust*

1 Fund established by section 904 of the Social Security
2 Act (49 Stat. 640; U. S. C., title 42, sec. 1104) ;

3 “(4) All money withdrawn from the ~~Unemploy-~~
4 ~~ment Trust Fund by the State agency unemployment~~
5 *fund of the State* shall be used solely in the payment
6 of *unemployment* compensation, exclusive of expenses
7 of administration, and for *refunds of sums erroneously*
8 *paid into such fund and refunds paid in accordance*
9 *with the provisions of section 1606 (b) ;”*

10 SEC. 24. Section 1604 (b) of the Internal Revenue
11 Code is amended to read as follows:

12 “(b) EXTENSION OF TIME FOR FILING.—The Com-
13 missioner may extend the time for filing the return of the
14 tax imposed by this subchapter, under such rules and regu-
15 lations as he may prescribe with the approval of the Secre-
16 tary, but no such extension shall be for more than *sixty*
17 *ninety* days.

18 SEC. 25. Section 1606 of the Internal Revenue Code is
19 amended to read as follows:

20 “SEC. 1606. INTERSTATE COMMERCE AND FEDERAL IN-
21 STRUMENTALITIES.

22 “(a) No person required under a State law to make
23 payments to an unemployment fund shall be relieved from
24 compliance therewith on the ground that he is engaged in
25 interstate or foreign commerce, or that the State law does

1 not distinguish between employees engaged in interstate or
2 foreign commerce and those engaged in intrastate commerce.

3 “(b) The legislature of each State may require any
4 instrumentality of the United States (except such as are (A)
5 wholly owned by the United States (excluding any corpora-
6 tion wholly owned by the United States if a majority of its
7 board of directors may not be selected by the United States),
8 or (B) exempt from the taxes imposed by sections 1410
9 and 1600 by virtue of any other provision of law), and
10 the individuals in its employ, to make payments to an un-
11 employment fund under a State unemployment compensation
12 law approved by the Board under section 1603 and
13 (except as provided in section 5240 of the Revised Statutes,
14 as amended, and as modified by subsection (c) of this
15 section) to comply otherwise with such law: Provided,
16 That the permission granted in this subsection shall
17 apply only to the extent that no discrimination is made
18 against any such instrumentality, so that if the rate of con-
19 tribution is uniform upon all other persons subject to such
20 law on account of having individuals in their employ, and
21 upon all employees of such persons, respectively, the contri-
22 butions required of such instrumentality or the individuals
23 in its employ shall not be at a greater rate than is required
24 of such other persons and such employees, and if the rates
25 are determined separately for different persons or classes of

1 persons having individuals in their employ or for different
2 classes of employees, the determination shall be based solely
3 upon unemployment experience and other factors bearing a
4 direct relation to unemployment risk: Provided further, That
5 the permission granted in this subsection shall apply only if
6 such State law makes provision for the refund of any pay-
7 ments required under such law from an instrumentality of
8 the United States or its employees for any year in the event
9 said State is not certified by the Board under section 1603
10 with respect to such year.

11 “(c) Nothing contained in section 5240 of the Revised
12 Statutes, as amended, shall prevent any State from requiring
13 any national banking association to render returns and re-
14 ports relative to the association’s employees, their remuneration
15 and services, to the same extent that other persons are required
16 to render like returns and reports under a State law requiring
17 payments to be made into an unemployment fund. The
18 Comptroller of the Currency shall, upon receipt of a copy
19 of any such return or report of a national banking associa-
20 tion from, and upon request of, any duly authorized official,
21 body, or commission of a State, cause an examination of the
22 correctness of such return or report to be made at the time of
23 the next succeeding examination of such association, and shall
24 thereupon transmit to such official, body, or commission a com-

1 plete statement of his findings respecting the accuracy of such
2 returns or reports.

3 “(d) No person shall be relieved from compliance with a
4 State unemployment compensation law on the ground that
5 services were performed on land or premises owned, held, or
6 possessed by the United States under a deed, act of cession,
7 dedication, condemnation, relinquishment, or otherwise, and
8 any State shall have full jurisdiction and power to enforce
9 the provisions of such law to the same extent and with the
10 same effect as though such place were not owned, held, or pos-
11 sessed by the United States.”

12 SEC. 26. Effective January 1, 1940, section 1607 of
13 the Internal Revenue Code is amended to read as follows:

14 **“SEC. 1607. DEFINITIONS.**

15 “When used in this subchapter—

16 “(a) **EMPLOYER.**—The term ‘employer’ does not in-
17 clude any person unless on each of some twenty days during
18 the taxable year, each day being in a different calendar week,
19 the total number of individuals who were in his employ
20 for some portion of the day (whether or not at the same
21 moment of time) was eight or more.

22 “(b) **WAGES.**—The term ‘wages’ means all remu-
23 neration for employment, including the cash value of all
24 remuneration paid in any medium other than cash; *except*
25 *that such term shall not include—*

1 “(1) That part of the remuneration which, after
2 remuneration equal to \$3,000 has been paid to an indi-
3 vidual by an employer with respect to employment dur-
4 ing any calendar year, is paid to such individual by
5 such employer with respect to employment during such
6 calendar year;

7 “(2) The amount of any payment made to, or on
8 behalf of, an employee under a plan or system estab-
9 lished by an employer which makes provision for his
10 employees generally or for a class or classes of his em-
11 ployees (including any amount paid by an employer
12 for insurance, or into a fund, to provide for any such
13 payment), on account of (A) retirement, or (B) sick-
14 ness or accident disability, or (C) medical and hos-
15 pitalization expenses in connection with sickness or acci-
16 dent disability;

17 “(3) The payment by an employer (without deduc-
18 tion from the remuneration of the employee) (A) of the
19 tax imposed upon such employee under section 1400 or
20 (B) of any payment required from such employee under
21 a State unemployment compensation law; or

22 “(4) Dismissal payments which the employer is not
23 legally required to make.

24 “(c) EMPLOYMENT.—The term ‘employment’ means
25 any service performed prior to January 1, 1940, which was

1 *employment as defined in this section prior to such date, and*
2 *any service, of whatever nature, performed after Decem-*
3 *ber 31, 1939, within the United States by an employee for*
4 *his employer for the person employing him, irrespective of*
5 *the citizenship or residence of either, except—*

6 “(1) *Agricultural labor as defined in subsection*
7 *(k);*

8 “(2) *Domestic service in a private home;*

9 “(3) *Casual labor not in the course of the employer’s*
10 *trade or business;*

11 “~~(3)~~ (4) *Service performed as an officer or member*
12 *of the crew of a vessel on the navigable waters of the*
13 *United States;*

14 “~~(4)~~ (5) *Service performed by an individual in the*
15 *employ of his son, daughter, or spouse, and service*
16 *performed by a child under the age of twenty-one in*
17 *the employ of his father or mother;*

18 “~~(5)~~ (6) *Service performed in the employ of the*
19 *United States Government or of an instrumentality of*
20 *the United States which is (A) wholly owned by the*
21 *United States (excluding any corporation wholly owned*
22 *by the United States if a majority of its board of directors*
23 *may not be selected by the United States), or (B)*
24 *exempt from the tax imposed by section 1600 by virtue*
25 *of any other provision of law;*

1 “(6) (7) Service performed in the employ of a
2 State, or any political subdivision thereof, or ~~an~~ any
3 instrumentality of ~~one or more States or political sub-~~
4 ~~divisions~~ any one or more of the foregoing which is
5 wholly owned by one or more States or political subdivi-
6 sions; and any service performed in the employ of
7 any instrumentality of one or more States or political
8 subdivisions to the extent that the instrumentality is,
9 with respect to such service, immune under the Consti-
10 tution of the United States from the tax imposed by
11 section 1600;

12 “(7) (8) Service performed in the employ of a cor-
13 poration, community chest, fund, or foundation, organized
14 and operated exclusively for religious, charitable, scien-
15 tific, literary, or educational purposes, or for the pre-
16 vention of cruelty to children or animals, no part of
17 the net earnings of which inures to the benefit of any
18 private shareholder or individual, and no substantial
19 part of the activities of which is carrying on propaganda,
20 or otherwise attempting, to influence legislation;

21 “(9) Service performed by an individual as an
22 employee or employee representative as defined in section
23 1 of the Railroad Unemployment Insurance Act;

24 “(10) (A) Service performed in any calendar
25 quarter in the employ of any organization exempt from
26 income tax under section 101, if—

1 “(i) the remuneration for such service does not
2 exceed \$45, or

3 “(ii) such service is in connection with the
4 collection of dues or premiums for a fraternal bene-
5 ficiary society, order, or association, and is per-
6 formed away from the home office, or is ritualistic
7 service in connection with any such society, order,
8 or association, or

9 “(iii) such service is performed by a student
10 who is enrolled and is regularly attending classes at
11 a school, college, or university;

12 “(B) Service performed in the employ of an agri-
13 cultural or horticultural organization;

14 “(C) Service performed in the employ of a volun-
15 tary employees' beneficiary association providing for the
16 payment of life, sick, accident, or other benefits to the
17 members of such association or their dependents, if (i) no
18 part of their net earnings inures (other than through such
19 payments) to the benefit of any private shareholder or
20 individual, and (ii) 85 per centum or more of the income
21 consists of amounts collected from members for the sole
22 purpose of making such payments and meeting expenses;

23 “(D) Service performed in any calendar quarter
24 in the employ of a school, college, or university, not exempt
25 from income tax under section 101, if such service

1 *is performed by a student who is enrolled and is regularly*
 2 *attending classes at such school, college, or university,*
 3 *and the remuneration for such service does not exceed*
 4 *\$45 (exclusive of room, board, and tuition);*

5 *“(11) Service performed in the employ of a foreign*
 6 *government (including service as a consular or other*
 7 *officer or employee or a nondiplomatic representative); or*

8 *“(12) Service performed in the employ of an instru-*
 9 *mentality wholly owned by a foreign government—*

10 *“(A) If the service is of a character similar to*
 11 *that performed in foreign countries by employees*
 12 *of the United States Government or of an instru-*
 13 *mentality thereof; and*

14 *“(B) If the Secretary of State shall certify to*
 15 *the Secretary of the Treasury that the foreign gov-*
 16 *ernment, with respect to whose instrumentality and*
 17 *employees thereof exemption is claimed, grants an*
 18 *equivalent exemption with respect to similar service*
 19 *performed in the foreign country by employees of*
 20 *the United States Government and of instrumentali-*
 21 *ties thereof.*

22 *“(c) INCLUDED AND EXCLUDED SERVICE.—If the*
 23 *services performed during one-half or more of any pay*
 24 *period by an employee for the person employing him consti-*
 25 *tute employment, all the services of such employee for such*

1 *period shall be deemed to be employment; but if the services*
2 *performed during more than one-half of any such pay period*
3 *by an employee for the person employing him do not constitute*
4 *employment, then none of the services of such employee for*
5 *such period shall be deemed to be employment. As used in*
6 *this subsection the term 'pay period' means a period (of not*
7 *more than thirty-one consecutive days) for which a payment*
8 *of remuneration is ordinarily made to the employee by the*
9 *person employing him. This subsection shall not be appli-*
10 *cable with respect to services performed for an employer in*
11 *a pay period, where any of such service is excepted by*
12 *paragraph (9) of subsection (b).*

13 “(d) STATE AGENCY.—The term ‘State agency’ means
14 any State officer, board, or other authority, designated
15 under a State law to administer the unemployment fund in
16 such State.

17 “(e) UNEMPLOYMENT FUND.—The term ‘unemploy-
18 ment fund’ means a special fund, established under a State
19 law and administered by a State agency, for the pay-
20 ment of compensation. Any sums standing to the account
21 of the State agency in the Unemployment Trust Fund
22 established by section 904 of the Social Security Act, as
23 amended, shall be deemed to be a part of the unemployment
24 fund of the State, and no sums paid out of the Unemploy-
25 ment Trust Fund to such State agency shall cease to be a

1 *part of the unemployment fund of the State until expended*
2 *by such State agency. An unemployment fund shall be*
3 *deemed to be maintained during a taxable year only if*
4 *throughout such year, or such portion of the year as the*
5 *unemployment fund was in existence, no part of the moneys*
6 *of such fund was expended for any purpose other than the*
7 *payment of compensation (exclusive of expenses of admin-*
8 *istration) and for refunds of sums erroneously paid into*
9 *such fund and refunds paid in accordance with the pro-*
10 *visions of section 1606 (b).*

11 “(f) CONTRIBUTIONS.—The term ‘contributions’ means
12 payments required by a State law to be made by an
13 employer into an unemployment fund by any person
14 on account of having individuals in his employ, to the extent
15 that such payments are made by him without any part
16 thereof being deducted or deductible from the wages
17 remuneration of individuals in his employ.

18 “(g) COMPENSATION.—The term ‘compensation’ means
19 cash benefits payable to individuals with respect to their
20 unemployment.

21 “(h) EMPLOYEE.—The term ‘employee’ includes an
22 officer of a corporation.

23 “(i) STATE.—The term ‘State’ includes Alaska, Hawaii,
24 and the District of Columbia.

1 “(j) **PERSON**.—The term ‘person’ means an individual,
2 a trust or estate, a partnership, or a corporation.

3 “(k) **AGRICULTURAL LABOR**.—The term ‘agricultural
4 labor’ includes all services performed—

5 “(1) On a farm, in the employ of any person, in
6 connection with cultivating the soil, or in connection with
7 raising or harvesting any agricultural or horticultural
8 commodity, including the raising, feeding, and manage-
9 ment of livestock, bees, poultry, and fur-bearing animals.

10 “(2) In the employ of the owner or tenant of a
11 farm, in connection with the operation, management, or
12 maintenance of such farm, if the major part of such
13 services are performed on such farm.

14 “(3) In connection with the production or harvest-
15 ing of maple sirup or maple sugar or any commodity
16 defined as an agricultural commodity in section 15 (g)
17 of the Agricultural Marketing Act, as amended, or in
18 connection with the raising or harvesting of mushrooms,
19 or in connection with the hatching of poultry, or in con-
20 nection with the ginning of cotton.

21 “(4) In handling, drying, packing, packaging,
22 processing, freezing, grading, storing, or delivering to
23 storage or to market or to a carrier for transportation
24 to market, any agricultural or horticultural commodity;
25 but only if such service is performed as an incident to

1 *ordinary farming operations or, in the case of fruits and*
2 *vegetables, as an incident to the preparation of such*
3 *fruits or vegetables for market. The provisions of this*
4 *subparagraph shall not be deemed to be applicable with*
5 *respect to services performed in connection with com-*
6 *mercial canning or commercial freezing or in connec-*
7 *tion with any agricultural or horticultural commodity*
8 *after its delivery to a terminal market for distribution*
9 *for consumption.*

10 *“As used in this subsection, the term ‘farm’ includes*
11 *stock, dairy, poultry, fruit, fur-bearing animal, and truck*
12 *farms, plantations, ranches, nurseries, ranges, greenhouses*
13 *or other similar structures used primarily for the raising of*
14 *agricultural or horticultural commodities, and orchards.”*

15 SEC. 27. Subchapter C of chapter 9 of the Internal
16 Revenue Code is amended by adding at the end thereof the
17 following new section:

18 *“SEC. 1611. This subchapter may be cited as the “Fed-*
19 *eral ‘Unemployment Tax Act.’”*

20 SEC. 28. (a) Clause (5) of section 1002 (a) of the
21 Social Security Act is amended to read as follows: “(5)
22 provide such methods of administration (other than those
23 relating to selection, tenure of office, and compensation of
24 personnel) as are found by the Board to be necessary for
25 the *proper and efficient* operation of the plan.

1 paying the costs of administering the State plan or for
2 aid to the blind, or both, and for no other purpose.

3 “(b) The method of computing and paying such
4 amounts shall be as follows:

5 “(1) The Board shall, prior to the beginning of each
6 quarter, estimate the amount to be paid to the State for
7 such quarter under the provisions of clause (1) of subsec-
8 tion (a), such estimate to be based on (A) a report filed
9 by the State containing its estimate of the total sum to
10 be expended in such quarter in accordance with the pro-
11 visions of such clause, and stating the amount appro-
12 priated or made available by the State and its political
13 subdivisions for such expenditures in such quarter, and
14 if such amount is less than one-half of the total sum of
15 such estimated expenditures, the source or sources from
16 which the difference is expected to be derived, (B)
17 records showing the number of blind individuals in the
18 State, and (C) such other investigation as the Board
19 may find necessary.

20 “(2) The Board shall then certify to the Secretary
21 of the Treasury the amount so estimated by the Board,
22 (A) reduced or increased, as the case may be, by any
23 sum by which it finds that its estimate for any prior
24 quarter was greater or less than the amount which should

1 have been paid to the State under clause (1) of subsection
2 tion (a) for such quarter, and (B) reduced by a sum
3 equivalent to the pro rata share to which the United
4 States is equitably entitled, as determined by the Board,
5 of the net amount recovered during a prior quarter by
6 the State or any political subdivision thereof with respect
7 to aid to the blind furnished under the State plan; except
8 that such increases or reductions shall not be made to the
9 extent that such ~~sum~~ ~~has~~ ~~sums~~ have been applied to make
10 the amount certified for any prior quarter greater or
11 less than the amount estimated by the Board for such
12 prior quarter: *Provided, That any part of the amount*
13 *recovered from the estate of a deceased recipient which*
14 *is not in excess of the amount expended by the State for*
15 *the funeral expenses of the deceased in accordance with*
16 *the State plan shall not be considered as a basis for*
17 *reduction of the amount estimated by the Board under*
18 *paragraph (1) of this subsection.*

19 “(3) The Secretary of the Treasury shall there-
20 upon, through the Division of Disbursement of the Treas-
21 ury Department, and prior to audit or settlement by the
22 General Accounting Office, pay to the State, at the time
23 or times fixed by the Board, the amount so certified, in-
24 creased by 5 per centum.”

1 **SEC. 30.** Section 1006 of such Act is amended to read
2 as follows:

3 "SEC. 1006. When used in this title the term 'aid to
4 the blind' means money payments to blind individuals *who*
5 *are needy.*"

6 **SEC. 31.** Effective January 1, 1940, section 1101 (a)
7 of such Act is amended by striking out paragraph (6) and
8 inserting in lieu thereof the following:

9 ~~(6) The term "employee" includes an officer of a~~
10 ~~corporation.~~

11 "(6) The term 'employee' includes an officer of a corpo-
12 ration. It also includes any individual who, for remuneration
13 (by way of commission or otherwise) under an agreement
14 or agreements contemplating a series of similar trans-
15 actions, secures applications or orders or otherwise personally
16 performs services as a salesman for a person in furtherance
17 of such person's trade or business (but who is not an employee
18 of such person under the law of master and servant); unless
19 such services are performed as a part of such individual's
20 business as a broker or factor and, in furtherance of such
21 business as broker or factor, similar services are performed
22 for other persons and one or more employees of such broker
23 or factor perform a substantial part of such services.

1 “(7) The term ‘employer’ includes any person for whom
2 an individual performs any service of whatever nature as
3 his employee.”

4 SEC. 32. Title XI of such Act is amended by adding
5 at the end thereof the following new sections:

6 “DISCLOSURE OF INFORMATION IN POSSESSION OF BOARD

7 “SEC. 1106. No disclosure of any return or portion of
8 a return (including information returns and other written
9 statements) filed with the Commissioner of Internal Revenue
10 under title VIII of the Social Security Act or subchapter A
11 of chapter 9 of the Internal Revenue Code or under regula-
12 tions made under authority thereof, which has been transmitted
13 to the Board by the Commissioner of Internal Revenue, or
14 of any file, record, report, or other paper, or any
15 information, obtained at any time by the Board or by any
16 officer or employee of the Board which was so obtained
17 in the course of discharging the duties of the Board
18 and no disclosure of any such file, record, report, or other
19 paper, or information, obtained at any time by any person
20 from the Board or from any officer or employee of the Board,
21 shall be made except as the Board may by regulations pre-
22 scribe. Any person who shall violate any provision of this
23 section shall be deemed guilty of a misdemeanor and, upon
24 conviction thereof, shall be punished by a fine not exceeding
25 \$1,000, or by imprisonment not exceeding one year, or both.

1 **"PENALTY FOR FRAUD AND MISUSE OF BOARD'S NAME**

2 **"SEC. 1107. Whoever, with the intent to defraud any**
3 **person or with the intent to elicit information from any**
4 **person, shall willfully make or cause to be made, orally or**
5 **in writing, any false statement or representation concerning**
6 **the requirements of this Act, or subchapter A or C of**
7 **chapter 9 of the Internal Revenue Code, or of any rules or**
8 **regulations issued thereunder, knowing such statement or rep-**
9 **resentation to be false, or whoever shall attribute to the Board**
10 **or to any department, bureau, agency, officer, or employee of**
11 **the United States, any such statement or representation know-**
12 **ing that such statement or representation is false and was not**
13 **made by such Board, department, bureau, agency, officer, or**
14 **employee of the United States, shall be deemed guilty of a**
15 **misdemeanor, and, upon conviction thereof, shall be punished**
16 **by a fine not exceeding \$1,000, or by imprisonment not ex-**
17 **ceeding one year, or both."**

18 **SEC. 33. No provision of this Act shall be construed as**
19 **amending or altering the effect of section 13 (b), (c), (d),**
20 **(e), or (f) of the Railroad Unemployment Insurance Act.**

21 **SEC. 34. (a) Against the tax imposed by section 901**
22 **of the Social Security Act for the calendar year 1936,**
23 **1937, or 1938, any taxpayer shall be allowed credit for**
24 **the amount of contributions, with respect to employment**

1 *during such year, paid by him into an unemployment fund*
2 *under a State law—*

3 *(1) Before the sixtieth day after the date of the*
4 *enactment of this Act;*

5 *(2) On or after such sixtieth day, with respect to*
6 *wages paid after the fortieth day after such date of*
7 *enactment;*

8 *(3) Without regard to the date of payment, if the*
9 *assets of the taxpayer are, at any time during the fifty-*
10 *nine-day period following such date of enactment, in*
11 *the custody or control of a receiver, trustee, or other*
12 *fiduciary appointed by, or under the control of, a court*
13 *of competent jurisdiction.*

14 *(b) Notwithstanding the provisions of section 1601*
15 *(a) (2) of the Internal Revenue Code, credit shall be per-*
16 *mitted, against the tax for the taxable year in which*
17 *remuneration is paid for services rendered during a prior*
18 *year, for the amounts of contributions with respect to such*
19 *remuneration which have not been credited against the tax*
20 *for any prior taxable year. Credit shall be permitted under*
21 *this subsection only against the tax for the years 1940,*
22 *1941, and 1942, and only for contributions with respect to*
23 *remuneration for services rendered after December 31, 1938.*

24 *(c) Upon the payment of contributions into the unem-*
25 *ployment fund of a State which are required under the*

1 unemployment compensation law of that State with respect
2 to remuneration on the basis of which, prior to such pay-
3 ment into the proper fund, the taxpayer erroneously paid
4 an amount as contributions under another unemployment
5 compensation law, the payment into the proper fund shall,
6 for purposes of credit against the tax imposed by section 901
7 of the Social Security Act for the calendar years 1936,
8 1937, and 1938, respectively, be deemed to have been made
9 at the time of the erroneous payment. If, by reason of such
10 other law, the taxpayer was entitled to cease paying contribu-
11 tions with respect to services subject to such other law, the pay-
12 ment into the proper fund shall, for purposes of credit
13 against the tax, be deemed to have been made on the date
14 the return for the taxable year was filed under section 1604.

15 (d) The provisions of the Social Security Act in force
16 prior to February 11, 1939 (except the provisions limiting
17 the credit to amounts paid before the date of filing returns)
18 shall apply to allowance of credit under this section, and
19 the terms used in subsections (a) and (b) shall have the
20 same meaning as when used in title IX of the Social Security
21 Act prior to such date. The total credit allowable against
22 the tax imposed by section 901 of such Act for the calendar
23 years 1936, 1937, and 1938, respectively, shall not exceed
24 90 per centum of such tax.

1 (e) Refund of the tax (including penalty and interest
2 collected with respect thereto, if any), based on any credit
3 allowable under this section, may be made in accordance
4 with the provisions of law applicable in the case of erroneous
5 or illegal collection of the tax. No interest shall be allowed
6 or paid on the amount of any such refund.

7 (f) No tax shall be collected under title VIII or IX
8 of the Social Security Act or under subchapter A or C of
9 chapter 9 of the Internal Revenue Code, with respect to
10 services rendered prior to January 1, 1940, which are de-
11 scribed in subparagraphs (11) and (12) of sections 1426
12 (b) and 1607 (c) of the Internal Revenue Code, as amended,
13 and any such tax heretofore collected (including penalty and
14 interest with respect thereto, if any), shall be refunded in
15 accordance with the provisions of law applicable in the case
16 of erroneous or illegal collection of the tax. No interest shall
17 be allowed or paid on the amount of any such refund. No
18 payment shall be made under title II of the Social Security
19 Act, as amended, with respect to services rendered prior to
20 January 1, 1940, which are described in subparagraphs
21 (11) and (12) of section 209 (b) of such Act, as amended.

22 (g) No lump-sum payment shall be made under the pro-
23 visions of section 204 of the Social Security Act after the
24 date of enactment of this Act, except to the estate of an indi-
25 vidual who dies prior to January 1, 1940.