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[Report No.]

IN THE SENATE OF THE UNITED STATES

JUNE 23, 1966

Read twice and referred to the Committee on Finance

JULY , 1966

Reported by Mr. _____, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To extend and improve the Federal-State unemployment compensation program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Unemployment Insurance Amendments of 1966".

TITLE I—IN GENERAL

PART A—COVERAGE

~~DEFINITION OF EMPLOYER~~

~~SEC. 101. (a) subsection (a) of section 3306 of the Internal Revenue Code of 1954 is amended to read as follows:~~

~~"(a) EMPLOYER.—For purposes of this chapter, the term 'employer' means, with respect to any calendar year, any person who—~~

~~"(1) during any calendar quarter in the calendar year paid wages of $1,500 or more, or~~

~~"(2) on each of some 20 days during the calendar year, each day being in a different calendar week, employed at least one individual in employment for some portion of the day."~~

~~(b) The amendment made by subsection (a) shall apply with respect to remuneration paid after December 31, 1968.~~

DEFINITION OF EMPLOYEE

SEC. ~~102~~ *101.* (a) Subsection (i) of section 3306 of the Internal Revenue Code of 1954 is amended to read as follows:

"(i) EMPLOYEE.—For purposes of this chapter, the term 'employee' has the meaning assigned to such term by section 3121 (d), except that subparagraphs (B) and (C) of paragraph (3) shall not apply."

(b) Section 1563 (f) (1) of such Code (relating to surtax exemption in case of certain controlled corporations) is amended by striking out "in section 3306 (i)" and insert-

ing in lieu thereof "by paragraphs (1) and (2) of section 3121 (d)".

(c) The amendment made by subsection (a) shall apply with respect to remuneration paid after December 31, 1968, for services performed after such date.

DEFINITION OF AGRICULTURAL LABOR

SEC. ~~403~~ *102.* (a) Subsection (k) of section 3306 of the Internal Revenue Code of 1954 is amended to read as follows:

"(k) AGRICULTURAL LABOR.—For purposes of this chapter, the term 'agricultural labor' has the meaning assigned to such term by subsection (g) of section 3121, except that for purposes of this chapter subparagraph (B) of paragraph (4) of such subsection (g) shall be treated as reading:

"'(B) in the employ of a group of operators of farms (or a cooperative organization of which such operators are members) in the performance of service described in subparagraph (A), but only if such operators produced more than one-half of the commodity with respect to which such service is performed;'".

(b) The amendment made by subsection (a) shall apply with respect to remuneration paid after December 31, 1968, for services performed after such date.

STATE LAW COVERAGE OF CERTAIN EMPLOYEES OF NON-PROFIT ORGANIZATIONS AND OF STATE HOSPITALS AND INSTITUTIONS OF HIGHER EDUCATION

SEC. ~~104~~ *103*. (a) Section 3304 (a) of the Internal Revenue Code of 1954 is amended by redesignating paragraph (6) as paragraph (12) and by inserting after paragraph (5) the following new paragraph:

"(6) (A) compensation is payable on the basis of service to which section 3310 (a) (1) applies, in the same amount, on the same terms, and subject to the same conditions as compensation payable on the basis of other service subject to such law, and

"(B) payments (in lieu of contributions) with respect to service to which section 3310 (a) (1) (A) applies may be made into the State unemployment fund on the basis set forth in section 3310 (a) (2);"

1 (b) (1) Chapter 23 of the Internal Revenue Code of
2 1954 is amended by adding at the end thereof the following
3 new section:

4 **"SEC. 3310. STATE LAW COVERAGE OF CERTAIN SERVICE**
5 **PERFORMED FOR NONPROFIT ORGANIZA-**
6 **TIONS AND FOR STATE HOSPITALS AND IN-**
7 **STITUTIONS OF HIGHER EDUCATION.**

8 "(a) STATE LAW REQUIREMENTS.—For purposes of
9 section 3304 (a) (6)—

10 "(1) except as otherwise provided in subsections
11 (b) and (c), the service to which this paragraph ap-
12 plies is—

13 "(A) service excluded from the term 'em-
14 ployment' solely by reason of paragraph (8) of
15 section 3306 (c), and

16 "(B) service performed in the employ of a
17 State, or any instrumentality of one or more States,
18 for a hospital or institution of higher education, if

1 such service is excluded from the term 'employment'
2 solely by reason of paragraph (7) of section
3 3306 (c) ; and
4 "(2) the State law shall provide that an organiza-
5 tion (or group of organizations) which, but for the re-
6 quirements of this paragraph, would be liable for
7 contributions with respect to service to which paragraph
8 (1) (A) applies may elect, for such minimum period
9 and at such time as may be provided by State law, to
10 pay (in lieu of such contributions) into the State unem-
11 ployment fund amounts equal to the amounts of com-
12 pensation attributable under the State law to such serv-
13 ice. The State law may provide safeguards to ensure
14 that organizations so electing will make the payments
15 required under such elections.
16 "(b) SECTION NOT TO APPLY TO CERTAIN SERV-
17 ICE.—This section shall not apply to service performed—
18 "(1) in the employ of (A) a church or convention
19 or association of churches, or (B) an organization which
20 is operated primarily for religious purposes and which
21 is operated, supervised, controlled, or principally sup-
22 ported by a church or convention or association of
23 churches;
24 "(2) by a duly ordained, commissioned, or licensed
25 minister of a church in the exercise of his ministry or

1 by a member of a religious order in the exercise of
2 duties required by such order;
3 "(3) in the employ of an educational institution
4 which is not an institution of higher education;
5 "(4) in the case of an institution of higher educa-
6 tion, by an individual employed in an instructional,
7 research, or principal administrative capacity;
8 "(5) in the case of a hospital (or in the case of a
9 medical research organization directly engaged in the
10 continuous active conduct of medical research in con-
11 junction with a hospital), by an individual as a physi-
12 cian, dentist, osteopath, chiropractor, naturopath, or
13 Christian Science practitioner, or by an individual em-
14 ployed in an instructional or research capacity;
15 "(6) in a facility conducted for the purpose of
16 carrying out a program of—
17 "(A) rehabilitation for individuals whose earn-
18 ing capacity is impaired by age or physical or men-
19 tal deficiency or injury, or
20 "(B) providing remunerative work for indi-
21 viduals who because of their impaired physical or
22 mental capacity cannot be readily absorbed in the
23 competitive labor market,
24 by an individual receiving such rehabilitation or re-
25 munerative work; and

1 "(7) as part of an unemployment work-relief or
2 work-training program assisted or financed in whole or
3 in part by any Federal agency or an agency of a State
4 or political subdivision thereof, by an individual re-
5 ceiving such work relief or work training.

6 "(c) NONPROFITS MUST BE EMPLOYERS OF 4 OR
7 MORE.—This section shall not apply to service performed
8 during any calendar year in the employ of any organization
9 unless on each of some 20 days during such calendar year,
10 each day being in a different calendar week, the total num-
11 ber of individuals who were employed by such organization
12 in employment (determined without regard to section 3306
13 (c) (8) and by excluding service to which this section does
14 not apply by reason of subsection (b)) for some portion of
15 the day (whether or not at the same moment of time) was
16 4 or more."

17 (2) The table of sections for such chapter 23 is amended
18 by inserting at the end thereof the following:

"Sec. 3310. State law coverage of certain service performed for nonprofit organizations and for State hospitals and institutions of higher education."

19 (c) Section 3303 of the Internal Revenue Code of 1954
20 is amended by adding at the end thereof the following new
21 subsection:

22 "(e) PAYMENTS BY CERTAIN NONPROFIT ORGANIZA-
23 TIONS.—A State may, without being deemed to violate the

1 standards set forth in subsection (a), permit an organization
2 (or group of organizations) described in section 501 (c) (3)
3 which is exempt from income tax under section 501 (a) to
4 elect (in lieu of paying contributions) to pay into the State
5 unemployment fund amounts equal to the amounts of com-
6 pensation attributable under the State law to service per-
7 formed in the employ of such organization (or group)."

8 (d) The amendments made by subsections (a) and
9 (b) shall apply with respect to certifications of State laws
10 for 1969 and subsequent years, but only with respect to
11 service performed after December 31, 1968. The amend-
12 ment made by subsection (c) shall take effect January 1,
13 1967.

14 STUDENTS ENGAGED IN WORK-STUDY PROGRAMS

15 SEC. ~~105~~ *104.* (a) Paragraph (10) of section 3306 (c)
16 of the Internal Revenue Code of 1954 is amended by strik-
17 ing out the semicolon at the end of subparagraph (B) and
18 inserting in lieu thereof ", or" and by adding at the end
19 thereof the following new subparagraph:

20 "(C) service performed by an individual who is
21 enrolled at an educational institution (within the mean-
22 ing of section 151 (e) (4)) as a student in a full-time
23 program, taken for credit at such institution, which
24 combines academic instruction with work experience,

1 if such institution has certified to the employer that
2 such service is an integral part of such program;".
3 (b) The amendment made by subsection (a) shall
4 apply with respect to remuneration paid after December 31,
5 1966.

6 PART B—PROVISIONS OF STATE LAWS

7 PROVISIONS REQUIRED TO BE INCLUDED IN STATE LAWS

8 SEC. 121. (a) Section 3304 (a) of the Internal Reve-
9 nue Code of 1954 is amended by inserting after paragraph
10 (6) (added by section 104 (a) of this Act) the following
11 new paragraphs:

12 "(7) an individual who has received compensa-
13 tion during his benefit year is required to have had
14 work since the beginning of such year in order to qualify
15 for compensation in his next benefit year;

16 "(8) compensation shall not be denied to any in-
17 dividual by reason of cancellation of wage credits or
18 total reduction of his benefit rights for any cause other
19 than discharge for misconduct connected with his work,
20 fraud in connection with a claim for compensation, or
21 receipt of disqualifying income;

22 "(9) compensation shall not be denied to an in-
23 dividual for any week because he is in training with the
24 approval of the State agency (or because of the applica-
25 tion, to any such week in training, of State law provi-

1 sions relating to availability for work, active search
2 for work, or refusal to accept work);
3 "(10) *(A)* compensation shall not be denied or re-
4 duced to an individual solely because he files a claim in
5 another State or because he resides in another State
6 at the time he files a claim for unemployment ~~compen-~~
7 ~~sation;"~~ *compensation;*
8 "*(B) the State shall participate in arrangements,*
9 *approved by the Secretary of Labor, and the eligibility*
10 *of any individual for unemployment compensation, his*
11 *weekly benefit amount and the maximum benefits payable*
12 *to him, under any such arrangement, shall be based on*
13 *the individual's employment or wages paid, or both, in*
14 *(i) the paying State and (ii) any transferring State*
15 *as if such employment or wages were in the base period*
16 *of the paying State: Provided, however, that employment*
17 *or wages that have been used in the computation of any*
18 *individual's eligibility for unemployment compensation*
19 *in a transferring State shall not thereafter be transferred*
20 *to a paying State, nor shall employment or wages that*
21 *have been transferred to a paying State and used under*
22 *any wage combining arrangement be thereafter avail-*
23 *able for use in the transferring State;"*
24 (b) The amendment made by subsection (a) shall take

1 effect January 1, 1969, and shall apply to the taxable year
2 1969 and taxable years thereafter.

3 ADDITIONAL CREDIT BASED ON REDUCED RATE FOR NEW
4 EMPLOYERS

5 SEC. 122. (a) Subsection (a) of section 3303 of the
6 Internal Revenue Code of 1954 is amended by striking out
7 "on a 3-year basis," in the sentence following paragraph
8 (3) and inserting in lieu thereof "on a 3-year basis (i)",
9 and by striking out the period at the end of such sentence
10 and inserting in lieu thereof ", or (ii) a reduced rate (not
11 less than 1 percent) may be permitted by the State law
12 on a basis other than as permitted by paragraphs (1), (2),
13 and (3)."

14 (b) The amendments made by subsection (a) shall
15 apply with respect to taxable years beginning after Decem-
16 ber 31, 1966.

17 CREDITS ALLOWABLE TO CERTAIN EMPLOYERS

18 SEC. 123. Section 3305 of the Internal Revenue Code of
19 1954 is amended by adding at the end thereof the following
20 new subsection:

21 "(j) DENIAL OF CREDITS IN CERTAIN CASES.—Any
22 person required, pursuant to a permission granted by this
23 section, to make contributions to an unemployment fund under
24 a State unemployment compensation law approved by the
25 Secretary of Labor under section 3304 shall not be entitled

1 to the credits permitted, with respect to the unemployment
2 compensation law of a State, by subsections (a) and (b) of
3 section 3302 against the tax imposed by section 3301 for any
4 taxable year after December 31, 1967, if, on October 31 of
5 such taxable year, the Secretary of Labor certifies to the
6 Secretary his finding, after reasonable notice and opportunity
7 for hearing to the State agency, that the unemployment com-
8 pensation law of such State is inconsistent with any one or
9 more of the conditions on the basis of which such permission
10 is granted or that, in the application of the State law with
11 respect to the 12-month period ending on such October 31.
12 there has been a substantial failure to comply with any one
13 or more of such conditions. For purposes of section ~~3311~~
14 *3312*, a finding of the Secretary of Labor under this subsec-
15 tion shall be treated as a finding under section 3304 (c)."

16 PART C—JUDICIAL REVIEW

17 JUDICIAL REVIEW

18 SEC. 131. (a) Title III of the Social Security Act is
19 amended by adding at the end thereof the following new
20 section:

21 **"Judicial Review**

22 "SEC. 304. (a) Whenever the Secretary of Labor—

23 "(1) finds that a State law does not include pro-
24 visions meeting the requirements of section 303 (a), or

1 "(2) makes a finding with respect to a State under
2 subsection (b) or (c) of section 303,
3 such State may, within 60 days after the Governor of the
4 State has been notified of such action, file with the United
5 States court of appeals for the circuit in which such State is
6 located or with the United States Court of Appeals for the
7 District of Columbia a petition for review of such action. A
8 copy of the petition shall be forthwith transmitted by the
9 clerk of the court to the Secretary of Labor. The Secretary
10 of Labor thereupon shall file in the court the record of the
11 proceedings on which he based his action as provided in sec-
12 tion 2112 of title 28, United States Code.
13 "(b) The findings of fact by the Secretary of Labor,
14 unless contrary to the weight of the evidence, shall be
15 conclusive; but the court, for good cause shown, may remand
16 the case to the Secretary of Labor to take further evidence,
17 and the Secretary of Labor may thereupon make new or
18 modified findings of fact and may modify his previous
19 action, and shall certify to the court the record of the fur-
20 ther proceedings. Such new or modified findings of fact
21 shall likewise be conclusive unless contrary to the weight
22 of the evidence.
23 "(c) The court shall have jurisdiction to affirm the
24 action of the Secretary of Labor or to set it aside, in whole
25 or in part. The judgment of the court shall be subject to

1 review by the Supreme Court of the United States upon cer-
2 tiorari or certification as provided in section 1254 of title 28,
3 United States Code.

4 "(d) (1) The Secretary of Labor shall not withhold any
5 certification for payment to any State under section 302
6 until the expiration of 60 days after the Governor of the
7 State has been notified of the action referred to in para-
8 graph (1) or (2) of subsection (a) or until the State has
9 filed a petition for review of such action, whichever is
10 earlier.

11 "(2) The commencement of judicial proceedings under
12 this section shall not stay the Secretary's action, but the
13 court may grant interim relief if warranted, including stay
14 of the Secretary's action and including such relief as may
15 be necessary to preserve status or rights.

16 "(e) Any judicial proceedings under this section shall
17 be entitled to, and, upon request of the Secretary or the
18 State, shall receive a preference and shall be heard and de-
19 termined as expeditiously as possible."

20 (b) (1) Chapter 23 of the Internal Revenue Code of
21 1954 is amended by adding at the end thereof the following
22 new section:

23 "SEC. ~~3311~~ *3312.* JUDICIAL REVIEW.

24 "(a) IN GENERAL.—Whenever under section ~~3303(b)~~
25 ~~or~~ *3303(b)*, section 3304(c) *or section 3311(a)* the Sec-

1 retary of Labor makes a finding pursuant to which he is
2 required to withhold a certification under such section, such
3 State, may, within 60 days after the Governor of the State
4 has been notified of such action, file with the United States
5 court of appeals for the circuit in which such State is located
6 or with the United States Court of Appeals for the District
7 of Columbia a petition for review of such action. A copy
8 of the petition shall be forthwith transmitted by the clerk
9 of the court to the Secretary of Labor. The Secretary of
10 Labor thereupon shall file in the court the record of the
11 proceedings on which he based his action as provided in
12 section 2112 of title 28, United States Code.

13 "(b) FINDINGS OF FACT.—The findings of fact by the
14 Secretary of Labor, unless contrary to the weight of the
15 evidence, shall be conclusive; but the court, for good cause
16 shown, may remand the case to the Secretary of Labor to
17 take further evidence, and the Secretary of Labor may there-
18 upon make new or modified findings of fact and may modify
19 his previous action, and shall certify to the court the record
20 of the further proceedings. Such new or modified findings
21 of fact shall likewise be conclusive unless contrary to the
22 weight of the evidence.

23 "(c) JURISDICTION OF COURT; REVIEW.—The court
24 shall have jurisdiction to affirm the action of the Secretary
25 of Labor or to set it aside, in whole or in part. The judg-

1 ment of the court shall be subject to review by the Supreme
2 Court of the United States upon certiorari or certification as
3 provided in section 1254 of title 28, United States Code.
4 "(d) STAY OF SECRETARY OF LABOR'S ACTION.—
5 "(1) The Secretary of Labor shall not withhold
6 any certification under section ~~3303(b) or~~ *3303(b)*,
7 section 3304(c) *or section 3311(a)* until the expira-
8 tion of 60 days after the Governor of the State has
9 been notified of the action referred to in subsection (a)
10 or until the State has filed a petition for review of such
11 action, whichever is earlier.
12 "(2) The commencement of judicial proceedings
13 under this section shall not stay the Secretary's action,
14 but the court may grant interim relief if warranted, in-
15 cluding stay of the Secretary's action and including such
16 relief as may be necessary to preserve status or rights.
17 "(e) PREFERENCE.—Any judicial proceedings under
18 this section shall be entitled to, and, upon request of the
19 Secretary or the State, shall receive a preference and shall be
20 heard and determined as expeditiously as possible."
21 (2) Subsection (c) of section 3304 of the Internal Rev-
22 enue Code of 1954 is amended to read as follows:
23 "(c) CERTIFICATION.—On October 31 of each taxable
24 year the Secretary of Labor shall certify to the Secretary

1 each State whose law he has previously approved, except
2 that he shall not certify any State which, after reasonable
3 notice and opportunity for hearing to the State agency, the
4 Secretary of Labor finds has amended its law so that it no
5 longer contains the provisions specified in subsection (a)
6 or has with respect to the 12-month period ending on such
7 October 31 failed to comply substantially with any such pro-
8 vision. No finding of a failure to comply substantially with
9 the provision in State law specified in paragraph (5) of sub-
10 section (a) shall be based on an application or interpretation
11 of State law with respect to which further administrative or
12 judicial review is provided for under the laws of the State.
13 On October 31 of 1969 or of any taxable year thereafter, the
14 Secretary shall not certify any State which, after reasonable
15 notice and opportunity for hearing to the State agency, the
16 Secretary of Labor finds has failed to amend its law so that
17 it contains the provisions specified in subsection (a) added
18 by the Unemployment Insurance Amendments of 1966, or
19 has with respect to the 12-month period (10-month period
20 in the case of October 31, 1969) ending on such October 31
21 failed to comply substantially with any such provision."
22 (3) The table of sections for such chapter 23 is
23 amended by adding at the end thereof the following:

Sec. ~~3311~~ *3312.* Judicial review."

(c) The amendments made by this section shall take effect on the date of the enactment of this Act. In applying section 3304 (c) of the Internal Revenue Code of 1954 (as amended by subsection (b)) with respect to the taxable year 1966, certifications shall be made on December 31, 1966, in lieu of October 31, 1966.

PART D—ADMINISTRATION

AMOUNTS AVAILABLE FOR ADMINISTRATIVE EXPENDITURES

~~SEC. 141. (a) Section 901(c)(3) of the Social Security Act is amended—~~

~~(1) by striking out "the net receipts" each place it appears in the first sentence and inserting in lieu thereof "five-sixths of the net receipts"; and~~

~~(2) by striking "0.4 percent" in the second sentence and inserting in lieu thereof "0.6 percent".~~

~~(b) The amendments made by subsection (a) shall apply to fiscal years beginning after June 30, 1967.~~

SEC. 141. Section 901(c)(3) of the Social Security Act is amended—

(a) by striking paragraphs (A) and (B) and substituting therefor the following new paragraphs:

"(A) in the case of fiscal year 1967, an amount equal to 95 percent of the amount estimated and

1 *set forth in the Budget of the United States Government*
2 *for such fiscal year as the net receipts during such year*
3 *under the Federal Unemployment Tax Act;*
4 *"(B) in the case of fiscal year 1968, an amount*
5 *equal to 95 percent of the amount estimated and*
6 *set forth in the Budget of the United States Government*
7 *for such fiscal year as five-sixths of the net receipts*
8 *during such year under the Federal Unemployment*
9 *Tax Act; and*
10 *"(C) in the case of any fiscal year thereafter, an*
11 *amount equal to 95 percent of the amount estimated*
12 *and set forth in the Budget of the United States Govern-*
13 *ment for such fiscal year as three-fourths of the net*
14 *receipts during such year under the Federal Unem-*
15 *ployment Tax Act."*
16 *(b) by inserting immediately before the period at*
17 *the end of the second sentence thereof the following:*
18 *"in the case of any fiscal year prior to 1968, and of*
19 *0.6 in the case of the fiscal year 1968 or any fiscal year*
20 *thereafter".*

1 UNEMPLOYMENT COMPENSATION RESEARCH PROGRAM
2 AND TRAINING GRANTS FOR UNEMPLOYMENT COM-
3 PENSATION PERSONNEL

4 SEC. 142. Title IX of the Social Security Act is
5 amended by adding at the end thereof the following new
6 sections:

7 "UNEMPLOYMENT COMPENSATION RESEARCH PROGRAM

8 "SEC. 906. (a) The Secretary of Labor shall—

9 "(1) establish a continuing and comprehensive
10 program of research to evaluate the unemployment com-
11 pensation system. Such research shall include, but not
12 be limited to, a program of factual studies covering the
13 role of unemployment compensation under varying pat-
14 terns of unemployment, the relationship between the
15 unemployment compensation and other social insurance
16 programs, the effect of State eligibility and disqualifica-
17 tion provisions, the personal characteristics, family situ-
18 ations, employment background and experience of
19 claimants, with the results of such studies to be made
20 public; and

1 "(2) establish a program of research to develop
2 information (which shall be made public) as to the
3 effect and impact of extending coverage to excluded
4 groups.

5 "Authorization of Appropriations

6 "(b) ~~To assist in the establishment and provide for the~~
7 ~~continuation of the comprehensive research program relating~~
8 ~~to the unemployment compensation system, there~~ *There* are
9 hereby authorized to be appropriated for the fiscal year end-
10 ing June 30, 1967, and for each fiscal year thereafter such
11 sums as may be necessary to carry out the purposes of this
12 section. From the sums authorized to be appropriated by
13 this subsection the Secretary may provide for the conduct
14 of such research through grants or contracts.

15 "TRAINING GRANTS FOR UNEMPLOYMENT COMPENSATION
16 PERSONNEL

17 "SEC. 907. (a) In order to assist in increasing the effec-
18 tiveness and efficiency of administration of the unemployment
19 compensation program by increasing the number of ade-
20 quately trained personnel, there are hereby authorized to be
21 appropriated for the fiscal year ending June 30, 1967, the
22 sum of $1,000,000, and for each fiscal year thereafter such
23 sums as may be necessary for training such personnel.

24 "(b) (1) From the sums authorized to be appropriated
25 by subsection (a) the Secretary shall provide (A) directly

1 and through State agencies or through grants to or contracts
2 with public or nonprofit private institutions of higher learn-
3 ing, for training personnel who are employed or preparing
4 for employment in the administration of the unemployment
5 compensation program, including claims determinations and
6 adjudication, and (B) directly or through grants to or con-
7 tracts with public or nonprofit private agencies or institutions,
8 for special courses of study or seminars of short duration (not
9 in excess of one year) for training of such personnel, and
10 (C) directly or through grants to or contracts with public
11 or nonprofit private institutions of higher learning, for estab-
12 lishing and maintaining fellowships or traineeships for such
13 personnel at such institutions, with such stipends and allow-
14 ances as may be permitted by the Secretary.
15 "(2) The Secretary may, to the extent he finds such
16 action to be necessary, prescribe requirements to assure that
17 any individual will repay the amounts of his fellowship or
18 traineeship received under this subsection to the extent such
19 individual fails to serve, for the period prescribed by the
20 Secretary, with a State agency or with the Federal Govern-
21 ment, in connection with administration of any State em-
22 ployment security program. The Secretary may relieve any
23 individual of his obligation to so repay, in whole or in part,
24 whenever and to the extent that requirement of such repay-

1 ment would, in his judgment, be inequitable or would be
2 contrary to the purposes of any of the programs established
3 by this section."

4 USE OF CERTAIN AMOUNTS FOR PAYMENT OF EXPENSES OF
5 ADMINISTRATION

6 SEC. 143. Section 903 (c) (2) of the Social Security Act
7 (42 U.S.C., sec. 1103 (c) (2)) is amended—

8 (1) by striking out "nine preceding fiscal years,"
9 in subparagraph (D) of the first sentence and inserting
10 in lieu thereof "fourteen preceding fiscal years,";

11 (2) by striking out "such ten fiscal years" in sub-
12 paragraph (D) of the first sentence and inserting in lieu
13 thereof "such fifteen fiscal years"; and

14 (3) by striking out "ninth preceding fiscal year'
15 in the second sentence and inserting in lieu thereof
16 "fourteenth preceding fiscal year".

17 CHANGE IN CERTIFICATION DATE

18 SEC. 144. (a) Section 3302 (a) (1) of the Internal
19 Revenue Code of 1954 is amended by—

20 (1) striking out "for the taxable year" after "cer-
21 tified"; and

22 (2) inserting before the period at the end thereof
23 the following: "for the 12-month period ending on
24 October 31 of such year".

25 (b) Section 3302 (b) of such Code is amended by—

(1) striking out "for the taxable year" after "certified";

(2) inserting after "section 3303" the following: "for the 12-month period ending on October 31 of such year"; and

(3) striking out "the taxable year" the last place it appears and inserting in lieu thereof "such 12-month period".

(c) Section 3303 (b) (1) of such Code is amended to read as follows:

"(1) On October 31 of each calendar year, the Secretary of Labor shall certify to the Secretary the law of each State (certified by the Secretary of Labor as provided in section 3304 for the 12-month period on such October 31) with respect to which he finds that reduced rates of contributions were allowable with respect to such 12-month period only in accordance with the provisions of subsection (a)."

(d) Section 3303 (b) (2) of such Code is amended by—

(1) striking out "taxable year" where it first appears and inserting in lieu thereof "12-month period ending on October 31";

(2) striking out "on December 31 of such taxable year" following the words "the Secretary of Labor

1 shall" and inserting in lieu thereof "on such October 31";
2 and
3 (3) striking out "taxable year" after "contribu-
4 tions were allowable with respect to such" and insert-
5 ing in lieu thereof "12-month period".
6 (e) Section 3303 (b) (3) of such Code is amended by—
7 (1) striking out "taxable year" where it first ap-
8 pears and inserting in lieu thereof "12-month period
9 ending on October 31";
10 (2) striking out "taxable year" where it next ap-
11 pears and inserting in lieu thereof "12-month period".
12 (f) Section 3304 (d) of such Code is amended by strik-
13 ing out "If, at any time during the taxable year," and insert-
14 ing in lieu thereof "If at any time".
15 (g) Section 3304 of such Code is amended by adding at
16 the end thereof the following new subsection:
17 "(e) CHANGE OF LAW DURING 12-MONTH PERIOD.—
18 Whenever—
19 "(1) any provision of this section, section 3302,
20 or section 3303 refers to a 12-month period ending on
21 October 31 of a year, and
22 "(2) the law applicable to one portion of such
23 period differs from the law applicable to another portion
24 of such period,

1 then such provision shall be applied by taking into account
2 for each such portion the law applicable to such portion."
3 (h) The amendments made by this section shall apply
4 with respect to the taxable year 1967 and taxable years
5 thereafter.

6 *PART E—BENEFIT REQUIREMENTS*

7 *SEC. 151. The Internal Revenue Code of 1954 is hereby*
8 *amended by renumbering present section 3309 as section*
9 *3313 and inserting (after new section 3310 added by sec-*
10 *tion 103 of this Act) a new section 3311 as follows:*

11 *"SEC. 3311. (a) CERTIFICATION.—On October 31,*
12 *1968, and October 31 of each calendar year thereafter, the*
13 *Secretary of Labor shall certify to the Secretary each State*
14 *whose law he finds is in accord with the requirements of sub-*
15 *section (c) and has been in accord with such requirements*
16 *for substantially all of the 12-month period ending on such*
17 *October 31 (except that for 1968, it shall be the 4-month*
18 *period ending on October 31) and that there has been sub-*
19 *stantial compliance with such State law requirements during*
20 *such period. The Secretary of Labor shall not withhold his*
21 *certification to the Secretary unless, after reasonable notice*
22 *and opportunity for hearing to the State agency, he finds that*
23 *the State law is not in accord with the requirements of sub-*
24 *section (c) or has not been in accord with such requirements*

1 *for substantially all of the 12-month period ending on such*
2 *October 31 (except that for 1968, it shall be the 4-month*
3 *period ending on October 31) or that there has been a failure*
4 *to comply substantially with such State law requirements dur-*
5 *ing such period. For any State which is not certified under*
6 *this subsection on any October 31, the Secretary of Labor*
7 *shall within 10 days thereafter notify the Secretary of the*
8 *reduction in the credit allowable to taxpayers subject to the*
9 *unemployment compensation law of such State pursuant to*
10 *section 3302(c)(4).*

11 *"(b) NOTICE TO GOVERNOR OF NONCERTIFICATION.—*
12 *"If at any time the Secretary of Labor has reason to be-*
13 *lieve that a State may not be certified under subsection (a)*
14 *he shall promptly notify the Governor of such State.*

15 *"(c) REQUIREMENTS.—*

16 *"(1) WITH RESPECT TO BENEFIT YEARS BEGIN-*
17 *NING ON OR AFTER JULY 1, 1968.—*

18 *"(A) the State law shall not require that an*
19 *individual have more than 20 weeks of employment*
20 *(or the equivalent as provided in subsection (4))*
21 *in the base period to qualify for unemployment com-*
22 *pensation;*

23 *"(B) the State law shall provide that the*
24 *weekly benefit amount of any eligible individual*
25 *for a week of total unemployment shall be (i) an*

amount equal to at least one-half of such individual's average weekly wage as determined by the State agency, or (ii) the State maximum weekly benefit amount (exclusive of allowances with respect to dependents) payable with respect to such week under such law, whichever is the lesser;

"(C) the State law shall provide for an individual with 20 weeks of employment (or the equivalent) in the base period, benefits in a benefit year equal to at least 26 times his weekly benefit amount. Any weekly benefit amount payable under a State law may be rounded to an even dollar amount in accordance with such State law.

"(2) The State maximum weekly benefit amount (exclusive of allowances with respect to dependents) shall be no less than 50 percent of the Statewide average weekly wage most recently computed before the beginning of any benefit year which begins after June 30, 1968.

"(3) In determining whether an individual has 20 weeks of employment, there must be counted as a week, any week in which the individual earned at least 25 percent of the Statewide average weekly wage.

"(4) For the purpose of subsections (c)(1)(A)

1 *and (C), the equivalent of 20 weeks of employment*
2 *in a State which uses high-quarter wages is total base*
3 *period wages equal to five times the Statewide average*
4 *weekly wage, and either one and one-half times the*
5 *individual's high-quarter earnings or forty times his*
6 *weekly benefit amount, whichever is appropriate under*
7 *State law.*
8 *"(d) DEFINITIONS.—*
9 *"(1) 'benefit year' means a period as defined in*
10 *State law except that it shall not exceed one year be-*
11 *ginning subsequent to the end of an individual's base*
12 *period.*
13 *"(2) 'base period' means a period as defined in*
14 *State law but it shall be fifty-two consecutive weeks, one*
15 *year, or four consecutive calendar quarters ending not*
16 *earlier than six months prior to the beginning of an*
17 *individual's benefit year.*
18 *"(3) 'high-quarter wages' means the amount of*
19 *wages for services performed in employment covered*
20 *under the State law paid to an individual in that quarter*
21 *of his base period in which such wages were highest,*
22 *irrespective of the limitation on the amount of wages*
23 *subject to contributions under such State law.*
24 *"(4) 'individual's average weekly wage' means an*

amount computed equal to (A) one-thirteenth of an individual's high-quarter wages, in a State which bases eligibility on high-quarter wages paid in the base period or (B) in any other State, the amount obtained by dividing the total amount of wages (irrespective of the limitation on the amount of wages subject to contributions under the State law) paid to such individual during his base period by the number of weeks in which he performed services in employment covered under such law during such period.

"(5) 'statewide average weekly wage' means the amount computed by the State agency at least once each year on the basis of the aggregate amount of wages, irrespective of the limitation on the amount of wages subject to contributions under such State law, reported by employers as paid for services covered under such State law during the first four of the last six completed calendar quarters prior to the effective date of the computation, divided by a figure representing fifty-two times the twelve-month average of the number of employees in the pay period which includes the twelfth day of each month during the same four calendar quarters, as reported by such employers."

1 *LIMITATION ON CREDIT AGAINST TAX*

2 *SEC. 210. (a) Section 3302 of the Internal Revenue*
3 *Code of 1954 is amended by adding at the end of subsection*
4 *(c) thereof a new paragraph (4) as follows:*

5 *"(4) If the unemployment compensation law of a*
6 *State has not been certified for a twelve-month period*
7 *ending on October 31 pursuant to section 3311(a),*
8 *then the total credits (after applying subsections (a) and*
9 *(b) and paragraphs (1), (2), and (3) of this sub-*
10 *section) otherwise allowable under this section for the*
11 *taxable year in which such October 31 occurs in the case*
12 *of a taxpayer subject to the unemployment compensa-*
13 *tion law of such State shall be reduced by the amount by*
14 *which 2.7 percent exceeds the four-year benefit cost rate*
15 *applicable to such State for such taxable year in accord-*
16 *ance with the notification of the Secretary of Labor pur-*
17 *suant to section 3311(a)."*

18 *(b) Subsection (d)(3)(C)(i) of section 3302 is*
19 *amended by substituting the term "4-year" for the term*
20 *"5-year."*

21 *(c) The heading for paragraph (5) of subsection (d)*

1 *of section 3302 is revised to read "4-YEAR BENEFIT COST*
2 *RATE", and the paragraph is amended to read:*
3 *"For purposes of subsection (c)(4) and subpara-*
4 *graph (C) of subsection (c)(3), the four-year benefit*
5 *cost rate applicable to any State for any taxable year is*
6 *that percentage obtained by dividing—*
7 *"(A) One-fourth of the total compensation paid*
8 *under the State unemployment compensation law*
9 *during the four-year period ending at the close of*
10 *the first calendar year preceding such taxable year,*
11 *by*
12 *"(B) The total of the remuneration subject to*
13 *contributions under the State unemployment com-*
14 *pensation law with respect to the first calendar year*
15 *preceding such taxable year. 'Remuneration' for*
16 *the purpose of this subparagraph shall include the*
17 *amount of wages for services covered under the*
18 *State law irrespective of the limitation of the amount*
19 *of wages subject to contributions under such State*
20 *law paid to an individual by an employer during*
21 *any calendar year beginning with 1968 up to*

1 *$3,900, and beginning with 1972, up to $4,800;*
2 *for States for which it is necessary, the Secretary of*
3 *Labor shall estimate the remuneration with respect*
4 *to the calendar year preceding the taxable year."*

5 TITLE II—FEDERAL-STATE EXTENDED UNEM-
6 PLOYMENT COMPENSATION PROGRAM

7 SHORT TITLE

8 SEC. 201. This title may be cited as the "Federal-
9 State Extended Unemployment Compensation Act of 1966".

10 PAYMENT OF EXTENDED COMPENSATION

11 State Law Requirements

12 SEC. 202. (a) (1) For purposes of section 3304 (a)
13 (11) of the Internal Revenue Code of 1954, a State law
14 shall provide that payment of extended compensation shall
15 be made, for any week of unemployment which begins in the
16 individual's eligibility period, to individuals who have ex-
17 hausted all rights to regular compensation under the State
18 law and who have no rights to regular compensation with
19 respect to such week under such law or any other State
20 unemployment compensation law or to compensation under
21 any other Federal law. For purposes of the preceding
22 sentence, an individual shall have exhausted his rights to
23 regular compensation under a State law (A) when no pay-
24 ments of regular compensation can be made under such law
25 because such individual has received all regular compensa-

1 tion available to him based on wage credits for his base
2 period, or (B) when his rights to such compensation have
3 terminated by reason of the expiration of the benefit year
4 with respect to which such rights existed.

5 (2) Except where inconsistent with the provisions of
6 this title, the terms and conditions of the State law which
7 apply to claims for regular compensation and to the pay-
8 ment thereof shall apply to claims for extended compensation
9 and to the payment thereof.

10 ~~State May Impose Special Eligibility Requirement~~

11 ~~(b) Notwithstanding subsection (a)(2), the State law~~
12 ~~may provide that to be eligible for extended compensation~~
13 ~~an individual must have had a number of weeks (specified~~
14 ~~in such law, but not to exceed twenty-six weeks) of covered~~
15 ~~employment in his base period (or a specified wage or work~~
16 ~~history which is the substantial equivalent.~~

17 Individuals' Compensation Accounts

18 ~~(d)~~ *(b)* (1) The State law shall provide that the State
19 will establish, for each eligible individual who files an applica-
20 tion therefor, an extended compensation account with respect
21 to such individual's benefit year. The amount established in
22 such account shall be ~~not less than~~ whichever of the following
23 is the least:

24 (A) 50 per centum of the total amount of regular

1 compensation (including dependents' allowances) pay-
2 able to him during such benefit year under such law,
3 (B) thirteen times his average weekly benefit
4 amount, or
5 (C) thirty-nine times his average weekly benefit
6 amount, reduced by the regular compensation paid (or
7 deemed paid) to him during such benefit year under
8 such ~~law;~~ *law.*
9 ~~except that the amount so determined shall (if the State law~~
10 ~~so provides) be reduced by the aggregate amount of addi-~~
11 ~~tional compensation paid (or deemed paid) to him under~~
12 ~~such law for prior weeks of unemployment in such benefit~~
13 ~~year which did not begin in an extended benefit period.~~
14 (2) For purposes of paragraph (1), an individual's
15 weekly benefit amount for a week is the amount of regular
16 compensation (including dependents' allowances) under the
17 State law payable to such individual for such week for total
18 unemployment.
19 EXTENDED BENEFIT PERIOD
20 Beginning and Ending
21 SEC. 203. (a) For purposes of this title, in the case of
22 any State, an extended benefit period—
23 (1) shall begin with the third week after which-
24 ever of the following weeks first occurs:

(A) a week for which there is a national "on" indicator, or

(B) a week for which there is a State "on" indicator; and

(2) shall end with the third week after the first week for which there is both a national "off" indicator and a State "off" indicator.

Special Rules

(b) (1) In the case of any State—

(A) no extended benefit period shall last for a period of less than thirteen consecutive weeks, *but if an extended benefit period begins by occurrence of a national "on" indicator, such extended benefit period shall last not less than thirteen consecutive weeks succeeding the third week following the "on" indicator*, and

(B) no extended benefit period may begin by reason of a State "on" indicator before the fourteenth week after the close of a prior extended benefit period with respect to such State.

(2) When a determination has been made that an extended benefit period is beginning or ending with respect to a State (or all the States), the Secretary shall cause notice of such determination to be published in the Federal Register.

1 **Eligibility Period**

2 (c) For purposes of this title, an individual's eligibility
3 period under the State law shall consist of the weeks in his
4 benefit year which begin in an extended benefit period and,
5 if his benefit year ends within such extended benefit period,
6 the next thirteen or fewer weeks which begin in such ex-
7 tended benefit period.

8 National "On" and "Off" Indicators

9 (d) For purposes of this section—

10 (1) There is a national "on" indicator for a week
11 if—

12 (A) for each of the three most recent calendar
13 months ending before such week, the rate of in-
14 sured unemployment (seasonally adjusted) for all
15 States equaled or exceeded 5 per centum (deter-
16 mined by reference to the average monthly covered
17 employment for the first four of the most recent six
18 calendar quarters ending before the month in ques-
19 tion), and

20 (B) the total number of claimants exhausting
21 their rights to regular compensation under all State
22 laws during the period consisting of such three
23 months equaled or exceeded 1 per centum of av-
24 erage monthly covered employment under all State
25 laws for the first four of the most recent six calendar

1 quarters ending before the beginning of such period.

2 (2) There is a national "off" indicator for a week

3 if either—

4 (A) for the most recent calendar month ending

5 before such week, the rate of insured unemploy-

6 ment (seasonally adjusted) for all States was less

7 than 5 per centum (determined by reference to the

8 average monthly covered employment for the first

9 four of the most recent six calendar quarters ending

10 before such month), or

11 (B) paragraph (1) (B) was not satisfied with

12 respect to such week.

13 State "On" and "Off" Indicators

14 (e) For purposes of this section—

15 (1) There is a State "on" indicator for a week if

16 the rate of insured unemployment under the State law

17 for the period consisting of such week and the immedi-

18 ately preceding twelve weeks—

19 (A) equaled or exceeded 120 per centum of the

20 average of such rates for the corresponding thirteen-

21 week period ending in each of the preceding two

22 calendar years, and

23 (B) equaled or exceeded 3 per centum.

24 (2) There is a State "off" indicator for a week if,

25 for the period consisting of such week and the immedi-

1 ately preceding twelve weeks, either subparagraph (A)
2 or subparagraph (B) of paragraph (1) was not satisfied.
3 For purposes of this subsection, the rate of insured unemploy-
4 ment for any 13-week period shall be determined by reference
5 to the average monthly covered employment under the State
6 law for the first four of the most recent six calendar quarters
7 ending before the close of such period.

8 Rate of Insured Unemployment; Covered Employment

9 (f) (1) For purposes of subsections (d) and (e), the
10 term "rate of insured unemployment" means the percentage
11 arrived at by dividing—

12 (A) the average weekly number of individuals
13 filing claims for weeks of unemployment with respect to
14 the specified period, as determined on the basis of the
15 reports made by all State agencies (or, in the case of
16 subsection (e), by the State agency) to the Secretary,
17 by

18 (B) the average monthly covered employment for
19 the specified period.

20 (2) Determinations under subsection (d) shall be made
21 by the Secretary in accordance with regulations prescribed
22 by him.

23 (3) Determinations under subsection (e) shall be made
24 by the State agency in accordance with regulations pre-
25 scribed by the Secretary.

1 **PAYMENTS TO STATES**

2 **Amount Payable**

3 **SEC. 204. (a) (1) There shall be paid to each State an**

4 amount equal to ~~one-half of~~ the sum of—

5 (A) the ~~sharable~~ extended compensation, and

6 (B) the ~~sharable~~ *reimbursable* regular compensa-

7 tion,

8 **paid to individuals under the State law.**

9 **(2) No payment shall be made to any State under**

10 **this subsection in respect of compensation for which the State**

11 **is entitled to reimbursement under the provisions of any Fed-**

12 **eral law other than this Act.**

13 ~~Sharable Extended Compensation~~

14 ~~(b) For purposes of subsection (a) (1) (A), extended~~

15 ~~compensation paid to an individual for weeks of unemploy-~~

16 ~~ment in such individual's eligibility period is sharable ex-~~

17 ~~tended compensation to the extent that the aggregate ex-~~

18 ~~tended compensation paid to such individual with respect to~~

19 ~~any benefit year does not exceed the smallest of the amounts~~

20 ~~referred to in subparagraphs (A), (B), and (C) of section~~

21 ~~202 (d) (1).~~

22 ~~Sharable~~ *Reimbursable* Regular Compensation

23 ~~(c)~~ *(b)* For purposes of subsection (a) (1) (B), regu-

24 lar compensation paid to an individual for a week of unem-

25 ployment is ~~sharable~~ *reimbursable* regular compensation—

1 (1) if such week is in such individual's eligibility
2 period (determined under section 203 (c)), and
3 (2) to the extent that the sum of such compensation,
4 plus the regular compensation paid (or deemed paid)
5 to him with respect to prior weeks of unemployment in
6 the benefit year, exceeds twenty-six times (and does not
7 exceed thirty-nine times) the average weekly benefit
8 amount (including allowances for dependents) for weeks
9 of total unemployment payable to such individual under
10 the State law in such benefit year.

11 Payment on Calendar Month Basis

12 ~~(d)~~ *(c)* There shall be paid to each State either in ad-
13 vance of by way of reimbursement, as may be determined by
14 the Secretary, such sum as the Secretary estimates the State
15 will be entitled to receive under this title for each calendar
16 month, reduced or increased, as the case may be, by any
17 sum by which the Secretary finds that his estimates for any
18 prior calendar month were greater or less than the amounts
19 which should have been paid to the State. Such estimates
20 may be made upon the basis of such statistical, sampling,
21 or other method as may be agreed upon by the Secretary and
22 the State agency.

23 Certification

24 ~~(e)~~ *(d)* The Secretary shall from time to time certify to
25 the Secretary of the Treasury for payment to each State the

1 sums payable to such State under this section. The Secre-
2 tary of the Treasury, prior to audit or settlement by the
3 General Accounting Office, shall make payment to the State
4 in accordance with such certification, by transfers from the
5 extended unemployment compensation account to the ac-
6 count of such State in the unemployment trust fund.

7 DEFINITIONS

8 SEC. 205. For purposes of this title—

9 (1) The term "compensation" means cash benefits
10 payable to individuals with respect to their unemploy-
11 ment.

12 (2) The term "regular compensation" means com-
13 pensation payable to an individual under any State un-
14 employment compensation law (including compensation
15 payable pursuant to title XV of the Social Security
16 Act), other than extended compensation and additional
17 compensation.

18 (3) The term "extended compensation" means
19 compensation (including additional compensation and
20 compensation payable pursuant to title XV of the Social
21 Security Act) payable for weeks of unemployment be-
22 ginning in an extended benefit period to an individual
23 under those provisions of the State law which satisfy the
24 requirements of this title with respect to the payment of
25 extended compensation.

1 (4) The term "additional compensation" means
2 compensation payable to exhaustees by reason of con-
3 ditions of high unemployment or by reason of other
4 special factors.
5 (5) The term "benefit year" means the benefit year
6 as defined in the applicable State law.
7 (6) The term "base period" means the base period
8 as determined under applicable State law for the benefit
9 year.
10 (7) The term "Secretary" means the Secretary of
11 Labor of the United States.
12 (8) The term "State" includes the District of Co-
13 lumbia and the Commonwealth of Puerto Rico.
14 (9) The term "State agency" means the agency of
15 the State which administers its State law.
16 (10) The term "State law" means the unemploy-
17 ment compensation law of the State, approved by the
18 Secretary under section 3304 of the Internal Revenue
19 Code of 1954.
20 (11) The term "week" means a week as defined in
21 the applicable State law.
22 EXTENDED UNEMPLOYMENT COMPENSATION ACCOUNT
23 SEC. 206. (a) Title IX of the Social Security Act is
24 amended by striking out section 905 and inserting in lieu
25 thereof the following new section:

1 "EXTENDED UNEMPLOYMENT COMPENSATION
2 ACCOUNT

3 "ESTABLISHMENT OF ACCOUNT

4 "SEC. 905. (a) There is hereby established in the
5 Unemployment Trust Fund an extended unemployment
6 compensation account. For the purposes provided for in
7 section 904(e), such account shall be maintained as a sep-
8 arate book account.

9 "Transfers to Account

10 "(b) (1) The Secretary of the Treasury shall transfer
11 (as of the close of January 1968, and each month there-
12 after), from the employment security administration account
13 to the extended unemployment compensation account estab-
14 lished by subsection (a), an amount determined by him to
15 be equal, *in the case of the calendar year 1968*, to ~~16⅔ per~~
16 ~~centum~~ *one-sixth, and in the case of any calendar year there-*
17 *after, one-fourth*, of the amount by which—

18 "(A) transfers to the employment security admin-
19 istration account pursuant to section 901 (b) (2) during
20 such month, exceed

21 "(B) payments during such month from the em-
22 ployment security administration account pursuant to
23 section 901 (b) (3) and (d).

24 If for any such month the payments referred to in subpara-
25 graph (B) exceed the transfers referred to in subparagraph

1 (A), proper adjustments shall be made in the amounts
2 subsequently transferred.
3 "(2) Whenever the Secretary of the Treasury deter-
4 mines pursuant to section 901 (f) that there is an excess in
5 the employment security administration account as of the
6 close of any fiscal year beginning after June 30, 1967, there
7 shall be transferred (as of the beginning of the succeeding
8 fiscal year) to the extended unemployment compensation
9 account the total amount of such excess or so much thereof
10 as is required to increase the amount in the extended un-
11 employment compensation account to whichever of the fol-
12 lowing is the greater:
13 "(A) ~~$500,000,000~~ *$1,000,000,* or
14 "(B) the amount (determined by the Secretary of
15 Labor and certified by him to the Secretary of the
16 Treasury equal to ~~two-tenths~~ *four-tenths* of 1 per cen-
17 tum of the total wages subject (determined without any
18 limitation on amount) to contributions under all State
19 unemployment compensation laws for the calendar year
20 ending during the fiscal year for which the excess is
21 determined.
22 "Transfers to State Accounts
23 "(c) Amounts in the extended unemployment com-
24 pensation fund shall be available for transfer to the accounts
25 of the States in the unemployment trust fund as provided by

1 section 204~~(c)~~*(d)* of the Federal-State Extended Unem-
2 ployment Compensation Act of 1966.

3 "Transfers to Federal Unemployment Account

4 "(d) If the balance in the extended unemployment
5 compensation account as of the close of any fiscal year ex-
6 ceeds the greater of the amounts referred to in subparagraphs
7 (A) and (B) of subsection (b) (2), the Secretary of the
8 Treasury shall transfer (as of the close of such fiscal year)
9 from such account to the Federal unemployment account an
10 amount equal to such excess. In applying section 902 (b),
11 any amount transferred pursuant to this subsection as of the
12 close of any fiscal year shall be treated as an amount in the
13 Federal unemployment account as of the close of such fiscal
14 year.

15 "Advances to Extended Unemployment Compensation
16 Account

17 "(e) There are hereby authorized to be appropriated
18 to the extended unemployment compensation account, as
19 repayable advances (without interest), such sums as may be
20 necessary to provide for the transfers referred to in sub-
21 section (c)."

22 (b) (1) Section 901 (f) (3) of the Social Security Act
23 is amended by striking out "to the Federal unemployment
24 account" and inserting in lieu thereof "to the extended unem-

1 ployment compensation account, to the Federal unemploy-
2 ment account, or both,".

3 (2) Section 902 (a) of such Act is amended by striking
4 out "the total amount of such excess" and inserting in lieu
5 thereof "the portion of such excess remaining after the appli-
6 cation of section 905 (b) (2)".

7 (3) The second sentence of section 1203 of such Act
8 is amended to read as follows: "Whenever, after the appli-
9 cation of section 901 (f) (3) with respect to the excess in
10 the employment security administration account as of the
11 close of any fiscal year, there remains any portion of such
12 excess, so much of such remainder as does not exceed the
13 balances of advances made pursuant to section 905 (e) or
14 this section shall be transferred to the general fund of the
15 Treasury and shall be credited against, and shall operate to
16 reduce, first the balance of advances under section 905 (e)
17 and then the balance of advances under this section."

18 APPROVAL OF STATE LAWS

19 SEC. 207. Section 3304 (a) of the Internal Revenue
20 Code of 1954 is amended by inserting after paragraph (10)
21 (added by section 121 (a) of this Act) the following new
22 paragraph:

23 "(11) extended compensation shall be payable as
24 provided by the Federal-State Extended Unemployment
25 Compensation Act of 1966; and".

1 EFFECTIVE DATES

2 SEC. 208. (a) In applying section 203, no extended
3 benefit period may begin with a week beginning before
4 January 1, 1969.

5 (b) Section 204 shall apply with respect to weeks of
6 unemployment beginning after December 31, 1968.

7 (c) The amendment made by section 207 shall apply to
8 the taxable year 1969 and taxable years thereafter.

9 TITLE III—FINANCING

10 INCREASE IN TAX RATE

11 SEC. 301. (a) Section 3301 of the Internal Revenue
12 Code of 1954 (relating to rate of tax under Federal Unem-
13 ployment Tax Act) is amended—

14 (1) by striking out "1961" and inserting in lieu
15 thereof "1967",

16 (2) by striking out "3.1 percent" in the first sen-
17 tence and inserting in lieu thereof "3.3 percent", and

18 (3) by striking out the last two sentences.

19 (b) The amendments made by subsection (a) shall ap-
20 ply with respect to the calendar year 1967 and calendar
21 years thereafter.

22 INCREASE IN WAGE BASE

23 SEC. 302. (a) Effective with respect to remuneration
24 paid after December 31, ~~1968~~ *1967*, section 3306 (b) (1) of
25 the Internal Revenue Code of 1954 is amended by striking

1 out "$3,000" each place it appears and inserting in lieu
2 thereof "$3,900".
3 (b) Effective with respect to remuneration paid after
4 December 31, 1971, section 3306 (b) (1) of such Code (as
5 amended by subsection (a)) is amended by striking out
6 "$3,900" each place it appears and inserting in lieu thereof
7 ~~"$1,200"~~ *"$4,800"*.

Passed the House of Representatives June 22, 1966.

Attest: RALPH R. ROBERTS,
Clerk.

[COMMITTEE PRINT]

JULY 29, 1966

Calendar No.

89TH CONGRESS
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[Report No.]

AN ACT

To extend and improve the Federal-State unemployment compensation program.

JUNE 23, 1966

Read twice and referred to the Committee on Finance

JULY , 1966

Reported with amendments