

[COMMITTEE PRINT]

APRIL 12, 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)~~ (including
4 *methods relating to the establishment and maintenance*
5 *of personnel standards on a merit basis and methods relating*
6 *to the use and disclosure of lists of applicants and recipients,*
7 *and of other information, records, and papers pertaining to*
8 *applicants and recipients)* as are found by the Board to be
9 necessary for the *proper and efficient* operation of the
10 plan; and (6) provide that the State agency will make such
11 reports, in such form and containing such information, as
12 the Board may from time to time require, and comply with
13 such provisions as the Board may from time to time find
14 necessary to assure the correctness and verification of such
15 reports; and ~~(7)~~ provide that if the State or any of its polit-
16 ical subdivisions collects from the estate of any recipient of
17 old-age assistance any amount with respect to old-age assist-
18 ance furnished him under the plan, one-half of the net amount
19 so collected shall be promptly paid to the United States.
20 Any payment so made shall be deposited in the Treasury
21 to the credit of the appropriation for the purposes of this
22 title."

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

"PAYMENTS 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 July 1, 1940, ~~(1)~~ an amount, which shall be used exclu-
7 sively as ~~old-age assistance~~ *for carrying out the State plan,*
8 equal to (1) one-half of the total of the sums expended
9 during such quarter as old-age assistance under the State
10 plan with respect to each *needy* individual who at the time
11 of such expenditure is sixty-five years of age or older and
12 is not an inmate of a public institution, not counting so
13 much of such expenditure with respect to any individual
14 for any month as exceeds \$30: *Provided, That in any*
15 *case in which the average per capita income in any State*
16 *is less than the average per capita income of the United*
17 *States, as found by the Board, the amount to be paid by*
18 *the Secretary of the Treasury to such State for old-age*
19 *assistance for each of the eight quarters during a period of*
20 *twenty-four months, beginning with the quarter commencing*
21 *on July 1 of the year in which such finding is made, shall*
22 *be an amount which bears the same ratio to that part of*
23 *the total of the sums so expended which is derived from*
24 *State sources as such average per capita income of the*

1 *United States bears to such average per capita income*
 2 *of such State, but in no event shall the amount paid under*
 3 *this provision to any State for any quarter be more*
 4 *than* *of the total of the sums so expended in*
 5 *such State for such quarter, and ~~(2)~~ 5 per centum of such*
 6 *amount, which shall be used for paying the costs of adminis-*
 7 *tering the State plan or for old-age assistance, or both, and*
 8 *for no other purpose; and (2) one-half of the total of the*
 9 *sums expended during such quarter as proper costs of*
 10 *administering the State plan:—Provided, That the State*
 11 *plan, in order to be approved by the Board, need not pro-*
 12 *vide for financial participation before July 1, 1937, by the*
 13 *State, in the case of any State which the Board, upon appli-*
 14 *cation by the State and after reasonable notice and oppor-*
 15 *tunity for hearing to the State, finds is prevented by its con-*
 16 *stitution from providing such financial participation.*

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

19 “(1) The Board shall, prior to the beginning of
 20 each quarter, estimate the amount to be paid to the
 21 State under the provisions of ~~clause (1)~~ of subsection
 22 (a), such estimates to be based on (A) a report filed
 23 by the State containing its estimate of the total sum to
 24 be expended in such quarter in accordance with the pro-
 25 visions of such ~~clause subsection~~, and stating the amount

1 appropriated or made available by the State and its
2 political subdivisions for such expenditures in such
3 quarter, and if such amount is less than ~~one-half of the~~
4 ~~total sum of such estimated expenditures~~ *the State's pro-*
5 *portionate share*, the source or sources from which the
6 difference is expected to be derived, (B) records show-
7 ing the number of aged individuals in the State, and
8 (C) such other investigation as the Board may find
9 necessary.

10 “(2) The Board shall then certify to the Secretary
11 of the Treasury the amount so estimated by the Board,
12 (A) reduced or increased, as the case may be, by any
13 sum by which it finds that its estimate for any prior
14 quarter was greater or less than the amount which
15 should have been paid to the State under ~~clause (1)~~ of
16 subsection (a) for such quarter, and (B) reduced by
17 a sum equivalent to the *pro rata share to which the*
18 *United States is equitably entitled, as determined by the*
19 *Board, of the net amount recovered during any prior*
20 *quarter by the State or any political subdivision thereof*
21 *with respect to old-age assistance furnished under the*
22 *State plan; except that such increases or reductions shall*
23 *not be made to the extent that such ~~sum has~~ sums have*
24 *been applied to make the amount certified for any prior*
25 *quarter greater or less than the amount estimated by the*

1 Board for such prior quarter: *Provided, That any part*
 2 *of the amount recovered from the estate of a deceased*
 3 *recipient which is not in excess of the amount expended*
 4 *by the State for the funeral expenses of the deceased in*
 5 *accordance with the State plan shall not be considered*
 6 *as a basis for reduction of the amount estimated by the*
 7 *Board under paragraph (1) of this subsection.*

8 “(3) The Secretary of the Treasury shall there-
 9 upon, through the Division of Disbursement of the
 10 Treasury Department and prior to audit or settlement by
 11 the General Accounting Office, pay to the State, at the
 12 time or times fixed by the Board, the amount so certi-
 13 fied, increased by 5 per centum.”

14 SEC. 4. Section 202 of such Act is amended to read
 15 as follows:

16 **OLD-AGE BENEFIT PAYMENTS**

17 **SEC. 202. (a)** Every qualified individual (as defined
 18 in section 210) shall be entitled to receive, with respect to
 19 the period beginning on the date he attains the age of sixty-
 20 five, or on January 1, 1942, whichever is the later, and
 21 ending on the date of his death, an old-age benefit (payable
 22 as nearly as practicable in equal monthly installments) as
 23 follows:

24 (1) If the total wages (as defined in section 210)
 25 determined by the Board to have been paid to him,

1 with respect to employment (as defined in section 210)
2 after December 31, 1926, and before he attained the
3 age of sixty-five, were not more than \$2,000, the old-age
4 benefit shall be at a monthly rate of one-half of 1 per
5 centum of such total wages;

6 (2) If such total wages were more than \$2,000,
7 the old-age benefit shall be at a monthly rate equal to
8 the sum of the following:

9 (A) One-half of 1 per centum of \$2,000; plus

10 (B) One-twelfth of 1 per centum of the amount
11 by which such total wages exceeded \$2,000 and
12 did not exceed \$45,000; plus

13 (C) One-twenty-fourth of 1 per centum of the
14 amount by which such total wages exceeded
15 \$45,000.

16 (b) In no case shall the monthly rate computed under
17 subsection (a) exceed \$85.

18 (c) If the Board finds at any time that more or less
19 than the correct amount has theretofore been paid to any
20 individual under this section, then, under regulations made
21 by the Board, proper adjustments shall be made in connec-
22 tion with subsequent payments under this section to the same
23 individual.

24 (d) Whenever the Board finds that any qualified indi-
25 vidual has received wages with respect to regular employ-

1 ment after he attained the age of sixty-five, the old-age
2 benefit payable to such individual shall be reduced, for each
3 calendar month in any part of which such regular employ-
4 ment occurred, by an amount equal to one month's benefit.
5 Such reduction shall be made, under regulations prescribed
6 by the Board, by deductions from one or more payments of
7 old-age benefit to such individual.

8

"BENEFITS

9 *"SEC. 202. (a) Every individual, who (1) is a fully*
10 *insured individual after December 31, 1939, (2) has at-*
11 *tained the age of sixty-five, and (3) has filed application*
12 *for primary old-age benefits, shall be entitled to receive a*
13 *primary old-age benefit for each month, beginning with the*
14 *month in which such individual becomes so entitled to such*
15 *benefits and ending with the month preceding the month in*
16 *which he dies.*

17 *"(b) (1) Every wife, who (A) is the dependent wife*
18 *of an individual entitled to primary old-age benefits, (B) has*
19 *attained the age of sixty-five, (C) has filed application for*
20 *wife's auxiliary benefits, (D) was living with such individ-*
21 *ual at the time such application was filed, and (E) is not*
22 *entitled to receive primary old-age benefits, or is entitled to*
23 *receive primary old-age benefits each of which is less than*
24 *one-half of each of her husband's primary old-age benefits, shall*
25 *be entitled to receive a wife's auxiliary benefit for each*

1 month, beginning with the month in which she becomes so
2 entitled to such auxiliary benefits, and ending with the month
3 preceding the first month in which any of the following occurs:
4 she dies, her husband dies, they are divorced *ex vinculo*
5 *matrimonii*, or she becomes entitled to receive a primary
6 old-age benefit equal to or exceeding one-half of the primary
7 old-age benefit of her husband.

8 “(2) Each of such wife’s auxiliary benefits shall be equal
9 to one-half of a primary old-age benefit of her husband,
10 except that, if she is entitled to receive a primary old-age
11 benefit for any month which is less than one-half of a
12 primary old-age benefit of her husband each of such wife’s
13 auxiliary benefits shall be reduced by an amount equal to a
14 primary old-age benefit of such wife.

15 “(c) (1) Every child, who (A) is the dependent child
16 of a parent entitled to primary old-age benefits, or of a parent
17 who died a fully or currently insured individual after Decem-
18 ber 31, 1939, (B) has filed application for child’s auxiliary
19 benefits, and (C) at the time such application was filed was
20 living with such parent entitled to primary old-age benefits, or
21 at the time of such deceased parent’s death was living with
22 such deceased parent, shall be entitled to receive a child’s
23 auxiliary benefit for each month, beginning with the month in
24 which such child becomes so entitled to such benefits, and end-
25 ing with the month immediately preceding the first month in

1 *which any of the following occurs: such child dies, marries,*
2 *or attains the age of eighteen.*

3 “(2) *Each of such child's auxiliary benefits shall be*
4 *equal to one-half of a primary old-age benefit of the parent*
5 *with respect to whose wages the child is entitled to receive such*
6 *benefit, except that if, during any month, there is more than*
7 *one such parent, such benefit for such month shall be equal to*
8 *one-half of whichever primary old-age benefit is greatest.*

9 “(d) (1) *Every widow, who (A) is the dependent*
10 *widow of an individual who died a fully insured individual*
11 *after December 31, 1939, (B) has not remarried, (C) has*
12 *attained the age of sixty-five, (D) has filed application for*
13 *widow's auxiliary old-age benefits, (E) was living with such*
14 *individual at the time of his death, and (F) is not entitled to*
15 *receive primary old-age benefits, or is entitled to receive pri-*
16 *mary old-age benefits each of which is less than three-fourths*
17 *of each of her husband's primary old-age benefits, shall be*
18 *entitled to receive a widow's auxiliary old-age benefit for each*
19 *month, beginning with the month in which she becomes so*
20 *entitled to such auxiliary benefits, and ending with the month*
21 *immediately preceding the first month in which any of the*
22 *following occurs: she remarries, she dies, or she becomes en-*
23 *titled to receive a primary old-age benefit equal to or exceeding*
24 *three-fourths of a primary old-age benefit of her husband.*

1 “(2) *Each of such widow's auxiliary old-age benefits*
2 *shall be equal to three-fourths of a primary old-age benefit of*
3 *her deceased husband, except that, if she is entitled to receive*
4 *a primary old-age benefit for any month which is less than*
5 *three-fourths of a primary old-age benefit of her husband,*
6 *each of such widow's auxiliary old-age benefits shall be*
7 *reduced by an amount equal to a primary old-age benefit*
8 *of such widow.*

9 “(e) *Every widow, who (1) is the dependent widow of*
10 *an individual who died or fully or currently insured indi-*
11 *vidual after December 31, 1939, (2) has not remarried, (3)*
12 *has not attained the age of sixty-five, (4) was living with*
13 *such individual at the time of his death, shall be entitled to*
14 *receive a widow's current auxiliary benefit for each month,*
15 *beginning and ending as follows:*

16 “(A) *If she files application before the end of the*
17 *eleventh month following the month in which he died,*
18 *beginning with the month in which he died and,*
19 *unless terminated earlier by one of the events speci-*
20 *fied in paragraph (C) hereof, ending with such eleventh*
21 *month, or with the first month for which no child,*
22 *of such deceased individual is entitled to receive a child's*
23 *auxiliary benefit, whichever month is later; or*

24 “(B) *If she files application after the end of such*
25 *eleventh month and, at the time she files such application,*

1 amount, if any, by which such $3\frac{1}{2}$ per centum exceeds the
2 amount (whether more or less than the correct amount) paid
3 to him during his life as old-age benefit.

4 (e) If the Board finds that the total amount paid to a
5 qualified individual under an old-age benefit during his life
6 was less than the correct amount to which he was entitled
7 under section 202, and that the correct amount of such old-
8 age benefit was $3\frac{1}{2}$ per centum or more of the total wages by
9 which such old-age benefit was measurable, then there shall
10 be paid to his estate a sum equal to the amount, if any, by
11 which the correct amount of the old-age benefit exceeds the
12 amount which was so paid to him during his life.

13 "REDUCTION AND INCREASE OF BENEFITS

14 "SEC. 203. (a) Whenever the benefit or total benefits
15 under section 202, payable for a month with respect to an
16 individual's wages (or which would be payable except for
17 subsection (d) of this section), exceeds (1) \$85, or (2) an
18 amount equal to twice a primary old-age benefit of such
19 individual, or (3) an amount equal to 80 per centum of
20 his average monthly wage, whichever of such three amounts
21 is least, such benefit or total benefits shall be reduced to such
22 least amount.

23 "(b) Whenever the benefit or total benefits under section
24 202 (or as reduced under subsection (a)), payable for a
25 month with respect to an individual's wages (or which would

1 *be payable except for subsection (d) of this section), is less*
2 *than \$10, such benefit or total benefits shall be increased*
3 *to \$10.*

4 “(c) *Whenever a decrease or increase of total benefits*
5 *is made under subsection (a) or (b) of this section, each*
6 *benefit shall be proportionately decreased or increased, as the*
7 *case may be.*

8 “(d) *Deductions shall be made from any benefits to*
9 *which an individual is entitled, until the total of such deduc-*
10 *tions equals the total of all such individual's benefit or*
11 *benefits for all months in which such individual:*

12 “(1) *rendered services as an employee and received*
13 *remuneration of not less than \$15 therefor; or*

14 “(2) *received a gratuitous pension from the United*
15 *States; or*

16 “(3) *during the whole of such month, was confined*
17 *in a penal institution; or*

18 “(4) *if a child under eighteen and over sixteen*
19 *years of age, failed to attend school regularly and the*
20 *Board finds that such attendance was feasible; or*

21 “(5) *if a widow who has not attained age sixty-five,*
22 *did not have a dependent child of her deceased husband liv-*
23 *ing with her after the eleventh month succeeding the*
24 *month in which her husband died.*

1 of the total wages determined by the Board to have been paid
2 to him, with respect to employment after December 31,
3 1936, and before he attained the age of sixty-five.

4 (b) After any individual becomes entitled to any pay-
5 ment under subsection (a), no other payment shall be made
6 under this title in any manner measured by wages paid to
7 him, except that any part of any payment under subsection
8 (a) which is not paid to him before his death shall be paid
9 to his estate.

10 "OVERPAYMENTS AND UNDERPAYMENTS

11 "SEC. 204. (a) Whenever an error has been made
12 with respect to payments to an individual under this title
13 (including payments made prior to January 1, 1940),
14 proper adjustment shall be made, under regulations pre-
15 scribed by the Board, with respect to subsequent benefits
16 to which such individual is entitled. If such individual dies
17 before such adjustment has been completed, adjustment shall
18 be made with respect to subsequent benefits payable with
19 respect to the wages that were the basis of benefits of such
20 deceased individual.

21 (b) There shall be no adjustment or recovery by the
22 United States in any case where incorrect payment has been
23 made to an individual who is without fault (including pay-
24 ments made prior to January 1, 1940), and no adjustment
25 can be made, or where adjustment of an erroneous pay-

1 *ment to an individual would defeat the purpose of this title*
 2 *or would be against equity and good conscience.*

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

9 SEC. 7. Section 205 of such Act is amended to read as
 10 follows:

11 **AMOUNTS OF \$500 OR LESS PAYABLE TO ESTATES**

12 **SEC. 205.** **If any amount payable to an estate under**
 13 **section 203 or 204 is \$500 or less, such amount may, under**
 14 **regulations prescribed by the Board, be paid to the persons**
 15 **found by the Board to be entitled thereto under the law of**
 16 **the State in which the deceased was domiciled, without the**
 17 **necessity of compliance with the requirements of law with**
 18 **respect to the administration of such estate.**

19 **“METHOD OF MAKING PAYMENTS**

20 **“SEC. 205. (a) The Board is authorized and directed to**
 21 **make findings of fact with respect to any claim arising under,**
 22 **this title and to make decisions as to the right of any person to**
 23 **payment thereunder. The Board is further authorized to**
 24 **hold such hearings, to conduct such investigations and other**
 25 **proceedings, to establish such procedure, and to require such**

1 *proofs for the determination of the right to payments under*
2 *this title, as it may deem necessary or proper, without regard*
3 *for rules of evidence prevailing in courts of law or equity.*

4 “(b) *For the purpose of any hearing, investigation, or*
5 *other proceeding relative to the determination of any right to*
6 *payment under this title, or relative to any other matter*
7 *within its jurisdiction under this title, the Board shall have*
8 *the power to issue subpoenas requiring the attendance and*
9 *testimony of witnesses and the production of any evidence,*
10 *documentary or otherwise, that relates to any matter under*
11 *investigation or in question, before the Board or any member*
12 *or agent conducting the hearing, investigation, or proceeding.*
13 *Any member of the Board or any agent designated by it may*
14 *administer oaths and affirmations, examine witnesses, and*
15 *receive evidence. Such attendance of witnesses and produc-*
16 *tion of evidence may be required from any place in the United*
17 *States or any Territory or possession thereof, at any desig-*
18 *nated place of hearing. Subpoenas of the Board shall be*
19 *served by anyone authorized by it (A) as is provided by law*
20 *for the service of subpoenas in suits in equity in the district*
21 *courts of the United States, or (B) by registered mail ad-*
22 *dressed to the person intended to be served at his last known*
23 *dwelling place or principal place of business. A verified*
24 *return by the individual so serving the subpoena setting forth*
25 *the manner of such service, or, in the case of service by regis-*

1 *tered mail, the return post-office receipt thereof, shall be proof*
2 *of service. Witnesses subpoenaed by the Board shall be paid*
3 *the same fees and mileage as are paid witnesses in the district*
4 *courts of the United States.*

5 “(c) *In case of contumacy by, or refusal to obey a sub-*
6 *pena served upon any person, any court of the United States*
7 *within the jurisdiction of which the hearing, investigation, or*
8 *other proceeding is carried on or within the jurisdiction of*
9 *which said person charged with contumacy or refusal to obey*
10 *is found or resides or transacts business, upon application by*
11 *the Board, shall have jurisdiction to issue an order requiring*
12 *such person to appear before the Board, its member, or agent,*
13 *there to produce evidence if so ordered or there to give testi-*
14 *mony touching the matter under investigation or in question;*
15 *and any failure to obey such order of the court may be pun-*
16 *ished by said court as a contempt thereof.*

17 “(d) *No person shall be excused from attending and testi-*
18 *fying or from producing books, records, correspondence, doc-*
19 *uments, or other evidence in obedience to the subpoena of the*
20 *Board on the ground that the testimony or evidence required*
21 *of him may tend to incriminate him or subject him to a penalty*
22 *or forfeiture; but no person shall be prosecuted or subjected*
23 *to any penalty or forfeiture for or on account of any trans-*
24 *action, matter, or thing concerning which he is compelled, after*
25 *having claimed his privilege against self-incrimination, to tes-*

1 *tify or produce evidence, except that such person so testifying*
2 *shall not be exempt from prosecution and punishment for*
3 *perjury committed in so testifying.*

4 “(e) *Any claimant may obtain a review of any final*
5 *decision of the Board denying in whole or in part his appli-*
6 *cation for payment under this title by filing a petition for*
7 *review, within sixty days after the mailing to him of notice of*
8 *such decision or within such further time as the Board may*
9 *allow, in the United States district court (including the Dis-*
10 *trict Court of Alaska and the District Court of Hawaii)*
11 *within the judicial district in which such claimant resides, or,*
12 *if none, in the district court of the United States for the*
13 *District of Columbia. A copy of such petition shall forth-*
14 *with be served upon the Board or any officer designated by it*
15 *for that purpose. Thereupon the Board shall certify and file*
16 *with the court in which such petition has been filed a transcript*
17 *of the record upon which the findings and decision complained*
18 *of are based. Upon such filing the court shall have exclusive*
19 *jurisdiction of the proceeding and of the question determined*
20 *therein and shall have power to enter upon the pleadings and*
21 *transcript of the record a decree affirming, modifying, or re-*
22 *versing the decision of the Board, with or without remanding*
23 *the cause for a rehearing. The finding of the Board as to*
24 *any fact, if supported by any evidence, shall be conclusive;*
25 *but the court, before or after final decree, may, on good cause*
26 *shown, order additional evidence to be taken before the Board,*

1 and the Board may after hearing such additional evidence
2 modify its findings of fact and decision and shall file with
3 the court such additional or modified findings of fact and
4 decision and a transcript of the additional record upon which
5 they were based. Such additional or modified findings of
6 fact, if supported by any evidence, shall be conclusive. The
7 decree of the court shall be final, subject to review as in equity
8 cases. The Supreme Court of the United States may pre-
9 scribe uniform rules for the district courts for the filing of
10 petitions for review and the conduct of the proceedings on
11 review.

12 “(f) The findings of fact and decision of the Board
13 in the determination of any claim to payment under this
14 title shall be, except as provided in subsection (e), final and
15 conclusive for all purposes on all persons, and shall not be
16 subject to review in any other manner than is set forth in
17 such subsection (e).

18 “(g) Upon final decision of the Board, or upon final
19 decree of any court of competent jurisdiction, that any person
20 is entitled to any payment or payments under this title, the
21 Board shall certify to the Secretary of the Treasury the name
22 and address of the person so entitled to receive such payment
23 or payments, the amount of such payment or payments, and
24 the time at which such payment or payments should be made,
25 and the Secretary of the Treasury, through the Division of

1 Disbursement of the Treasury Department, and prior to any
2 action thereon by the General Accounting Office, shall make
3 payment in accordance with the certification of the Board:
4 Provided, That where a review of the Board's decision is or
5 may be sought under subsection (e) the Board may withhold
6 certification of payment pending such review. If two or more
7 of the following: husband, wife, child or children, or widow,
8 are each entitled to benefits, the Board may in its discretion
9 certify to the Secretary of the Treasury any two or more
10 of such individuals for joint payment of the total benefits
11 payable.

12 “(h) When it appears to the Board that the interest of
13 an applicant entitled to a payment would be served thereby,
14 certification of payment may be made, regardless of the legal
15 competency or incompetency of the individual entitled thereto,
16 either for direct payment to such applicant or for his use and
17 benefit to a relative or some other person.

18 “(i) Any payments made under conditions set forth
19 in subsection (h), or made to a legally incompetent indi-
20 vidual without knowledge by the Board of such incompetency
21 prior to certification of payment, if otherwise valid under
22 this title, shall be a complete settlement and satisfaction of
23 any claim, right, or interest in and to such payment.

24 “(j) The Board is authorized to delegate to any member,
25 officer, or employee of the Board designated by it any of the

1 powers conferred upon the Board by this section, including
2 the power to make findings of fact and decisions with respect
3 to the right to payment under this title, and the power to
4 make certification of payment to the Secretary of the Treas-
5 ury, and is authorized to be represented by its own attorneys
6 in any court in any case or proceeding arising under the
7 provisions of subsection (c).

8 “(k) No application for any benefit under this title filed
9 prior to three months before the first month for which such
10 applicant becomes entitled to receive a benefit shall be ac-
11 cepted as an application for the purposes of this title.

12 “(l) The procedure and jurisdiction of the Board and
13 of the courts, as provided in this section for the determination
14 of the right to payments under this title, shall be exclusive.

15 “(m) After the expiration of four years after any year
16 in which wages have been paid to an individual, the records
17 of the Board relating to such wages of such individual shall
18 be conclusive as to the total amount of such wages paid such
19 individual and as to the time of such payments. In any
20 case where the Board finds that such records for such year,
21 omit or incorrectly state any wages of such individual with
22 respect to which such individual's employer paid taxes and
23 made returns under Title VIII of the Social Security Act,
24 or subchapter A of Chapter 9 of the Internal Revenue

1 *Code, such records may be corrected as to such omitted or*
 2 *incorrect wage items."*

3 SEC. 8. Section 206 of such Act is amended to read as
 4 follows:

5 **OVERPAYMENTS DURING LIFE**

6 **SEC. 206.** If the Board finds that the total amount
 7 paid to a qualified individual under an old-age benefit during
 8 his life was more than the correct amount to which he was
 9 entitled under section 202, and was $3\frac{1}{2}$ per centum or more
 10 of the total wages by which such old-age benefit was meas-
 11 urable, then upon his death there shall be repaid to the
 12 United States by his estate the amount, if any, by which
 13 such total amount paid to him during his life exceeds which-
 14 ever of the following is the greater: (1) Such $3\frac{1}{2}$ per
 15 centum, or (2) the correct amount to which he was entitled
 16 under section 202.

17 *"SEC. 206. (a) In determining whether an applicant is*
 18 *the 'wife', 'widow', or 'child' of a fully insured or currently*
 19 *insured individual for purposes of this title, the Board shall*
 20 *apply such law as would be applied in determining the dev-*
 21 *olution of intestate personal property by the courts of the*
 22 *State in which such insured individual is domiciled at the*
 23 *time such applicant files application, or, if such insured in-*
 24 *dividual is dead, the State in which he was domiciled at the*

1 *time of his death. Applicants who according to such law*
 2 *would have the same status relative to taking as a 'wife',*
 3 *'widow', or 'child' shall be deemed such.*

4 “(b) *A dependent wife shall be deemed to be living with*
 5 *her husband if she is a member of the same household with*
 6 *him, or is receiving from him regular contributions toward*
 7 *her support. A dependent child shall be deemed to be living*
 8 *with a parent if such child is a member of the same household*
 9 *with such parent, or, if not a member of such household, shall*
 10 *be deemed to be living with the parent or parents from which*
 11 *such child last received substantial contributions toward his*
 12 *support.”*

13 SEC. 9. Section 207 of such Act is amended to read as
 14 follows:

15 **METHOD OF MAKING PAYMENTS**

16 **SEC. 207.** The Board shall from time to time certify to
 17 the Secretary of the Treasury the name and address of each
 18 person entitled to receive a payment under this title, the
 19 amount of such payment, and the time at which it should
 20 be made, and the Secretary of the Treasury through the
 21 Division of Disbursement of the Treasury Department, and
 22 prior to audit or settlement by the General Accounting Office,
 23 shall make payment in accordance with the certification by
 24 the Board.

1 "REPRESENTATION OF CLAIMANTS BEFORE THE BOARD

2 "SEC. 207. The Board may prescribe rules and regula-
3 tions governing the recognition of agents, attorneys, or other
4 persons representing claimants before the Board, and may
5 require of such persons, agents, and attorneys, before being
6 recognized as representatives of claimants, that they shall show
7 that they are of good character and in good repute, possessed
8 of the necessary qualifications to enable them to render such
9 claimants valuable service, and otherwise competent to advise
10 and assist such claimants in the presentation of their cases.
11 And the Board may, after due notice and opportunity for
12 hearing, suspend or disbar from further practice before it
13 any such person, agent, or attorney shown to be incompetent
14 or disreputable, or who refuses to comply with such rules and
15 regulations, or who shall with intent to defraud, in any man-
16 ner willfully and knowingly deceive, mislead, or threaten any
17 claimant or prospective claimant or beneficiary under this
18 title, by word, circular, letter, or advertisement. Such rules
19 and regulations may prescribe the maximum fees which
20 may be charged for services performed in connection with
21 any claim before the Board under this title, and any
22 agreement in violation of such rules or regulations shall
23 be void. Any person who shall knowingly violate any
24 rule or regulation prescribed by the Board under this section
25 shall be deemed guilty of a misdemeanor and, upon conviction

1 *thereof, shall, for every offense, be punished by a fine not*
2 *exceeding \$500, or by imprisonment not exceeding one year,*
3 *or both."*

4 SEC. 10. Section 209 of such Act is amended to read
5 as follows:

6 **PENALTIES**

7 **SEC. 200.** **Whoever in any application for any payment**
8 **under this title makes any false statement as to any material**
9 **fact, knowing such statement to be false, shall be fined not**
10 **more than \$1,000 or imprisoned for not more than one year,**
11 **or both.**

12 *"SEC. 209. Whoever shall knowingly make or cause to*
13 *be made, or conspire, combine, aid, or assist in, agree to,*
14 *arrange for, or in anywise procure the inclusion of false*
15 *information as to wages or purported wages in a tax return,*
16 *solely for the purpose of obtaining benefits under this title;*
17 *or whoever shall knowingly make or cause to be made, or*
18 *conspire, combine, aid, assist in, agree to, arrange for, or*
19 *in anywise procure the making or presentation under this*
20 *title of a false or fraudulent claim, or the making or*
21 *presentation of a false or fraudulent affidavit, declaration,*
22 *certificate, statement, voucher, or paper, or writing purporting*
23 *to be such, concerning any claim under this title, shall be*
24 *fined not more than \$1,000 or imprisoned for not more than*
25 *one year, or both."*

1 SEC. 11. Section 210 of such Act, as amended, is
2 amended to read as follows:

3 "DEFINITIONS

4 "SEC. 210. When used in this title—

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

9 "(1) That part of the remuneration which, after
10 remuneration equal to \$3,000 has been paid to an indi-
11 vidual by an employer with respect to employment dur-
12 ing any calendar year, is paid to such individual by such
13 employer with respect to employment during such
14 calendar ~~year~~ year;

15 "(2) *The amount of any payment made to, or on*
16 *behalf of, an employee under a plan or system estab-*
17 *lished by an employer which makes provision for his*
18 *employees generally or for a class or classes of his em-*
19 *ployees (including any amount paid by an employer*
20 *for insurance, or into a fund, to provide for any such*
21 *payment), on account of (A) retirement, or (B) sick-*
22 *ness or accident disability, or (C) medical and hospitali-*
23 *zation expenses in connection with sickness or accident*
24 *disability;*

1 “(3) The payment by an employer (without de-
 2 duction from the remuneration of the employee) (A) of
 3 the tax imposed upon such employee under section 1400
 4 of the Internal Revenue Code or (B) of any payment
 5 required from such employee under a State unemploy-
 6 ment compensation law;

7 “(4) Dismissal payments which the employer is not
 8 legally required to make; or

9 “(5) Any remuneration paid to an individual prior
 10 to January 1, 1937, or any remuneration paid to an
 11 individual after the first month for which he is entitled
 12 to receive a benefit under section 202 (a).

13 “(b) The term ‘employment’ means any ~~service serv-~~
 14 ice, of whatever nature, performed, by an employee for the
 15 person employing him, irrespective of the citizenship or resi-
 16 dence of either, (A) within the United States, by ~~an em-~~
 17 ployee for his employer, or (B) on or in connection with an
 18 American vessel under a contract of service which is entered
 19 into within the United States or during the performance of
 20 which the vessel touches at a port in the United States, if the
 21 employee is employed on and in connection with such vessel
 22 when outside the United States, except—

23 “(1) ~~Agricultural labor~~ Service performed as a
 24 farmhand on or about a farm in the employ of the owner
 25 or tenant thereof;

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

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

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

9 ~~“(4)~~ (5) Service performed as an officer or mem-
10 ber of the crew of a vessel documented under the laws
11 of the United States or of any foreign country Service
12 performed on or in connection with a vessel not an
13 American vessel by an employee, if the employee is
14 employed on and in connection with such vessel when
15 outside the United States;

16 ~~“(5)~~ (6) Service performed in the employ of the
17 United States Government, or of an instrumentality
18 of the United States which is (A) wholly owned by
19 the United States, or (B) exempt from the taxes imposed
20 by sections 1410 and 1600 of the Internal Revenue
21 Code by virtue of the provisions of any Act of Con-
22 gress other than chapter 9 of such code;

23 ~~“(6)~~ (7) Service performed in the employ of a
24 State, of a political subdivision thereof, or of an instru-
25 mentality of one or more States or political subdivisions

1. which is wholly owned by one or more States or political
2. subdivisions; and any service performed in the employ
3. of an instrumentality of one or more States or political
4. subdivisions to the extent that the instrumentality is, with
5. respect to such service, immune under the Constitution
6. of the United States from the tax imposed by section
7. 1410 of the Internal Revenue Code;

8. “~~(7)~~ (8) Service performed in the employ of a
9. corporation, community chest, fund, or foundation,
10. organized and operated exclusively for religious, chari-
11. table, scientific, literary, or educational purposes; or
12. for the prevention of cruelty to children or animals,
13. no part of the net earnings of which inures to the bene-
14. fit of any private shareholder or individual;

15. “(9) Service performed by an individual as an
16. employee or employee representative as defined in sec-
17. tion 1532 of the Internal Revenue Code;

18. “(10) Service performed by an employee (which
19. would otherwise constitute employment under this sub-
20. section) occurring in any period of three calendar
21. months ending on March 31, June 30, September 30, or
22. December 31, if (A) the remuneration for such service
23. does not exceed \$25, and (B) the person employing such
24. employee is exempt from income tax under the provi-
25. sions of section 101 of the Internal Revenue Code;

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

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

6 “(A) If the service is of a character similar
7 to that performed in foreign countries by employees
8 of the United States Government or of an instru-
9 mentality thereof; and

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

18 “(c) If the services performed by an employee for the
19 person employing him during one-half or more of any pay
20 period constitute employment, all the services of such em-
21 ployee for such period shall be deemed to be employment;
22 but if the services performed by an employee for the person
23 employing him during less than one-half of any such pay
24 period constitute employment, then none of the services of
25 such employee for such period shall be deemed to be employ-

1 *ment. As used in this subsection the term 'pay period' means*
2 *a period (of not more than thirty-one consecutive days)*
3 *for which a payment of remuneration is ordinarily made*
4 *to the employee by the person employing him. For the pur-*
5 *poses of this subsection, any service excepted by paragraph*
6 *(9) of subsection (b) shall be disregarded.*

7 *"(d) The term 'American vessel' means any vessel doc-*
8 *umented or numbered under the laws of the United States;*
9 *and shall include any vessel not documented or numbered*
10 *under the laws of the United States and not documented*
11 *under the laws of any foreign country whose crew is em-*
12 *ployed solely by one or more citizens or residents of the*
13 *United States or corporations organized under the laws of*
14 *the United States or of any State.*

15 *"(e) The term 'primary old-age benefit' means an amount*
16 *equal to the sum of the following—*

17 *"(1) (A) 40 per centum of the amount of an*
18 *individual's average monthly wage if such average*
19 *monthly wage does not exceed \$50, or (B) if such aver-*
20 *age monthly wage exceeds \$50, 40 per centum of \$50,*
21 *plus 10 per centum of the amount by which such aver-*
22 *age monthly wage exceeds \$50, and*

23 *"(2) an amount equal to 1 per centum of the amount*
24 *computed under paragraph (1) multiplied by the num-*

1 ber of years in which \$200 or more of wages were paid
2 to such individual.

3 "(f) The term 'average monthly wage' means the quo-
4 tient obtained by dividing the total wages paid to an indi-
5 vidual by twelve times the number of full elapsed calendar
6 years occurring after 1936, or the year in which he became
7 twenty-one years of age, whichever is later, and before the
8 year in which he dies or the year in which he became entitled
9 to receive benefits, as the case may be.

10 "(g) The term 'fully insured individual' means any
11 individual with respect to whom it appears to the satisfaction
12 of the Board that—

13 "(1) (A) the total amount of wages paid to him has
14 been not less than \$600, and

15 "(B) he has not less than two years of coverage, and

16 "(C) he attained age sixty-five prior to 1940; or

17 "(2) (A) the total amount of wages paid to him has
18 been not less than an amount equal to \$200 multiplied
19 by the number of years occurring after 1936 and before
20 the year following the year in which he attained the age
21 of sixty-five, or died before attaining such age; and

22 "(B) he has had not less than one year of coverage
23 for each two of the years specified in clause (A), plus
24 an additional year of coverage, and

1 “(C) he, prior to 1946 and after 1939, attained the
2 age of sixty-five, or died before attaining such age; or
3 “(3) (A) the total amount of wages paid to him
4 has been not less than \$2,000 and not less than an amount
5 equal to \$200 multiplied by the number of years after
6 1936, or after the year in which he attained the age of
7 twenty-one, whichever year is later, occurring before he
8 attained the age of sixty-five, or died before attaining such
9 age, and
10 “(B) he has had not less than one year of coverage
11 for each two of the years specified in clause (A), and
12 has had not less than five years of coverage, or
13 “(4) he has had at least fifteen years of coverage.
14 “As used in this subsection, the term ‘year’ means calen-
15 dar year, and the term ‘year of coverage’ means a calendar
16 year in which the individual has been paid not less than \$200
17 in wages. When the number of years specified in clause
18 2 (A) and clause 3 (A) is an odd number, for purposes
19 of paragraph (2) (B) or (3) (B), such number shall be
20 reduced by one.
21 “(h) The term ‘currently insured individual’ means any
22 individual with respect to whom it appears to the satisfaction
23 of the Board that he has been paid wages of not less than
24 \$50 for each of not less than six of the twelve calendar
25 quarters, immediately preceding the quarter in which he died.

1 (i) The term 'dependent wife' means the wife of an
2 individual who was married to him prior to January 1, 1939,
3 or if later, prior to the date upon which he attained the age
4 of sixty.

5 (j) The term 'dependent widow' means the surviving
6 dependent wife of an individual who was married to him
7 prior to the beginning of the twelfth month before the month
8 in which he died.

9 (k) The term 'dependent child' means the child of an
10 individual, and the stepchild of an individual by a marriage
11 contracted prior to the date upon which he attained the age
12 of sixty and prior to the beginning of the twelfth month
13 before the month in which he died, and a child legally adopted
14 by an individual prior to the date upon which he attained the
15 age of sixty and prior to the beginning of the twelfth month
16 before the month in which he died.

17 (l) The term 'month' means calendar month."

18 SEC. 12. Section 302 (a) of such Act is amended to
19 read as follows:

20 (a) The Board shall from time to time certify to the
21 Secretary of the Treasury for payment to each State which
22 has an unemployment compensation law approved by the
23 Board under Title IX, such amounts as the Board determines
24 to be necessary for the proper administration of such law

1. during the fiscal year in which such payment is to be made.
 2. The Board's determination shall be based on (1) the popu-
 3 lation of the State; (2) an estimate of the number of per-
 4 sons covered by the State law and of the cost of proper
 5 administration of such law; and (3) such other factors as
 6 the Board finds relevant. The Board shall not certify for
 7 payment under this section in any fiscal year a total amount
 8 in excess of the amount appropriated therefor for such fiscal
 9 year."

10 SEC. 13. Section 303 (a) of such Act is amended to
 11 read as follows:

12 "PROVISIONS OF STATE LAWS

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

18 "(1) Such methods of administration (other than
 19 those relating to selection, tenure of office, and compensa-
 20 tion of personnel including methods relating to the establish-
 21 ment and maintenance of personnel standards on a merit
 22 basis) as are found by the Board to be reasonably calcu-
 23 lated to insure full payment of unemployment compensation
 24 when due; and

1 “(2) Payment of unemployment compensation solely
2 through public employment offices in the State or such other
3 agencies as the Board may approve; and

4 “(3) Opportunity for a fair hearing, before an impar-
5 tial tribunal, for all individuals whose claims for unem-
6 ployment compensation are denied; and

7 “(4) The payment of all money received in the unem-
8 ployment fund of such State (*except for refunds of sums*
9 *erroneously paid into such fund and except for refunds paid*
10 *in accordance with the provisions of section 1606 of the*
11 *Internal Revenue Code (b)*), immediately upon such receipt,
12 to the Secretary of the Treasury to the credit of the unem-
13 ployment trust fund established by section 904; and

14 “(5) Expenditure of all money requisitioned by the
15 State agency from the Unemployment Trust Fund *withdrawn*
16 *from an unemployment fund of such State*, in the payment of
17 unemployment compensation, exclusive of expenses of admin-
18 istration, *and for refunds of sums erroneously paid into such*
19 *fund and refunds paid in accordance with the provisions of*
20 *section 1606 of the Internal Revenue Code (b)*; and

21 “(6) The making of such reports, in such form and
22 containing such information, as the Board may from time to
23 time require, and compliance with such provisions as the
24 Board may from time to time find necessary to assure the
25 correctness and verification of such reports; and

1 off. "(7) Making available upon request to any agency of
 2 the United States charged with the administration of public
 3 works or assistance through public employment, the name,
 4 address, ordinary occupation and employment status of each
 5 recipient of unemployment compensation, and a statement of
 6 such recipient's rights to further compensation under such
 7 law; law; and

8 "*(8) The expenditure of all moneys received pursuant*
 9 *to section 302 of this title solely for the purposes and in the*
 10 *amounts found necessary by the Board for the proper admin-*
 11 *istration of such State law; and*

12 "*(9) The replacement, within a reasonable time, of any*
 13 *moneys received pursuant to section 302 of this title, which,*
 14 *because of any action or contingency, have been lost or have*
 15 *been expended for purposes other than, or in amounts in*
 16 *excess of, those found necessary by the Board for the proper*
 17 *administration of such State law."*

18 SEC. 14. Clause (5) of section 402 (a) of such Act
 19 is amended to read as follows: "(5) provide such methods
 20 of administration (other than those relating to selection;
 21 tenure of office, and compensation of personnel including
 22 methods relating to the establishment and maintenance of
 23 personnel standards on a merit basis and methods relating
 24 to the use and disclosure of lists of applicants and recipients,
 25 and of other information, records, and papers pertaining

1 to applicants and recipients) as are found by the Board
2 to be necessary for the proper and efficient operation of
3 the plan."

4 SEC. 15. Section 403 of such Act is amended to read
5 as follows:

6 "PAYMENT TO STATES

7 "SEC. 403. (a) From the sums appropriated therefor,
8 the Secretary of the Treasury shall pay to each State which
9 has an approved plan for aid to dependent children, for
10 each quarter, beginning with the quarter commencing July
11 ~~1, 1935~~ July 1, 1940, an amount, which shall be used
12 exclusively for carrying out the State plan, equal to (1)
13 ~~one-third~~ one-half of the total of the sums expended during
14 such quarter as aid to dependent children under such plan,
15 not counting so much of such expenditure with respect to
16 any dependent child for any month as exceeds \$18, or if there
17 is more than one dependent child in the same home, as
18 exceeds \$18 for any month with respect to one such de-
19 pendent child and \$12 for such month with respect to each
20 of the other dependent children \$30: Provided, That in any
21 case in which the average per capita income in any State is
22 less than the average per capita income of the United States,
23 as found by the Board, the amount to be paid by the Sec-
24 retary of the Treasury to such State for aid to dependent
25 children for each of the eight quarters during a period of

1) *twenty-four months, beginning with the quarter commencing*
 2) *on July 1 of the year in which such finding is made, shall*
 3) *be an amount which bears the same ratio to that part of the*
 4) *total of the sums so expended which is derived from State*
 5) *sources as such average per capita income of the United*
 6) *States bears to such average per capita income of such State,*
 7) *but in no event shall the amount paid under this provision*
 8) *to any State for any quarter be more than* *of the*
 9) *total of the sums so expended in such State for such quarter;*
 10) *and (2) one-half of the total of the sums expended during*
 11) *such quarter as proper costs of administering the State plan.*

12) *“(b) The method of computing and paying such*
 13) *amounts shall be as follows:*

14) *“(1) The Board shall, prior to the beginning of*
 15) *each quarter, estimate the amount to be paid to the State*
 16) *for such quarter under the provisions of subsection (a),*
 17) *such estimate to be based on (A) a report filed by the*
 18) *State containing its estimate of the total sum to be*
 19) *expended in such quarter in accordance with the provi-*
 20) *sions of such subsection and stating the amount ap-*
 21) *propriated or made available by the State and its politi-*
 22) *cal subdivisions for such expenditures in such quarter,*
 23) *and if such amount is less than two-thirds the State's*
 24) *proportionate share of the total sum of such estimated*
 25) *expenditures, the source or sources from which the dif-*

1ference is expected to be derived, (B) records showing
2the number of dependent children in the State, and (C)
3such other investigation as the Board may find
4necessary.

5“(2) The Board shall then certify to the Secretary
6of the Treasury the amount so estimated by the Board,
7(A) reduced or increased, as the case may be, by any
8sum by which it finds that its estimate for any prior
9quarter was greater or less than the amount which
10should have been paid to the State for such quarter, and
11(B) reduced by a sum equivalent to the pro rata share
12to which the United States is equitably entitled, as deter-
13mined by the Board, of the net amount recovered during
14any prior quarter by the State or any political subdivi-
15sion thereof with respect to aid to dependent children
16furnished under the State plan; except that such in-
17creases or reductions shall not be made to the extent that
18such ~~sum~~ ~~has~~ *sums* have been applied to make the
19amount certified for any prior quarter greater or less
20than the amount estimated by the Board for such prior
21quarter.

22“(3) The Secretary of the Treasury shall there-
23upon, through the Division of Disbursement of the
24Treasury Department and prior to audit or settlement
25by the General Accounting Office, pay to the State, at

1 the time or times fixed by the Board, the amount so
2 certified."

3 **SEC. 16.** Section 406 (a) of such Act is amended to
4 read as follows:

5 "(a) The term 'dependent child' means a *needy* child
6 under the age of sixteen, or *under the age of eighteen if regu-*
7 *larly attending school*, who has been deprived of parental
8 support or care by reason of the death, continued absence
9 from the home, or physical or mental incapacity of a parent,
10 and who is living with his father, mother, grandfather, grand-
11 mother, brother, sister, stepfather, stepmother, stepbrother,
12 stepsister, uncle, or aunt, in a place of residence maintained
13 by one or more of such relatives as his or their own home;".

14 **SEC. 17.** Clause (3) of section 503 (a) of such Act
15 is amended to read as follows: "(3) provide such methods
16 of administration (other than those relating to selection,
17 tenure of office, and compensation of personnel including
18 methods relating to the establishment and maintenance of
19 personnel standards on a merit basis) as are necessary for the
20 proper and efficient operation of the plan."

21 **SEC. 18.** Clause (3) of section 513 (a) of such Act is
22 amended to read as follows: "(3) provide such methods of
23 administration (other than those relating to selection, tenure
24 of office, and compensation of personnel including methods
25 relating to the establishment and maintenance of personnel

1 standards on a merit basis) as are necessary for the proper
2 and efficient operation of the plan."

3 SEC. 19. Title VII of such Act is amended by adding
4 at the end thereof the following new sections:

5 "SEC. 705. (a) The United States Employment Service
6 and the records, property (including office equipment), per-
7 sonnel, and unexpended balances of appropriations of such
8 agency, shall be transferred to the jurisdiction and control
9 of the Board, and the functions and activities of such agency
10 shall thereafter be coordinated and administered in such
11 manner as the Board shall direct. Such employment service
12 shall serve the interest of all employees and employers, re-
13 gardless of whether they are subject to any State unemploy-
14 ment compensation law, and, in addition to its other activities,
15 shall continue to maintain a farm placement service and a
16 veterans' employment service.

17 "(b) The transfer of personnel pursuant to this section
18 shall be without change in classification or compensation,
19 except that this requirement shall not operate after the end
20 of the fiscal year during which the transfer is made to pre-
21 vent the adjustment of classification or compensation to con-
22 form to the duties to which such transferred personnel may
23 be assigned.

24 "SEC. 706. For the purposes of titles I, IV and IX, the
25 Board shall, between January 1 and July 1 of each even

1. numbered calendar year, find the average per capita income
 2. in each State for the most recent three-year period for which
 3. data satisfactory to the Board are available, and also the
 4. average per capita income of the United States during the
 5. same period. For the purpose of making any such finding,
 6. the Board is authorized to call upon any other agency of the
 7. Government for any pertinent information or data which
 8. such agency may have available."

9. SEC. 20. Section 1400 of the Internal Revenue Code is
 10. amended to read as follows:

11. "SEC. 1400. RATE OF TAX.

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

18. "(1) With respect to employment wages received
 19. during the calendar year 1939, the rate shall be 1 per
 20. centum.

21. "(2) With respect to employment wages received
 22. during the calendar years 1940, 1941, and 1942, the
 23. rate shall be $1\frac{1}{2}$ per centum.

1 " (3) With respect to employment wages received
 2 during the calendar years 1943, 1944, and 1945, the
 3 rate shall be 2 per centum.

4 " (4) With respect to employment wages received
 5 during the calendar years 1946, 1947, and 1948, the rate
 6 shall be 2½ per centum.

7 " (5) With respect to employment wages received
 8 after December 31, 1948, the rate shall be 3 per
 9 centum."

10 SEC. 21. Section 1401 (c) of the Internal Revenue
 11 Code is amended to read as follows:

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

21 SEC. 22. Part I of subchapter A of chapter 9 of the
 22 Internal Revenue Code is amended by adding at the end
 23 thereof the following new section:

1 **"SEC. 1403. RECEIPTS FOR EMPLOYEES.** I.

2 " (a) **REQUIREMENT.**—Whenever wages are paid to an
 3 employee the employer shall furnish to the employee a written
 4 statement, in a form suitable for retention by the employee,
 5 showing the name of the employer, the name of the employee,
 6 the date of such payment or the pay period covered thereby,
 7 the amount of such wages, and the amount of the tax im-
 8 posed by section 1400 with respect to such wages; except that
 9 with respect to wages paid other than by money or written
 10 instrument, and with respect to wages retained by an employee
 11 with the express or implied consent of the employer out of
 12 an amount received by the employee from a person other
 13 than the employer or his agent, such statement shall be fur-
 14 nished by the employer to the employee at such time or times
 15 as may be prescribed by the Commissioner with the approval
 16 of the Secretary.

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

22 **SEC. 23.** Section 1410 of the Internal Revenue Code
 23 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 1939, the rate shall be 1 per centum.

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

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

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

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

21 SEC. 24. 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 (b) (1) SEC. 25. Section 1426 of the Internal Revenue Code is
 8 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 remun-
 13 eration 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;

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-
 25 cluding any amount paid by an employer for insurance,

1. ... or into a fund, to provide for any such payment), on
 2. ... account of: (A) retirement, or (B) sickness or accident
 3. ... disability, or (C) medical and hospitalization expenses
 4. ... in connection with sickness or accident disability,
 5. ... " (3) The payment by an employer (without deduc-
 6. ... tion from the remuneration of the employee) (A) of the
 7. ... tax imposed upon such employee under section 1400 or
 8. ... (B) of any payment required from such employee under
 9. ... a State unemployment compensation law; or

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

12. ... (b) **EMPLOYMENT.**—The term 'employment' means
 13. ... any service service, of whatever nature, performed by an em-
 14. ... ployee for the person employing him, irrespective of the citi-
 15. ... zenship or residence of either, (A) within the United States,
 16. ... by an employee for his employer, or (B) on or in connec-
 17. ... tion with an American vessel under a contract of service which
 18. ... is entered into within the United States or during the per-
 19. ... formance of which the vessel touches at a port in the United
 20. ... States, if the employee is employed on and in connection with
 21. ... such vessel when outside the United States, except—

22. ... (1) Agricultural labor Service performed as a
 23. ... farmhand on or about a farm in the employ of the owner
 24. ... or tenant thereof;

- 1 " (2) Domestic service in a private home;
- 2 " (3) Casual labor not in the course of the em-
- 3 ployer's trade or business;
- 4 " (4) Service performed by an individual who has
- 5 attained the age of sixty-five Service performed by an
- 6 individual in the employ of his son, daughter, or spouse,
- 7 and service performed by a child under the age of
- 8 twenty-one in the employ of his father or mother;
- 9 " (5) Service performed as an officer or member of
- 10 the crew of a vessel documented under the laws of the
- 11 United States or of any foreign country; Service per-
- 12 formed on or in connection with a vessel not an American
- 13 vessel by an employee, if the employee is employed on and
- 14 in connection with such vessel when outside the United
- 15 States;
- 16 " (6) Service performed in the employ of the
- 17 United States Government, or of an instrumentality of
- 18 the United States which is (A) wholly owned by the
- 19 United States, or (B) exempt from the taxes imposed
- 20 by sections 1410 and 1600 by virtue of the provisions of
- 21 any Act of Congress other than Chapter 9;
- 22 " (7) Service performed in the employ of a State,
- 23 of a political subdivision thereof, or of an instrumentality
- 24 of one or more States or political subdivisions which is

1 wholly owned by one or more States or political sub-
 2 divisions; and any service performed in the employ of an
 3 instrumentality of one or more States or political sub-
 4 divisions to the extent that the instrumentality is, with
 5 respect to such service, immune under the Constitution
 6 of the United States from the tax imposed by section
 7 1410;
 8 " (8) Service performed in the employ of a cor-
 9 poration, community chest, fund, or foundation, organi-
 10 zed and operated exclusively for religious, charitable,
 11 scientific, literary, or educational purposes; or for the
 12 prevention of cruelty to children or animals, no part of
 13 the net earnings of which inures to the benefit of any
 14 private shareholder or individual;
 15 " (9) Service performed by an individual as an
 16 employee or employee representative as defined in section
 17 1532 (b); or
 18 " (10) Service performed as an employee repre-
 19 sentative as defined in section 1532 (c) Service per-
 20 formed by an employee (which would otherwise con-
 21 stitute employment under this subsection) occurring in
 22 any period of three calendar months ending on March
 23 31, June 30, September 30, or December 31, if (A)
 24 the remuneration for such service does not exceed \$25;

1 and (B) (the person employing such employee is exempt
 2 from income tax under the provisions of section 101;

3 (8) (11) Service performed in the employ of a foreign
 4 government (including service as a consular or other
 5 officer or employee or a nondiplomatic representative);

6 or

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

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

13 (B) If the Secretary of State shall certify
 14 to the Secretary of the Treasury that the foreign
 15 government, with respect to whose instrumentality
 16 and employees thereof exemption is claimed, grants
 17 an equivalent exemption with respect to similar
 18 service performed in the foreign country by em-
 19 ployees of the United States Government and of
 20 instrumentalities thereof."

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

1 shall be deemed to be employment; but if the services per-
2 formed by an employee for the person employing him during
3 less than one-half of any such pay period constitute employ-
4 ment, then none of the services of such employee for such
5 period shall be deemed to be employment. As used in this
6 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. For the purposes of this subsection,
10 any service excepted by subdivision (9) of subsection (b)
11 shall be disregarded.

12 “(e) (d) EMPLOYEE.—The term ‘employee’ includes
13 an officer of a corporation. The term ‘employee’ includes
14 an officer of a corporation. It also includes any individual
15 who, for remuneration (by way of commission or otherwise)
16 under an agreement or agreements contemplating a series
17 of similar transactions, secures applications or orders or
18 otherwise personally performs services as a salesman for a
19 person in furtherance of such person’s trade or business
20 (but who is not an employee of such person under the law
21 of master and servant); unless such services are performed
22 as a part of such individual’s business as a broker or factor
23 and, in furtherance of such business as broker or factor,
24 similar services are performed for other persons and one

11 or more employees of such broker or factor perform a sub-
 12 stantial part of such services.

13 (e) EMPLOYER.—The term ‘employer’ includes any
 14 person for whom an individual performs any service of
 15 whatever nature as his employee.

16 (d) (f) STATE.—The term ‘State’ includes Alaska,
 17 Hawaii, and the District of Columbia.

18 (e) (g) PERSON.—The term ‘person’ means an indi-
 19 vidual, a trust or estate, a partnership, or a corporation.

20 (h) AMERICAN VESSEL.—The term ‘American ves-
 21 sel’ means any vessel documented or numbered under the
 22 laws of the United States; and shall include any vessel not
 23 documented or numbered under the laws of the United
 24 States and not documented under the laws of any foreign
 country whose crew is employed solely by one or more citi-
 zens or residents of the United States or corporations organi-
 zed under the laws of the United States or of any State.”

25 SEC. 26. Part III of subchapter A of chapter 9 of the
 26 Internal Revenue Code is amended by adding at the end
 27 thereof the following new section:

28 **“SEC. 1432. PUBLICITY OF RETURNS.**

29 (a) Returns (including information returns and other
 30 written statements) filed with and in the possession of the
 31 Commissioner under this subchapter or under regulations

1 made under authority thereof shall be public records; but
2 such returns shall be open to inspection only in the same manner
3 and to the same extent as returns under chapter 1 are open
4 to inspection under section 55 (d), and as hereinafter pro-
5 vided. Whenever a return is open to the inspection of any
6 person a copy or a certified copy shall, upon request, be
7 furnished to such person under rules and regulations pre-
8 scribed by the Commissioner with the approval of the Secre-
9 tary. The Commissioner may prescribe a reasonable fee
10 for furnishing such copy.

11 “(b) Such returns (or copies thereof) shall, at such
12 times and places and in such manner as the Commissioner,
13 with the approval of the Secretary, shall prescribe, be open
14 to inspection by the Board, or any member, officer, or em-
15 ployee designated by it.

16 “(c) Such returns (or copies thereof) shall be open to
17 inspection by any official, body, or commission lawfully
18 charged with the administration of any State tax or unem-
19 ployment compensation law, if the inspection is for the pur-
20 pose of such administration. The inspection shall be per-
21 mitted only upon written request of the Governor of such
22 State, designating the representative of such official, body,
23 or commission to make the inspection on behalf of such
24 official, body, or commission. The inspection shall be made in
25 such manner, and at such times and places, as shall be pre-

scribed by regulations made by the Commissioner, with the approval of the Secretary.

"(d) Any information thus secured by any official, body, or commission of any State may be used only for the administration of the tax or unemployment compensation laws of such State. Any officer, employee, or agent of any State or political subdivision, who divulges (except as authorized in this section, or when called upon to testify in any judicial or administrative proceeding to which the State or political subdivision, or such State or local official, body, or commission, as such, is a party) any information acquired by him through an inspection permitted him or another under this section shall be deemed guilty of a misdemeanor and shall, upon conviction thereof, be punished by a fine of not more than \$1,000, or by imprisonment for not more than one year, or both.

"(e) It shall be unlawful for any collector, deputy collector, agent, clerk, or other officer or employee, of the United States to divulge or to make known in any manner whatever not provided by law to any person any information disclosed in any such return, or to permit any return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person except as provided by law; it shall be unlawful for any person to print or publish in any manner whatever not

1 provided by law any return or part thereof. Any person
 2 who violates any of the provisions of this subsection shall
 3 be deemed guilty of a misdemeanor and shall, upon con-
 4 viction thereof, be punished by a fine not exceeding \$1,000,
 5 or by imprisonment for not more than one year, or both;
 6 and if the violator be an officer or employee of the United
 7 States he shall be dismissed from office or discharged from
 8 employment. The provisions of this subsection shall not
 9 prevent the publication of statistics based upon such returns
 10 which are compiled in such manner as not to disclose in-
 11 formation with respect to any particular person."

12 SEC. 27. Section 1600 of the Internal Revenue Code
 13 is amended to read as follows:

14 "SEC. 1600. RATE OF TAX.

15 "On and after January 1, 1939, Every employer (as de-
 16 fined in section 1607 (a)) shall pay for each the calendar
 17 year 1939 and for each calendar year thereafter an excise
 18 tax, with respect to having individuals in his employ, equal
 19 to 3 per centum of the total wages (as defined in section
 20 1607 (b) (a)) payable paid by him (regardless of the time of
 21 payment) during the calendar year with respect to em-
 22 ployment (as defined in section 1607 (c) (b)) during the
 23 calendar year 1939 and subsequent calendar years after De-
 24 cember 31, 1938."

(1) SEC. 28. Section 1601 of the Internal Revenue Code is
 2 amended to read as follows: §

3 "SEC. 1601. CREDITS AGAINST TAX. §

4 "(a) CONTRIBUTIONS TO STATE UNEMPLOYMENT
 5 FUNDS.— §

6 "(1) The taxpayer may, to the extent provided in
 7 this subsection, credit against the tax imposed by section
 8 1600 the amount of contributions, with respect to em-
 9 ployment during the taxable year, paid by him (before
 10 the date of filing his return for the taxable year) into an
 11 unemployment fund under a State law maintained dur-
 12 ing the taxable year under the unemployment compensa-
 13 tion law of a State which is certified for the taxable year
 14 as provided in section 1603. Credit shall be allowed
 15 only for contributions made under the laws of States cer-
 16 tified for the taxable year as provided in section 1603.
 17 The total credit allowed to a taxpayer under this sub-
 18 section for all contributions paid into unemployment
 19 funds with respect to employment during such taxable
 20 year shall not exceed 90 per centum of the tax against
 21 which it is credited.

22 "(2) Except as provided in subdivision (7) such
 23 credit shall be permitted against the tax for the taxable
 24 year only for the amount of contributions paid with
 25 respect to such taxable year.

1 “(3) Except as provided in subdivisions (4), (5),
2 and (6) such credit shall be permitted only for the
3 amount of contributions with respect to the taxable year
4 paid into an unemployment fund on or before the last
5 day upon which the taxpayer is required under section
6 1604 to file a return for such taxable year.

7 “(4) If on such date for filing such return for any
8 taxable year the assets of the taxpayer were in the
9 custody or control of a receiver, trustee, or other fidu-
10 ciary appointed by or under the control of a court of
11 competent jurisdiction the contributions paid with respect
12 to such taxable year may be credited without regard to
13 the date when payment was made into such unemploy-
14 ment fund.

15 “(5) Upon the payment of contributions into the
16 unemployment fund of a State which are required under
17 the unemployment compensation law of that State with
18 respect to remuneration with respect to which, prior to
19 such payment into the proper fund, the taxpayer erro-
20 neously paid an amount as contributions under another
21 unemployment compensation law, the payment into the
22 proper fund shall, for purposes of credit against the
23 tax imposed by section 1600, be deemed to have been
24 made at the time of the erroneous payment. If, by
25 reason of such other law, the taxpayer would not have

1 been required to pay contributions had he been subject
2 to such other law, the payment into the proper fund shall,
3 for purposes of credit against the tax, be deemed to have
4 been made on the date the return for the taxable year was
5 required under section 1604 to be filed.

6 "(6) Refund of the tax (including penalty and
7 interest collected with respect thereto, if any), based on
8 any credit allowable under this section, may be made in
9 accordance with the provisions of law applicable in the
10 case of erroneous or illegal collection of the tax. No
11 interest shall be allowed or paid on the amount of any
12 such refund.

13 "(7) Such credit shall be permitted, against the
14 tax for the taxable year in which remuneration is paid
15 for services rendered during a prior year, for the
16 amounts of contributions with respect to such remuneration
17 which (A) are paid on or before the last day upon
18 which the return is required under section 1604 to be
19 filed for the taxable year in which the remuneration is
20 paid, and (B) have not been credited against the tax
21 for any prior taxable year. Credit shall be permitted
22 under this subdivision only against the tax for the years
23 1940, 1941, and 1942, and only for contributions with
24 respect to remuneration for services rendered after
25 December 31, 1938.

1 “(b) **ADDITIONAL CREDIT.**—

2 “(1) **ALLOWANCE.**—In addition to the credit
3 allowed under subsection (a), a taxpayer may, subject
4 to the conditions imposed by section 1602, credit against
5 the tax imposed by section 1600 for any taxable year,
6 an amount, with respect to each State law, equal to the
7 amount, if any, by which the contributions, with respect
8 to employment in such taxable year, actually paid by
9 the taxpayer under such law before the date of filing
10 his return for such taxable year, is exceeded by which-
11 ever of the following is the lesser—

12 “(A) The amount of contributions which he
13 would have been required to pay under such law
14 for such taxable year if he had been subject to the
15 highest rate applicable from time to time throughout
16 such year to any employer under such law; or
17 “(B) Two and seven-tenths per centum of the
18 wages payable by him with respect to employment
19 with respect to which contributions for such year
20 were required under such law.

21 “(2) **REDUCTION.**—If the amount of the contributi-
22 ons actually so paid by the taxpayer is less than the
23 amount which he should have paid under the State law,
24 the additional credit under subsection (b) shall be re-
25 duced proportionately.

1 In addition to the credit allowed under subsection (a), a
 2 taxpayer may credit against the tax imposed by section 1600
 3 for any taxable year an amount, with respect to the unem-
 4 ployment compensation law of each State certified for the
 5 taxable year as provided in section 1602 (or with respect
 6 to any provisions thereof so certified), equal to the amount,
 7 if any, by which the contributions required to be paid by
 8 him with respect to the taxable year were less than the con-
 9 tributions such taxpayer would have been required to pay
 10 if throughout the taxable year he had been subject under
 11 such State law to the highest rate applied thereunder in the
 12 taxable year to any person having individuals in his employ,
 13 or to a rate of 2.7 per centum, whichever rate is lower.

14 (c) LIMIT ON TOTAL CREDITS.—The total credits
 15 allowed to a taxpayer under this subchapter shall not exceed
 16 90 per centum of the tax against which such credits are
 17 taken allowable.

18 SEC. 29. (a) The following amounts of contributions
 19 paid into an unemployment fund by any taxpayer shall be
 20 allowed as credit against the tax imposed by section 901 of the
 21 Social Security Act—

22 (1) Against the tax for the calendar year 1936 the
 23 taxpayer may credit the amount of contributions, with
 24 respect to remuneration paid after June 30, 1938, which
 25 are paid by him after July 26, 1938.

1 (2) Against the tax for the calendar year 1937 the
 2 taxpayer may credit the amount of contributions with
 3 respect to remuneration paid after January 20, 1938,
 4 which are paid by him on or after the last day upon
 5 which his return for the year 1937 was required under
 6 section 905 (b) of the Social Security Act to be filed.

7 (3) Against the tax for the calendar year 1938
 8 the taxpayer may credit the amount of contributions with
 9 respect to remuneration paid after January 20, 1939,
 10 which are paid by him on or after the last day upon
 11 which his return for the year 1938 was required under
 12 section 905 (b) of the Social Security Act to be filed. 21

13 (b) Contributions paid into an unemployment fund by
 14 any taxpayer whose assets were in the custody or control of a
 15 receiver, trustee, or other fiduciary appointed by or under
 16 the control of a court of competent jurisdiction, shall be
 17 allowed as credit against the tax imposed by section 901 of
 18 the Social Security Act without regard to the date of
 19 payment of— 21

20 (1) In the case of the tax for the calendar year
 21 1936 the assets were in such custody or control on July
 22 26, 1938. 22

23 (2) In the case of the tax for the calendar year
 24 1937 or the tax for the calendar year 1938 the assets
 25 were in such custody or control on the day before the

1 last day upon which the return of tax for such year
 2 was required under section 905 (b) of such act to be
 3 filed.

4 (c) Upon the payment of contributions into the unem-
 5 ployment fund of a State which are required under the
 6 unemployment compensation law of that State with respect
 7 to remuneration with respect to which, prior to such pay-
 8 ment into the proper fund, the taxpayer erroneously paid
 9 an amount as contributions under another unemployment
 10 compensation law, the payment into the proper fund shall,
 11 for purposes of credit against the tax imposed by section 901
 12 of the Social Security Act for the calendar years 1936,
 13 1937, and 1938, respectively, be deemed to have been made
 14 at the time of the erroneous payment. If, by reason of such
 15 other law, the taxpayer would not have been required to pay
 16 contributions had he been subject to such other law, the pay-
 17 ment into the proper fund shall, for purposes of credit
 18 against the tax, be deemed to have been made on the date
 19 the return for the taxable year was required under section
 20 1604 to be filed.

21 (d) The provisions of the Social Security Act in force
 22 prior to February 11, 1939 (except the provisions limiting
 23 the credit to amounts paid before the date of filing returns)
 24 shall apply to allowance of credit under this section, and
 25 the terms used in subsections (a), (b), and (c) shall have

1 *the same meaning as when used in Title IX of the Social*
 2 *Security Act prior to such date. The total credit allowable*
 3 *against the tax imposed by section 901 of such Act for the*
 4 *calendar years 1936, 1937, and 1938, respectively, shall*
 5 *not exceed 90 per centum of such tax.*

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

12 **SEC. 30.** Section 1602 of the Internal Revenue Code
 13 is amended to read as follows:

14 **"SEC. 1602. CONDITIONS OF ADDITIONAL CREDIT ALLOW-**
 15 **ANCE.**

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

1 “ (1) ~~Such lower~~ *No reduced rate, with respect to*
 2 *of contributions to a pooled fund or to a partially pooled*
 3 *account, is permitted to a person (or group of persons)*
 4 *having individuals in his (or their) employ except on*
 5 *the basis of not less than his (or their) three years of*
 6 *compensation experience with respect to the payment of*
 7 *unemployment compensation during the three consecutive*
 8 *years immediately preceding the computation date;*

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

1 “(3) Such lower ~~No reduced~~ rate, with respect to
2 of contributions to a separate reserve account, account is
3 permitted to a person (or group of persons) having in-
4 dividuals in his (or their) employ unless only when (A)
5 compensation has been payable from such account
6 throughout the preceding calendar year preceding the
7 computation date, and (B) the balance of such account
8 amounts to not less than five times the largest amount of
9 compensation paid from such account within any one of
10 the three preceding calendar years preceding such date,
11 and (C) the balance of such account amounts to not less
12 than $7\frac{1}{2}$ $2\frac{1}{2}$ per centum of that part of the pay roll or pay
13 rolls for the three years preceding such date the total
14 wages payable by him (plus the total wages payable by
15 any other employers who may be contributing to such
16 account) with respect to employment in such State in the
17 preceding calendar year by which contributions to such
18 account were measured; and (D) contributions were pay-
19 able to such account for three years preceding the com-
20 putation date.

21 “(b) OTHER CONTRIBUTIONS.—Such additional credit
22 shall be reduced, if any contributions under such law are
23 made by such taxpayer at a lower rate under conditions not
24 fulfilling the requirements of subsection (a), by the amount
25 bearing the same ratio to such additional credit as the amount

1 of contributions made at such lower rate bears to the total
2 of his contributions paid for such year under such law.

3 *"(b) CERTIFICATION BY THE BOARD WITH RESPECT*
4 *TO ADDITIONAL CREDIT ALLOWANCE.—*

5 *"(1) On December 31 in each taxable year, the*
6 *Board shall certify to the Secretary of the Treasury the*
7 *law of each State (certified with respect to such year*
8 *by the Board as provided in section 1603) with respect*
9 *to which it finds that reduced rates of contributions were*
10 *allowable with respect to such taxable year only in ac-*
11 *cordance with the provisions of subsections (a) and (e)*
12 *of this section.*

13 *"(2) If the Board finds that under the law of a*
14 *single State (certified by the Board as provided in sec-*
15 *tion 1603) more than one type of fund or account is*
16 *maintained, and reduced rates of contributions to more*
17 *than one type of fund or account were allowable with*
18 *respect to any taxable year, and one or more of such*
19 *reduced rates were allowable under conditions not ful-*
20 *filling the requirements of subsections (a) and (c) of*
21 *this section, the Board shall, on December 31 of such*
22 *taxable year, certify to the Secretary of the Treasury*
23 *only those provisions of the State law pursuant to which*
24 *reduced rates of contributions were allowable with re-*
25 *spect to such taxable year under conditions fulfilling the*

1 requirements of subsections (a) and (c) of this section,
2 and shall, in connection therewith, designate the kind of
3 fund or account, as defined in subsection (c) of this
4 section, established by the provisions so certified: Pro-
5 vided, That if the Board finds that a part of any re-
6 duced rate of contributions payable under such law
7 or under such provisions is required to be paid into one
8 fund or account and a part into another fund or ac-
9 count, the Board shall make such certification pursuant
10 to this paragraph as it finds will assure the allowance of
11 additional credits only with respect to that part of the
12 reduced rate of contributions which is allowed under
13 provisions which do fulfill the requirements of subsec-
14 tions (a) and (c) of this section.

15 “(3) The Board shall, within thirty days after any
16 State law is submitted to it for such purpose, certify to
17 the State agency its findings with respect to reduced rates
18 of contributions to a type of fund or account, as defined
19 in subsection (c) of this section, which are allowable under
20 such State law, only in accordance with the provisions
21 of subsection (a) of this section. After making such
22 findings, the Board shall not withhold its certification to
23 the Secretary of the Treasury of such State law, or of
24 the provisions thereof with respect to which such findings
25 were made, for any taxable year pursuant to paragraph

1 ... (1) or (2) of this subsection unless, after reasonable
 2 notice and opportunity for hearing to the State agency,
 3 the Board finds the State has changed its law so that it
 4 no longer contains the provisions specified in subsections
 5 (a) and (c) of this section or has, with respect to such
 6 taxable year, failed to comply substantially with any such
 7 provision.

8 “(c) DEFINITIONS.—As used in this section—

9 “(1) RESERVE ACCOUNT.—The term ‘reserve account’
 10 means a separate account in an unemployment fund, main-
 11 tained with respect to an employer or group of employers
 12 a person (or group of persons) having individuals in his
 13 (or their) employ, from which account, unless such account
 14 is exhausted, is paid all and only compensation is payable
 15 on the basis of services performed for such person (or for
 16 one or more of the persons comprising the group) only with
 17 respect to the unemployment of individuals who were in
 18 the employ of such employer, or one of the employers
 19 comprising the group.

20 “(2) POOLED FUND.—The term ‘pooled fund’ means
 21 an unemployment fund or any part thereof (other than a
 22 reserve account or a guaranteed employment account) into
 23 in which all contributions the total contributions of persons
 24 contributing thereto is payable, in which all contributions
 25 are mingled and undivided, and from which compensation

1 is payable to all eligible individuals, except that to indi-
 2 viduals last employed by employers with respect to whom
 3 reserve accounts are maintained by the State agency, it is
 4 payable only when such accounts are exhausted eligible for
 5 compensation from such fund.

6 “(3) *PARTIALLY POOLED ACCOUNT.*—The term ‘par-
 7 tially pooled account’ means a part of an unemployment fund
 8 in which part of the fund all contributions thereto are mingled
 9 and undivided, and from which part of the fund compensation
 10 is payable only to individuals to whom compensation would
 11 be payable from a reserve account or from a guaranteed em-
 12 ployment account but for the exhaustion or termination of
 13 such reserve account or of such guaranteed employment ac-
 14 count. Payments from a reserve account or guaranteed
 15 employment account into a partially pooled account shall not
 16 be construed to be inconsistent with the provisions of para-
 17 graph (1) or (4) of this subsection.

18 “(3) (4) *GUARANTEED EMPLOYMENT ACCOUNT.*—
 19 The term ‘guaranteed employment account’ means a separate
 20 account, in an unemployment fund, of contributions paid by
 21 an employer (or group of employers) maintained with respect
 22 to a person (or group of persons) having individuals in his
 23 (or their) employ who, in accordance with the provisions
 24 of the State law or of a plan thereunder approved by the
 25 State agency,

1. " (A) guarantees in advance at least thirty hours of
 2. wages work, for which remuneration will be paid at not
 3. less than stated rates, for each of forty calendar weeks
 4. (or if more, with one weekly hour may be deducted for
 5. each added week guaranteed) in twelve months a year,
 6. to all the individuals who are in his (or their) employ;
 7. in, and who continue to be available for suitable work in,
 8. one or more distinct establishments, except that any
 9. such individual's guaranty may commence after a proba-
 10. tionary period (included within twelve the eleven or less
 11. consecutive calendar weeks immediately following the
 12. first week in which the individual renders services), and
 13. " (B) gives security or assurance, satisfactory to the
 14. State agency, for the fulfillment of such guaranties,
 15. from which account, unless such account is exhausted or
 16. terminated, is paid all and only compensation, payable on
 17. the basis of services performed for such person (or for
 18. one of the persons comprising the group), to compensation
 19. shall be payable with respect to the unemployment of
 20. any such individual whose guaranteed remuneration has
 21. not been paid (either pursuant to the guaranty or from
 22. the security or assurance provided for the fulfillment of
 23. the guaranty), or whose guaranty is not fulfilled or renewed
 24. and who is otherwise eligible for compensation under the
 25. State law.

1 “(4) (5) YEAR OF COMPENSATION, EXPERIENCE
 2 YEAR.—The term ‘year of compensation experience’, as ap-
 3 plied to an employer, means any calendar year throughout
 4 which compensation was payable with respect to any indi-
 5 vidual in his employ who became unemployed and was eli-
 6 gible for compensation. The term ‘years’ means any twelve
 7 consecutive calendar months.

8 “(6) BALANCE.—The term ‘balance’, with respect to a
 9 reserve account or a guaranteed employment account, means
 10 the amount standing to the credit of the account as of the
 11 computation date; except that, if subsequent to January 1,
 12 1939, any moneys have been paid into or credited to such
 13 account other than payments thereto by persons having in-
 14 dividuals in their employ, such term shall mean the amount
 15 in such account as of the computation date less the total
 16 of such other moneys paid into or credited to such account
 17 subsequent to January 1, 1939. The term ‘computation
 18 date’ means the date as of which a reduced rate of con-
 19 tributions is computed (provided such date occurs within
 20 twenty-seven weeks prior to the effective date of such reduced
 21 rate).

22 “(7) REDUCED RATE.—The term ‘reduced rate’ means
 23 a rate of contributions lower than the standard rate ap-
 24 plicable under the State law, and the term ‘standard rate’

1 means the rate on the basis of which variations therefrom
2 are computed."

3 SEC. 31. (a) Paragraphs (1), (3), and (4) of sec-
4 tion 1603 (a) of the Internal Revenue Code are amended
5 to read as follows:

6 " (1) All compensation is to be paid through public
7 employment offices in the State or such other agencies as
8 the Board may approve;

9 " (3) All money received in the unemployment
10 fund shall (except for refunds of sums erroneously paid
11 into such fund and except for refunds paid in accordance
12 with the provisions of section 1606 (b)) immediately
13 upon such receipt be paid over to the Secretary of the
14 Treasury to the credit of the Unemployment Trust
15 Fund established by section 904 of the Social Security
16 Act (49 Stat. 640; U. S. C., title 42, sec. 1104);

17 " (4) All money withdrawn from the ~~Unemploy-~~
18 ~~ment Trust Fund by the State agency unemployment~~
19 ~~fund of the State~~ shall be used solely in the payment
20 of unemployment compensation, exclusive of expenses
21 of administration, and for refunds of sums erroneously
22 paid into such fund and refunds paid in accordance
23 with the provisions of section 1606 (b);"

24 SEC. 32. Section 1604 (c) of the Internal Revenue
25 Code is amended to read as follows:

1 “(c) PUBLICITY.—Returns filed under this subchapter
2 shall be open to inspection in the same manner, to the same
3 extent, and subject to the same provisions of law, including
4 penalties, as provided in section 1432 with respect to returns
5 made under chapter 1, except that paragraph (2) of sub-
6 sections (a), (b), and (f) of section 55 shall not apply
7 subchapter A.”

8 SEC. 33. Section 1606 of the Internal Revenue Code is
9 amended to read as follows:

10 “SEC. 1606. INTERSTATE COMMERCE AND FEDERAL IN-
11 STRUMENTALITIES:

12 “(a) No person required under a State law to make
13 payments to an unemployment fund shall be relieved from
14 compliance therewith on the ground that he is engaged in
15 interstate or foreign commerce, or that the State law does
16 not distinguish between employees engaged in interstate or
17 foreign commerce and those engaged in intrastate commerce.

18 “(b) The legislature of each State may require any
19 instrumentality of the United States (except such as are (A)
20 wholly owned by the United States, or (B) exempt from the
21 taxes imposed by sections 1410 and 1600 by virtue of the
22 provisions of any Act of Congress other than chapter 9), and
23 the individuals in its employ, to make payments to an un-
24 employment fund under a State unemployment compensation
25 law approved by the Board under section 1603 and

1 (except as provided in section 5240 of the Revised Statutes,
2 as amended, and as modified by subsection (c) of this
3 section) to comply otherwise with such law: Provided,
4 That the permission granted in this subsection shall
5 apply only to the extent that no discrimination is made
6 against any such instrumentality, so that if the rate of con-
7 tribution is uniform upon all other persons subject to such
8 law on account of having individuals in their employ, and
9 upon all employees of such persons, respectively, the contri-
10 butions required of such instrumentality or the individuals
11 in its employ shall not be at a greater rate than is required
12 of such other persons and such employees, and if the rates
13 are determined separately for different persons or classes of
14 persons having individuals in their employ or for different
15 classes of employees, the determination shall be based solely
16 upon unemployment experience and other factors bearing a
17 direct relation to unemployment risk: Provided further, That
18 the permission granted in this subsection shall apply only if
19 such State law makes provision for the refund of any pay-
20 ments required under such law from an instrumentality of
21 the United States or its employees for any year in the event
22 said State is not certified by the Board under section 1603
23 with respect to such year.

24 (c) Nothing contained in section 5240 of the Revised
25 Statutes, as amended, shall prevent any State from requiring

1 any national banking association to render returns and re-
2 ports relative to the association's employees, their remuneration
3 and services, to the same extent that other persons are required
4 to render like returns and reports under a State law requiring
5 payments to be made into an unemployment fund. The
6 Comptroller of the Currency shall, upon receipt of a copy
7 of any such return or report of a national banking associa-
8 tion from, and upon request of, any duly authorized official,
9 body, or commission of a State, cause an examination of the
10 correctness of such return or report to be made at the time of
11 the next succeeding examination of such association, and shall
12 thereupon transmit to such official, body, or commission a com-
13 plete statement of his findings respecting the accuracy of such
14 returns or reports.

15 “(d) No person shall be relieved from compliance with a
16 State unemployment compensation law on the ground that
17 services were performed on land or premises owned, held, or
18 possessed by the United States under a deed, act of cession,
19 dedication, condemnation, relinquishment, or otherwise, and
20 any State shall have full jurisdiction and power to enforce
21 the provisions of such law to the same extent and with the
22 same effect as though such place were not owned, held, or pos-
23 sessed by the United States.”

24 SEC. 34. Section 1607 of the Internal Revenue Code is
25 amended to read as follows:

11 **SEC. 1607. DEFINITIONS.**

12 "When used in this subchapter—

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

9 “(b) **(a) WAGES.**—The term ‘wages’ means all remun-
10 nation for employment, including the cash value of all
11 remuneration paid in any medium other than cash; *except*
12 *that such term shall not include—*

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

19 “(2) *The amount of any payment made to, or on*
20 *behalf of, an employee under a plan or system established*
21 *by an employer which makes provisions for his*
22 *employees generally or for a class or classes of his em-*
23 *ployees (including any amount paid by an employer*
24 *for insurance, or into a fund, to provide for any such*
25 *payment), on account of (A) retirement, or (B) sick-*

1 ness or accident disability, or (C) medical and hos-
2 pitalization expenses in connection with sickness or acci-
3 dent disability;

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

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

11 “(e) (b) The term ‘employment’ means any service, of
12 whatever nature, performed within the United States by an
13 employee for his employer for the person employing him,
14 irrespective of the citizenship or residence of either, except—

15 “(1) ~~Agricultural labor~~ Service performed as a
16 farmhand on or about a farm in the employ of the owner
17 or tenant thereof;

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

19 “(3) Casual labor not in the course of the employer's
20 trade or business;

21 ~~“(3)~~ (4) Service performed as an officer or member
22 of the crew of a vessel on the navigable waters of the
23 United States;

24 ~~“(4)~~ (5) Service performed by an individual in the
25 employ of his son, daughter, or spouse, and service

1 performed by a child under the age of twenty-one in
 2 the employ of his father or mother;

3 ~~“(5) (6)~~ Service performed in the employ of the
 4 United States Government or of an instrumentality of
 5 the United States which is (A) wholly owned by the
 6 United States, or (B) exempt from the tax imposed
 7 by sections 1410 and 1600 by virtue of the provisions
 8 of any Act of Congress other than chapter 9;

9 ~~“(6) (7)~~ Service performed in the employ of a
 10 State, of a political subdivision thereof, or of an instru-
 11 mentality of one or more States or political subdivisions
 12 which is wholly owned by one or more States or political
 13 subdivisions; and any service performed in the employ
 14 of an instrumentality of one or more States or political
 15 subdivisions to the extent that the instrumentality is,
 16 with respect to such service, immune under the Consti-
 17 tution of the United States from the tax imposed by
 18 section 1600;

19 ~~“(7) (8)~~ Service performed in the employ of a cor-
 20 poration, community chest, fund, or foundation, organized
 21 and operated exclusively for religious, charitable, scien-
 22 tific, literary, or educational purposes, or for the pre-
 23 ventions of cruelty to children or animals, no part of
 24 the net earnings of which inures to the benefit of any
 25 private shareholder or individual;

1 “(9) Service performed by an individual as an
2 employee or employee representative as defined in section
3 1 of the Railroad Unemployment Insurance Act:

4 “(10) Service performed by an employee (which
5 would otherwise constitute employment under this subsec-
6 tion) occurring in any period of three calendar months
7 ending on March 31, June 30, September 30, or De-
8 cember 31, if (A) the remuneration for such service
9 does not exceed \$10, and (B) the person employing such
10 employee is exempt from income tax under the provisions
11 of section 101;

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

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

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

21 “(B) If the Secretary of State shall certify to
22 the Secretary of the Treasury that the foreign gov-
23 ernment, with respect to whose instrumentality and
24 employees thereof exemption is claimed, grants an
25 equivalent exemption with respect to similar services

1 performed in the foreign country by employees of
2 the United States Government and of instrumental-
3 ties thereof."

4 "(c) INCLUDED AND EXCLUDED SERVICE.—If the
5 services performed by an employee for the person employing
6 him during one-half or more of any pay period constitute
7 employment, all the services of such employee for such period
8 shall be deemed to be employment; but if the services per-
9 formed by an employee for the person employing him during
10 less than one-half of any such pay period constitute employ-
11 ment, then none of the services of such employee for such
12 period shall be deemed to be employment. As used in this
13 subsection the term 'pay period' means a period (of not
14 more than thirty-one consecutive days) for which a payment
15 of remuneration is ordinarily made to the employee by the
16 person employing him. For the purposes of this subsection,
17 any service excepted by subdivision (9) of subsection (b)
18 shall be disregarded.

19 "(d) STATE AGENCY.—The term 'State agency' means
20 any State officer, board, or other authority, designated
21 under a State law to administer the unemployment fund in
22 such State.

23 "(e) UNEMPLOYMENT FUND.—The term 'unemploy-
24 ment fund' means a special fund, established under a State
25 law and administered by a State agency, for the pay-

1 ment of compensation. *Any sums standing to the account*
2 *of the State agency in the Unemployment Trust Fund*
3 *established by section 904 of the Social Security Act, as*
4 *amended, shall be deemed to be a part of the unemployment*
5 *fund of the State, and no sums paid out of the Unemploy-*
6 *ment Trust Fund to such State agency shall cease to be a*
7 *part of the unemployment fund of the State until expended*
8 *by such State agency. An unemployment fund shall be*
9 *deemed to be maintained during a taxable year only if*
10 *throughout such year, or such portion of the year as the*
11 *unemployment fund was in existence, no part of the moneys*
12 *of such fund was expended for any purpose other than the*
13 *payment of compensation (exclusive of expenses of admin-*
14 *istration) and for refunds of sums erroneously paid into*
15 *such fund and refunds paid in accordance with the pro-*
16 *visions of section 1606 (b).*

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

24 “(g) COMPENSATION.—The term ‘compensation’ means
25 cash benefits payable to individuals with respect to their
26 unemployment.

1 “(h) EMPLOYEE.—The term ‘employee’ includes an
 2 officer of a corporation. The term ‘employee’ includes an
 3 officer of a corporation. It also includes any individual who,
 4 for remuneration (by way of commission or otherwise)
 5 under an agreement or agreements contemplating a series
 6 of similar transactions, secures applications or orders or
 7 otherwise personally performs service as a salesman for a
 8 person in furtherance of such person’s trade or business
 9 (but who is not an employee of such person under the law of
 10 master and servant); unless such services are performed
 11 as a part of such individual’s business as a broker or factor
 12 and, in furtherance of such business as broker or factor,
 13 similar services are performed for other persons and one or
 14 more employees of such broker or factor perform a sub-
 15 stantial part of such services.

16 “(i) EMPLOYER.—The term ‘employer’ includes any
 17 person for whom an individual performs any service of
 18 whatever nature as his employee.

19 “(j) STATE.—The term ‘State’ includes Alaska,
 20 Hawaii, and the District of Columbia.

21 “(k) PERSON.—The term ‘person’ means an indi-
 22 vidual, a trust or estate, a partnership, or a corporation.”

23 SEC. 35. Clause (5) of section 1002 (a) of the Social
 24 Security Act is amended to read as follows: ‘(5) provide
 25 such methods of administration (other than those relating

1 to selection, tenure of office, and compensation of personnel
2 including methods relating to the establishment and main-
3 tenance of personnel standards on a merit basis and methods
4 relating to the use and disclosure of lists of applicants and
5 recipients, and of other information, records, and papers
6 pertaining to applicants and recipients) as are found by the
7 Board to be necessary for the *proper and efficient operation*
8 of the plan.”

9 SEC. 36. Section 1003 of such Act is amended to read
10 as follows:

11 “PAYMENT TO STATES

12 “SEC. 1003. (a) From the sums appropriated therefor,
13 the Secretary of the Treasury shall pay to each State which
14 has an approved plan for aid to the blind, for each quarter,
15 beginning with the quarter commencing ~~July 1, 1935~~
16 *January 1, 1940*, ~~(1)~~ an amount, which shall be used
17 exclusively ~~as aid to the blind for carrying out the State~~
18 *plan*, equal to (1) one-half of the total of the sums expended
19 during such quarter as aid to the blind under the State plan
20 with respect to each *needy* individual who is blind and is not
21 an inmate of a public institution, not counting so much of
22 such expenditure with respect to any individual for any
23 month as exceeds \$30: *Provided, That in any case in which*
24 *the average per capita income in any State is less than the*
25 *average per capita income of the United States, as found*

1 by the Board, the amount to be paid by the Secretary of the
 2 Treasury to such State for aid to the blind for each of the
 3 eight quarters during a period of twenty-four months, begin-
 4 ning with the quarter commencing on July 1 of the year in
 5 which such finding is made, shall be an amount which bears
 6 the same ratio to that part of the total of the sums so ex-
 7 pended which is derived from State sources as such average
 8 per capita income of the United States bears to such average
 9 per capita income of such State, but in no event shall the
 10 amount paid under this provision to any State for any
 11 quarter be more than two-thirds of the total of the sums so
 12 expended in such State for such quarter, ~~and (2) 5 per~~
 13 ~~centum of such amount, which shall be used for paying the~~
 14 ~~costs of administering the State plan or for aid to the blind,~~
 15 ~~or both, and for no other purpose; and (2) one-half of the~~
 16 ~~total of the sums expended during such quarter as proper~~
 17 ~~costs of administering the State plan.~~

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

20 “(1) The Board shall, prior to the beginning of each
 21 quarter, estimate the amount to be paid to the State for
 22 such quarter under the provisions of ~~clause (1)~~ of subsec-
 23 tion (a), such estimate to be based on (A) a report filed
 24 by the State containing its estimate of the total sum to
 25 be expended in such quarter in accordance with the pro-

1. visions of such clause, and stating the amount appro-
2. priated or made available by the State and its political
3. subdivisions for such expenditures in such quarter, and
4. if such amount is less than ~~one-half~~ *the State's propor-*
5. *tionate share* of the total sum of such estimated expendi-
6. tures, the source or sources from which the difference is
7. expected to be derived, (B) records showing the num-
8. ber of blind individuals in the State, and (C) such other
9. investigation as the Board may find necessary.

10. " (2) The Board shall then certify to the Secretary
11. of the Treasury the amount so estimated by the Board,
12. (A) reduced or increased, as the case may be, by any
13. sum by which it finds that its estimate for any prior
14. quarter was greater or less than the amount which should
15. have been paid to the State under ~~clause (1)~~ of subsec-
16. tion (a) for such quarter, and (B) reduced by a sum
17. equivalent to the *pro rata share to which the United*
18. *States is equitably entitled, as determined by the Board,*
19. *of the net amount recovered during a prior quarter by*
20. *the State or any political subdivision thereof with respect*
21. *to aid to the blind furnished under the State plan; except*
22. *that such increases or reductions shall not be made to the*
23. *extent that such ~~sum~~ ^{has} sums have been applied to make*
24. *the amount certified for any prior quarter greater or*
25. *less than the amount estimated by the Board for such*

1 prior quarter: *Provided, That any part of the amount*
2 *recovered from the estate of a deceased recipient which*
3 *is not in excess of the amount expended by the State for*
4 *the funeral expenses of the deceased in accordance with*
5 *the State plan shall not be considered as a basis for*
6 *reduction of the amount estimated by the Board under*
7 *paragraph (1) of this subsection.*

8 " (3) The Secretary of the Treasury shall there-
9 upon, through the Division of Disbursement of the Treas-
10 ury Department, and prior to audit or settlement by the
11 General Accounting Office, pay to the State, at the time
12 or times fixed by the Board, the amount so certified,—in-
13 creased by 5 per centum."

14 SEC. 37. Section 1101 (a) of such Act is amended by
15 striking out paragraph (6) and inserting in lieu thereof the
16 following:

17 ~~(6) The term "employee" includes an officer of a~~
18 ~~corporation:~~

19 "(6) The term 'employee' includes an officer of a cor-
20 poration. It also includes any individual who, for remuner-
21 ation (by way of commission or otherwise) under an agree-
22 ment or agreements contemplating a series of similar trans-
23 actions, secures applications or orders or otherwise personally
24 performs services as a salesman for a person in furtherance
25 of such person's trade or business (but who is not an employee

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

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

10 SEC. 38. Title XI of such Act is amended by adding
11 at the end thereof the following new sections:

12 “DISCLOSURE OF INFORMATION IN POSSESSION OF BOARD

13 “SEC. 1106. No disclosure of any file, record, report, or
14 other paper, or any information, obtained at any time by the
15 Board or by any officer or employee of the Board which was so
16 obtained in the course of discharging the duties of the Board
17 and no disclosure of any such file, record, report, or other
18 paper, or information, obtained at any time by any person
19 from the Board or from any officer or employee of the Board,
20 shall be made except as the Board may by regulations pre-
21 scribe. Any person who shall violate any provision of this
22 section shall be deemed guilty of a misdemeanor and, upon
23 conviction thereof, shall be punished by a fine not exceeding
24 \$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 of any rules or regulations
7 issued thereunder, knowing such statement or representation
8 to be false, or whoever shall attribute to the Board or to any
9 department, bureau, agency, officer, or employee of the United
10 States, any such statement or representation knowing that
11 such statement or representation is false and was not made by
12 such Board, department, bureau, agency, officer, or employee of
13 the United States, shall be deemed guilty of a misdemeanor,
14 and, upon conviction thereof, shall be punished by a fine
15 not exceeding \$1,000, or by imprisonment not exceeding one
16 year, or both."

17 SEC. 39. No provision of this Act shall be construed as
18 amending or altering the effect of section 13 (b), (c), (d),
19 (e), or (f) of the Railroad Unemployment Insurance Act.

20 SEC. 40. Such Act is amended by adding at the end
21 thereof the following new title:

22 "TITLE XII—AID TO INDIANS

23 "SEC. 1201. The Board shall not approve any State
24 plan under titles I, IV, or X of this Act, nor, for any quarter

1 after the last quarter of the calendar year 1939, certify any
2 amount for payment to a State under said titles or under
3 this title, unless such plan applies to and includes needy
4 Indians upon the same conditions as other individuals cov-
5 ered by the plan.

6 "SEC. 1202. (a) From the sums appropriated for grants
7 to States as authorized by titles I, IV, and X, respectively,
8 the Secretary of the Treasury shall pay to each State which
9 has, under any such title, an approved plan that includes
10 needy Indians, for each quarter, beginning with the quarter
11 commencing January 1, 1940, an amount, which shall be
12 used exclusively as aid to needy Indians, equal to the total
13 of the sums expended during such quarter as aid to such
14 Indians under such State plan, such amount to be in addi-
15 tion to the amounts paid the State with respect to sums ex-
16 pended under the plan for other individuals.

17 "(b) The Board, in making the estimates and certifica-
18 tions provided for in sections 3 (b), 403 (b), and 1003 (b),
19 respectively, shall include therein the amount to be paid
20 the State under subsection (a) of this section; and the Sec-
21 retary of the Treasury, in making the payments provided
22 for in said sections, respectively, shall include therein the
23 amounts so certified.

24 "SEC. 1203. In the case of any State plan which has
25 been approved by the Board under titles I, IV, or X, if

1. the Board, after reasonable notice and opportunity for hear-
2 ing to the State agency administering or supervising the ad-
3 ministration of such plan, finds that in the administration of
4 the plan there is a failure to apply the provisions thereof to
5 needy Indians upon the same conditions as to other indi-
6 viduals covered by the plan, the Board shall notify such
7 State agency that further payments will not be made to the
8 State under this Act with respect to such plan until the
9 Board is satisfied that there is no longer any such failure
10 to apply the provisions of the plan to such Indians. Until
11 it is so satisfied it shall make no further certification with
12 respect to such plan to the Secretary of the Treasury.

13 "SEC. 1204. The term 'Indian' includes (1) all per-
14 sons of Indian blood who are or may become members of
15 a recognized tribe, pueblo, band, community, or group now
16 or hereafter accepted as such by the Congress or by the
17 Secretary of the Interior pursuant to legislative enactment,
18 and who shall reside on lands set aside or acquired for
19 Indian use and occupancy: Provided, That such term shall
20 not be construed to include any Indian residing in a State
21 carved out of the original thirteen colonies, unless such
22 Indian is residing on lands set aside for Indian use or
23 occupancy with respect to which there has been a recognized
24 reaffirmation of title by the United States; and (2) all

1 persons residing within Alaska of one-half or more Indian
2 or Eskimo blood.

3 "SEC. 1205. The amounts paid to a State pursuant to
4 this title shall, except as provided in section 1202 (a), be
5 determined upon the same basis as amounts paid to the State
6 with respect to other individuals who are paid assistance or
7 aid, as the case may be, under plans approved by the Board
8 pursuant to title I, IV, or X.

9 "SEC. 1206. The Commissioner of Indian Affairs of the
10 Department of the Interior is hereby authorized to enter into
11 arrangements with any State agency charged with the ad-
12 ministration of a State plan approved by the Board under
13 titles I, IV, or X to use any agency or agencies of the Office
14 of Indian Affairs in the administration of any such plan with
15 respect to needy Indians."