

**RESTORATION OF TEMPORARY UNEMPLOYMENT COM-
PENSATION ACT AMOUNTS**

NOVEMBER 4 (legislative day, OCTOBER 22), 1963.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted
the following

REPORT

[To accompany H.R. 8821]

The Committee on Finance, to whom was referred the bill (H.R. 8821) to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

BACKGROUND

The Temporary Unemployment Compensation Act of 1958 (TUC) provided for temporary additional unemployment compensation benefits for covered employees who had exhausted their benefits under State and specified Federal laws. Participation was voluntary on the part of the States. That legislation was financed by Federal money made available to the States out of the general funds of the Treasury. Provision was made in that legislation for the ultimate restoration to the Treasury of the amounts so made available to the States not by requiring repayment by the States, but through the exercise of the Federal taxing power.

More specifically, the method through which the restoration was to be accomplished was by provision for a reduction in the 90-percent credit against the Federal unemployment tax, so that the credit was required to be reduced by 5 percent for the basic 3-percent tax (0.15 percent) for the taxable year beginning on January 1, 1963, and by another 5 percent (0.15 percent) of the tax for each succeeding year until the amount outstanding is restored. Such reduction in the allowable credit would have had the effect of increasing the net Federal unemployment tax in the first year of its operation from 0.3 to 0.45 percent, and in the second year the tax would have been

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increased to 0.6 percent by the second consecutive reduction of the allowable credit, and so on. Provision was further made in that legislation that the increased Federal tax for any year was not to apply if the amount expended from the general funds of the Treasury has been otherwise restored before November 10 of the taxable year.

The repayment of advances made before September 13, 1960, to State unemployment funds under title XII of the Social Security Act is provided for under present law substantially in the same manner as provided in the case of the TUC described above, except the first increase applies to the taxable year beginning with the fourth January 1 as of the beginning of which there is an unpaid balance of such advances to such State.

When the temporary increases in the Federal unemployment tax for taxable years 1962 and 1963 were imposed by the Congress in the Temporary Extended Unemployment Act of 1961, a further problem was created for those employers who would have to pay also additional Federal taxes to repay advances under title XII of the Social Security Act, and to restore the cost of the 1958 Temporary Unemployment Compensation Act, or both. For example, employers in Alaska would have to pay a Federal unemployment tax on their 1963 wages of 1.25 percent made up of the regular tax of 0.4 percent, the temporary additional tax of 0.25 percent to finance the 1961 extended program, 0.15 percent as a first installment on the restoration of costs of the 1958 program, and 0.45 percent to repay title XII advances.

SUMMARY OF H.R. 8821

Your committee's bill would facilitate the restoration to the Treasury of moneys made available to the States under the Temporary Unemployment Compensation Act of 1958 (TUC) and title XII of the Social Security Act (in the case of advances made before September 13, 1960) by modifying the rate of employer repayment and by permitting, at the option of the State each year, installment repayment by a State in lieu of additional employer taxes. No "forgiveness" of any amount is involved. The effect of the bill is to provide a "stretch-out" for repayment of the amounts involved.

More specifically, the bill:

(1) Establishes the tax rate for repayment of advances under title XII of the Social Security Act at 0.15 percent for 5 taxable years, 1963-67. After taxable year 1967, the rate increases by a 0.15-percent step each year until the advance is repaid. The bill provides that a State can avoid the automatic tax increase on its employers for any year by an installment repayment (or, as under present law, by total repayment) made before November 10 of the taxable year;

(2) Freezes the rate of restoration of the costs of the TUC program of 1958 at 0.30 percent, the 1964 level under the present law until the funds are restored. For taxable year 1963, the rate remains at 0.15 percent. The bill provides that a State can avoid the tax increase for any year by an installment restoration (or, as under present law, by total restoration) made before November 10 of the year; and

(3) Provides for installment repayment by the State for either TUC moneys or title XII advances. The amount of the State installment for a year is to be determined by the Secretary of Labor at the request of the Governor and is to be certified by the Secretary

to the Governor and to the Secretary of the Treasury. The installment is to be computed by applying the tax rate for the year involved to State taxable wages for the prior year adjusted for the excess, if any, of the State taxable wage base over the Federal taxable wage base.

One or more of the changes made by the bill would affect the following 16 States: Alabama, Alaska, Arkansas, California, Delaware, Indiana, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, and West Virginia. Alaska, Michigan, and Pennsylvania must restore both title XII advances and TUC moneys.

GENERAL STATEMENT

A. Modified TUC tax rate

The Federal tax for collection of TUC advances in the 16 States listed above would be at the rate of 0.15 percent of taxable wages for taxable year 1963 and 0.30 percent of taxable wages for each taxable year thereafter, until the total TUC amount for the State is restored. The first year in which the TUC tax rate would be lower under the bill than under existing law is taxable year 1965, which affects Federal revenue in fiscal year 1966. Under the bill the rate remains at 0.30 percent. Without the bill the rate would be 0.45 percent with a 0.15 percent increase each year after 1965 until the moneys are restored. The difference in Federal revenue for fiscal 1966 is estimated at about \$30 million. Attached tables 1 and 2 show, by State and by year, the amount of restoration under current law and under the bill.

B. 5-year freezing of the title XII advances to State repayment rate

The bill provides for easing the repayment of title XII advances in the three States (Alaska, Michigan, and Pennsylvania) which obtained such advances. The Federal tax for automatic repayment of these advances would be fixed at 0.15 percent of taxable wages for the 5 years, 1963-67, with 0.15 percent cumulative increases going into effect after that year.

This title XII tax change will have an immediate effect on FUTA taxes of employers in Alaska and Michigan, who have already begun repaying their States' advances. Under existing law, Alaska employers would pay 0.45 percent, and Michigan employers 0.30 percent, on 1963 wages to repay title XII advances. In both States, the average State unemployment insurance rate is over 2.7 percent. The effect on Federal Unemployment Tax Act taxes paid by employers in Alaska, Michigan, and Pennsylvania for subsequent taxable years is set forth in tables 3 to 7.

C. Provision for installment payment

The bill provides that the increased Federal tax on employers for restoration of TUC will not go into effect in a State for a year if, prior to November 10 of that year, the State transfers to the Treasury an installment amount computed by a prescribed formula. Under present law such installments are not provided for. Under the bill, as under present law, a State may restore the entire TUC balance in any year.

The installment is computed by applying the tax rate applicable for the year to the State-taxable wages for the prior year, adjusted for differences between the State and Federal limitations on taxable wages. For example, the TUC tax rate for 1963 is 0.15 percent. The installment for a State would be equal to 0.15 percent of State-taxable wages for 1962, adjusted to the \$3,000 Federal limit on taxable wages for the seven States which in 1962 had a higher taxable wage limit. No adjustments will be made for differences between State and Federal coverage. Table 8 shows the estimated installments for 1963.

Similar provisions are included with respect to installment repayment under title XII. For the three affected States, Alaska, Michigan, and Pennsylvania, the amount of the title XII installment for 1963 will be the same as the TUC installment.

The installment amount is determined by the Secretary of Labor, at the request of the Governor, and is certified by the Secretary to the Governor and to the Secretary of the Treasury. The Governor's request may be made at any time but no later than October 31 of a year. A request for a certification does not bind the State to pay the installment.

D. Effect on revenue and tax rates

The TUC tax rate will be 0.15 percent for taxable year 1963 and 0.30 percent for taxable year 1964 under the bill, as under present law. Thus, the bill will not affect the amount of TUC restoration which will be credited to general Federal revenue in fiscal years 1964 and 1965:

Fiscal year 1964.....	\$92, 288, 000
Fiscal year 1965.....	183, 505, 200
Total.....	275, 793, 200

The TUC tax rate on 1965 wages, however, will be reduced by the bill from 0.45 to 0.30 percent. The difference in the amounts credited to general Federal revenue in fiscal year 1966 will be less than might be anticipated on the basis of the tax rate differential, because for five States the 1965 collections at 0.30 percent will more than repay the State's charges. Any excess of Federal tax collections for TUC in a State over the amount needed to cover TUC costs charged to that State will be credited to the State's account in the unemployment trust fund.

Overall, estimated TUC tax collections credited to general Federal revenue in fiscal year 1966 would be \$101.9 million under the bill, compared to \$131.7 million under existing law. The last TUC payment by any State would be made in fiscal year 1967 under existing law. Under the proposal, only Michigan will not have completed its payments by then—\$17.9 million will still be owing.

Table 9 shows the net Federal unemployment tax rate that will apply to employers in each State under the bill, assuming that no State makes a title XII or TUC payment by transfer of State funds.

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TABLE 1.—Federal Unemployment Tax Act repayments of 1958 TUC under existing law, \$3,000 tax base

[Amounts in thousands]

State	Amount of TUC	Repayments for taxable year			
		1963	1964	1965	1966
Tax rate.....		0.15	0.30	0.45	0.60
Alabama.....	\$9,434.1	\$2,218.5	\$4,527.0	\$2,688.6	
Alaska.....	927.0	168.0	342.0	417.7	
Arkansas.....	2,794.9	1,038.0	1,756.9		
California.....	54,681.3	19,125.0	35,556.3		
Delaware.....	1,577.5	538.5	1,039.0		
District of Columbia ¹					
Indiana.....	21,327.3	5,049.0	10,299.0	5,979.3	
Maryland.....	12,426.8	2,898.0	5,727.0	3,891.7	
Massachusetts.....	24,861.6	6,426.0	13,110.0	5,325.6	
Michigan.....	76,202.6	8,043.0	16,407.0	25,101.0	\$26,651.5
Minnesota.....	8,335.5	2,871.0	5,464.5		
Nevada.....	905.5	459.0	446.5		
New Jersey.....	45,356.7	7,491.0	15,282.0	22,583.7	
New York.....	89,140.2	22,026.0	44,934.0	22,180.2	
Pennsylvania.....	80,963.4	11,655.0	23,775.0	36,378.0	9,155.4
Rhode Island.....	5,735.8	972.0	1,983.0	2,780.8	
West Virginia.....	9,441.3	1,399.5	2,856.0	4,369.5	816.3
Total.....	444,112.0	92,287.5	183,505.2	131,696.1	36,623.2

¹ Represents the final TUC balance due, not amount which would be collected at the applicable tax rate. Excess of tax collections over amount needed would be credited to the State's unemployment account.

² Repaid.

Source: Office of Actuarial and Financial Services, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., Oct. 17, 1963.

TABLE 2.—FUTA repayments of 1958 TUC under H.R. 8821 provisions, \$3,000 tax base

[Amounts in thousands]

State	Amount of TUC	Repayments for taxable year					
		1963	1964	1965	1966	1967	1968
Tax rate.....		0.15	0.30	0.30	0.30	0.30	0.30
Alabama.....	\$9,434.1	\$2,219.0	\$4,527.0	\$2,688.1			
Alaska.....	927.7	168.0	342.0	349.0	468.7		
Arkansas.....	2,794.9	1,038.0	1,756.9				
California.....	54,681.3	19,125.0	35,556.3				
Delaware.....	1,577.5	538.5	1,039.0				
District of Columbia ¹							
Indiana.....	21,327.3	5,049.0	10,299.0	5,979.3			
Maryland.....	12,426.7	2,808.0	5,727.0	3,891.7			
Massachusetts.....	24,861.6	6,426.0	13,110.0	5,325.0			
Michigan.....	76,202.6	8,043.0	16,407.0	16,736.0	17,070.0	\$17,411	\$536.5
Minnesota.....	8,335.5	2,871.0	5,464.5				
Nevada.....	905.5	459.0	446.5				
New Jersey.....	45,356.7	7,491.0	15,282.0	15,588.0	6,995.7		
New York.....	89,140.2	22,026.0	44,934.0	22,180.2			
Pennsylvania.....	80,963.4	11,655.0	23,775.0	24,252.0	21,281.4		
Rhode Island.....	5,735.8	972.0	1,983.0	2,022.0	1,758.8		
West Virginia.....	9,441.3	1,399.5	2,856.0	2,913.0	2,272.8		
Total.....	444,112.0	92,288.0	183,505.2	101,923.9	48,447.4	17,411	536.5

¹ Represents the final TUC balance due, not amount which would be collected at the applicable tax rate. Excess of tax collections over amount needed would be credited to the State's unemployment account.

² Repaid.

Source: Office of Actuarial and Finance Services, Bureau of Employment Security, revised Oct. 17, 1963.

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TABLE 3.—Estimated FUTA repayments of title XII advances under existing law, \$3,000 tax base

[Amounts in thousands]

Calendar year	Alaska		Michigan		Pennsylvania	
	Rate	Amount	Rate	Amount	Rate	Amount
1961	0.15	\$159				
1962	.30	292	0.15	\$7,154		
1963	.45	504	.30	18,086		\$11,455
1964	.60	684	.45	24,612		23,778
1965	.75	875	.60	33,472		36,378
1966	.90	1,068	.75	31,676		40,192
1967	1.05	1,274				
1968	1.20	1,480				
1969	1.35	1,710				
1970	1.50	1,719				
1971						
Total		8,765		113,000		112,000

¹ Represents the final title XII balance due, not the amount which would be collected at the indicated tax rate. Excess of tax collections over the amount needed would be credited to the State's unemployment account:

Alaska	\$1,938,000
Michigan	42,677,000
Pennsylvania	49,474,000

Source: Office of the Actuarial and Financial Services, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., Oct. 17, 1963.

TABLE 4.—Estimated FUTA repayments of title XII advances under H.R. 8821 provisions, \$3,000 tax base

[Amounts in thousands]

Calendar year ¹	Alaska		Michigan		Pennsylvania	
	Rate	Amount	Rate	Amount	Rate	Amount
1961	0.15	\$159				
1962	.30	292	0.15	\$7,154		
1963	.15	168	.15	8,043	0.15	\$11,658
1964	.15	171	.15	8,204	.15	11,888
1965	.15	175	.15	8,368	.15	12,126
1966	.15	178	.15	8,535	.15	12,369
1967	.15	182	.15	8,706	.15	12,640
1968	.30	370	.30	17,739	.30	25,800
1969	.45	570	.45	27,188	.45	28,519
1970	.60	770	.60	19,043		
1971	.75	1,000				
1972	.90	1,230				
1973	1.05	1,470				
1974	1.20	1,720				
1975	1.35	1,310				
Total		8,765		113,000		112,000

¹ Represents the final title XII balance due, not the amount which would be collected at the indicated tax rate. Excess of tax collections over the amount needed would be credited to the State's unemployment account:

Alaska	\$1,938,000
Michigan	42,677,000
Pennsylvania	49,474,000

Source: Office of Actuarial and Financial Services, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., Oct. 17, 1963.

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TABLE 5.—Alaska: Schedule of taxes due under FUTA, including repayment of TEUC, TUC, and title XII

[Percentages of \$3,000 wage base]

Taxable year ¹	Basic FUTA and TEUC	Existing law			H.R. 8821		
		Title XII	TUC	Total ²	Title XII	TUC	Total ²
1961.....	0.4	0.15		0.55	0.15		0.55
1962.....	.8	.30		1.10	.30		1.10
1963.....	.65	.45	0.15	1.25	.15	0.15	.95
1964.....	.4	.60	.30	1.30	.15	.30	.85
1965.....	.4	.75	.45	1.60	.15	.30	.85
1966.....	.4	.90		1.30	.15	.30	.85
1967.....	.4	1.05		1.45	.15		.65
1968.....	.4	1.20		1.60	.30		.7
1969.....	.4	1.35		1.75	.45		.85
1970.....	.4	1.50		1.90	.60		1.00
1971.....	.4			.4	.75		1.15
1972.....	.4			.4	.90		1.30
1973.....	.4			.4	1.05		1.45
1974.....	.4			.4	1.20		1.60
1975.....	.4			.4	1.35		1.75

¹ Payments due Jan. 31 of following year.

² Total includes basic FUTA and TEUC.

³ Balance remaining would be less than the indicated percentage of taxes; if balance not repaid by State, excess collections of employer taxes would be credited to State's unemployment account.

TABLE 6.—Michigan: Schedule of taxes due under FUTA, including repayment of TEUC, TUC, and title XII

[Percentages of \$3,000 wage base]

Taxable year ¹	Basic FUTA and TEUC	Existing law			H.R. 8821		
		Title XII	TUC	Total ²	Title XII	TUC	Total ²
1961.....	0.4			0.4			0.4
1962.....	.8	0.15		.95	0.15		.95
1963.....	.65	.30	0.15	1.10	.15	0.15	.95
1964.....	.4	.45	.30	1.15	.15	.30	.85
1965.....	.4	.60	.45	1.45	.15	.30	.85
1966.....	.4	.75	.60	1.75	.15	.30	.85
1967.....	.4			.4	.15	.30	.85
1968.....	.4			.4	.30	.30	1.00
1969.....	.4			.4	.45		.85
1970.....	.4			.4	.60		1.00
1971.....	.4			.4			.4

¹ Payments due Jan. 31 of the following year.

² Total includes basic FUTA and TEUC.

³ Balance remaining would be less than the indicated percentage of taxes; if balance not repaid by State, excess collections of employer taxes would be credited to State's unemployment account.

⁴ A 1963 Michigan law provides for State repayment of any 1966 balance.

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TABLE 7.—Pennsylvania: Schedule of taxes due under FUTA, including repayment of TEUC, TUC, and title XII

[Percentages of \$3,000 wage base]

Taxable year ¹	Basic FUTA and TEUC	Existing law			H.R. 8821		
		Title XII	TUC	Total ²	Title XII	TUC	Total ³
1961.....	0.4			0.4			0.4
1962.....	.8			.8			.8
1963.....	.65	0.15	0.15	.95	0.15	0.15	.95
1964.....	.4	.30	.30	1.00	.15	.30	.85
1965.....	.4	.45	.45	1.30	.15	.30	.85
1966.....	.4	.60		1.00	.15	.30	.85
1967.....	.4			.4	.15		.55
1968.....	.4			.4	.30		.70
1969.....	.4			.4	.45		.85
1970.....	.4			.4			.4

¹ Payments due Jan. 31 of following year.

² Total includes basic FUTA and TEUC.

³ Balance remaining would be less than the indicated percentage of taxes; if balance not repaid by State, excess collections of employer taxes would be credited to State's unemployment account.

TABLE 8.—Preliminary estimates of amount of (installment) payment required to avoid reduction in offset against FUTA for taxable year 1963 (for restoration of TUC)

A. STATES WITH \$3,000 WAGE BASE IN 1962

[Amounts in thousands]

	State tax-able wages, 1962	Payment required, 0.15 percent of wages
Alabama.....	\$1,457,316	\$2,186
Arkansas.....	763,533	1,145
Indiana.....	3,305,941	4,959
Maryland.....	2,027,574	3,041
Michigan.....	5,336,865	8,005
Minnesota.....	2,012,636	3,019
New Jersey.....	4,898,767	7,348
New York.....	15,365,218	23,048
Pennsylvania.....	8,348,178	12,522

B. STATES WITH BASE ABOVE \$3,000

	State tax base	Taxable wages		Payment required, 0.15 percent of estimated wages at \$3,000 base
		Under State base	Estimated at \$3,000 base	
Alaska.....	\$7,200	\$217,624	\$147,358	\$221
California.....	3,800	15,339,097	12,835,603	19,253
Delaware.....	3,600	415,677	368,273	552
Massachusetts.....	3,600	4,909,748	4,414,464	6,622
Nevada.....	3,600	390,897	350,684	526
Rhode Island.....	3,600	734,363	665,079	998
West Virginia.....	3,600	1,044,135	919,767	1,380

TABLE 9.—Federal unemployment tax rates (net) under H.R. 8821

[In percent]

States	1963 wages, payable January 1964				1964 wages, payable January 1965				1965 wages, payable January 1966				1966 wages, ¹ payable January 1967				
	Basic	TEUC 1961	TUC 1958	Title XII	Total	Basic	TUC	Title XII	Total	Basic	TUC	Title XII	Total	Basic	TUC	Title XII	Total
Alabama	0.4	0.25	0.15		0.80	0.4	0.30		0.70	0.4	0.30		0.70	0.4			0.40
Alaska ²	.4	.25	.15	0.15	.95	.4	.30	0.15	.84	.4	.30	0.15	.85	.4	0.30	0.15	1.85
Arizona	.4	.25			.65	.4			.40	.4			.40	.4			.40
Arkansas	.4	.25	.15		.80	.4	.30		.70	.4			.40	.4			.40
California	.4	.25	.15		.80	.4	.30		.70	.4			.40	.4			.40
Colorado	.4	.25			.65	.4			.40	.4			.40	.4			.40
Connecticut	.4	.25			.65	.4			.40	.4			.40	.4			.40
Delaware	.4	.25	.15		.80	.4	.30		.70	.4			.40	.4			.40
District of Columbia	.4	.25			.65	.4			.40	.4			.40	.4			.40
Florida	.4	.25			.65	.4			.40	.4			.40	.4			.40
Georgia	.4	.25			.65	.4			.40	.4			.40	.4			.40
Hawaii	.4	.25			.65	.4			.40	.4			.40	.4			.40
Idaho	.4	.25			.65	.4			.40	.4			.40	.4			.40
Illinois	.4	.25			.65	.4			.40	.4			.40	.4			.40
Indiana	.4	.25	.15		.80	.4	.30		.70	.4	.30		.70	.4			.40
Iowa	.4	.25			.65	.4			.40	.4			.40	.4			.40
Kansas	.4	.25			.65	.4			.40	.4			.40	.4			.40
Kentucky	.4	.25			.65	.4			.40	.4			.40	.4			.40
Louisiana	.4	.25			.65	.4			.40	.4			.40	.4			.40
Maine	.4	.25			.65	.4			.40	.4			.40	.4			.40
Maryland	.4	.25	.15		.80	.4	.30		.70	.4	.30		.70	.4			.40
Massachusetts	.4	.25	.15		.80	.4	.30		.70	.4	.30		.70	.4			.40
Michigan ³	.4	.25	.15	.15	.95	.4	.30	.15	.85	.4	.30	.15	.85	.4	.30	.15	.85
Minnesota	.4	.25	.15		.80	.4	.30		.70	.4			.40	.4			.40
Mississippi	.4	.25			.65	.4			.40	.4			.40	.4			.40
Missouri	.4	.25			.65	.4			.40	.4			.40	.4			.40
Montana	.4	.25			.65	.4			.40	.4			.40	.4			.40
Nebraska	.4	.25			.65	.4			.40	.4			.40	.4			.40
Nevada	.4	.25	.15		.80	.4	.30		.70	.4			.40	.4			.40
New Hampshire	.4	.25			.65	.4			.40	.4			.40	.4			.40
New Jersey	.4	.25	.15		.80	.4	.30		.70	.4	.30		.70	.4	.30		.70
New Mexico	.4	.25			.65	.4			.40	.4			.40	.4			.40
New York	.4	.25	.15		.80	.4	.30		.70	.4	.30		.70	.4			.40
North Carolina	.4	.25			.65	.4			.40	.4			.40	.4			.40
North Dakota	.4	.25			.65	.4			.40	.4			.40	.4			.40
Ohio	.4	.25			.65	.4			.40	.4			.40	.4			.40
Oklahoma	.4	.25			.65	.4			.40	.4			.40	.4			.40
Oregon	.4	.25			.65	.4			.40	.4			.40	.4			.40

See footnotes at end of table, p. 10.

TABLE 9.—Federal unemployment tax rates (net) under H.R. 8821—Continued
[In percent]

States	1963 wages, payable January 1964					1964 wages, payable January 1965 ¹				1965 wages, payable January 1966				1966 wages, ¹ payable January 1967			
	Basic	TEUC 1961	TUC 1958	Title XII	Total	Basic	TUC	Title XII	Total	Basic	TUC	Title XII	Total	Basic	TUC	Title XII	Total
Pennsylvania ⁴	0.4	0.25	0.15	0.15	0.95	0.4	0.30	0.15	0.85	0.4	0.30	0.15	0.85	0.4	0.30	0.15	0.85
Puerto Rico	.4	.25			.65	.4			.40	.4			.40	.4			.40
Rhode Island	.4	.25	.15		.80	.4	.30		.70	.4	.30		.70	.4	.30		.70
South Carolina	.4	.25			.65	.4			.40	.4			.40	.4			.40
South Dakota	.4	.25			.65	.4			.40	.4			.40	.4			.40
Tennessee	.4	.25			.65	.4			.40	.4			.40	.4			.40
Texas	.4	.25			.65	.4			.40	.4			.40	.4			.40
Utah	.4	.25			.65	.4			.40	.4			.40	.4			.40
Vermont	.4	.25			.65	.4			.40	.4			.40	.4			.40
Virginia	.4	.25			.65	.4			.40	.4			.40	.4			.40
Washington	.4	.25			.65	.4			.40	.4			.40	.4			.40
West Virginia	.4	.25	.15		.80	.4	.30		.70	.4	.30		.70	.4	.30		.70
Wisconsin	.4	.25			.65	.4			.40	.4			.40	.4			.40
Wyoming	.4	.25			.65	.4			.40	.4			.40	.4			.40

¹ Except for Michigan, all TUC costs will be restored not later than with payments on 1966 wages. Net Federal unemployment taxes will be 04 percent for subsequent years in all States but Alaska, Michigan, and Pennsylvania.

² Title XII repayment rate will be 0.15 percent for 1967, 0.30 percent for 1968, and will increase by 0.15 percent each year until the final repayment on 1975 wages at a title XII rate of 1.35 percent, and a total net Federal rate of 1.75 percent.

³ TUC rate will be 0.30 percent on 1967 and 1968 wages; title XII rate will be 0.15 percent for 1967, 0.30 percent for 1968, and will increase by 0.15 percent each year until the final repayment on 1970 wages at a title XII rate of 0.60 percent, and a total net Federal rate of 1.00 percent.

⁴ Title XII repayment rate will be 0.15 percent for 1967, 0.30 percent for 1968, and be completed at a title XII rate of 0.45 percent for 1969, at a total net Federal rate of 0.85 percent.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italic; existing law in which no change is proposed is shown in roman):

SECTION 3302(c) OF THE INTERNAL REVENUE CODE OF 1954

SEC. 3302. CREDITS AGAINST TAX.

* * * * *

(c) LIMIT ON TOTAL CREDITS.—

(1) The total credits allowed to a taxpayer under this section shall not exceed 90 percent of the tax against which such credits are allowable.

(2) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act before the date of the enactment of the Employment Security Act of 1960, then the total credits (after applying subsections (a) and (b) and paragraph (1) of this subsection) otherwise allowable under this section for the taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced—

(A) in the case of a taxable year [beginning with the fourth consecutive January 1] *beginning on January 1, 1963 (and in the case of any succeeding taxable year beginning before January 1, 1968)*, as of the beginning of which there is a balance of such advances, by 5 percent of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

(B) in the case of any succeeding taxable year [beginning with a consecutive January 1] *beginning on or after January 1, 1968*, as of the beginning of which there is a balance of such advances, by an additional 5 percent, for each such succeeding taxable year, of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State.

At the request (made before November 1 of the taxable year) of the Governor of any State, the Secretary of Labor shall, as soon as practicable after June 30 or (if later) the date of the receipt of such request, certify to such Governor and to the Secretary of the Treasury the amount he estimates equals .15 percent (plus an additional .15 percent for each additional 5-percent reduction provided by subparagraph (B)) of the total of the remuneration which would have been subject to contributions under the State unemployment compensation law with respect to the calendar year preceding such certification if the dollar limit on remuneration subject to contributions under such law were equal to the dollar limit under section 3306(b)(1) for such calendar year. If, after receiving such certification and before November 10 of the taxable year, the State pays into the Federal unemployment account the amount so certified (and designates such payment as being made for purposes of this sentence), the reduction

provided by the first sentence of this paragraph shall not apply for such taxable year.

* * * * * * *

**SECTION 104 OF THE TEMPORARY UNEMPLOYMENT
COMPENSATION ACT OF 1958, AS AMENDED**

SEC. 104. The total credits allowed under section 3302(c) of the Federal Unemployment Tax Act (26 U.S.C. 3302(c)) to taxpayers with respect to wages attributable to a State [for the taxable year beginning on January 1, 1963, and for each taxable year thereafter, shall be reduced in the same manner as that provided by section 3302(c)(2) of the Federal Unemployment Tax Act for the repayment of advances made under title XII of the Social Security Act, as amended (42 U.S.C. 1321 et seq.),] shall be reduced—

(1) for the taxable year beginning on January 1, 1963, by 5 percent of the tax imposed by section 3301 of the Federal Unemployment Tax Act, and

(2) for any succeeding taxable year, by 10 percent of the tax imposed by said section 3301,

unless [or] and until the Secretary of the Treasury finds that before November 10 of the taxable year there have been restored to the Treasury the amounts of temporary unemployment compensation paid in the State under this Act (except amounts paid to individuals who exhausted their unemployment compensation under title XV of the Social Security Act and title IV of the Veterans' Readjustment Assistance Act of 1952 prior to their making their first claims under this Act), the amount of costs incurred in the administration of this Act with respect to the State, and the amount estimated by the Secretary of Labor as the State's proportionate share of other costs incurred in the administration of this Act. *In applying clauses (1) and (2) of the preceding sentence, the tax imposed by section 3301 of the Federal Unemployment Tax Act shall be computed at the rate of 3 percent in lieu of the rate provided by such section. At the request (made before November 1 of the taxable year) of the Governor of any State, the Secretary of Labor shall, as soon as practicable after June 30 or (if later) the date of the receipt of such request, certify to such Governor and to the Secretary of the Treasury the amount he estimates for the taxable year beginning on January 1, 1963, equals .15 percent (and for any succeeding taxable year equals .3 percent) of the total of the remuneration which would have been subject to contributions under the State unemployment compensation law with respect to the calendar year preceding such certification if the dollar limit on remuneration subject to contributions under such law were equal to the dollar limit under section 3306(b)(1) of the Federal Unemployment Tax Act for such calendar year. If, after receiving such certification and before November 10 of the taxable year, the State restores to the general fund of the Treasury the amount so certified (and designates such restoration as being made for purposes of this sentence), the reduction provided by the first sentence of this section shall not apply for such taxable year.*