

Calendar No. 1227

75TH CONGRESS }
1st Session }

SENATE

{ REPORT
No. 1178

CARRYING OUT UNEMPLOYMENT-COMPENSATION LAW

AUGUST 9 (calendar day, Aug. 12), 1937.—Ordered to be printed

Mr. CLARK, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H. R. 8174]

The Committee on Finance, to whom was referred the bill (H. R. 8174) to make available to each State which enacted in 1937 an approved unemployment-compensation law a portion of the proceeds from the Federal employers' tax in such State for the year 1936, having considered the same, report favorably thereon without amendment and recommend that the bill be passed.

The purpose of the bill is fully explained in the report of the Committee on Ways and Means, House of Representatives, which is incorporated herein and made a part of this report.

[S. Rept. No. 1472, 75th Cong., 1st sess.]

The Committee on Ways and Means, to whom was referred the bill (H. R. 8174) to make available to each State which enacted in 1937 an approved unemployment-compensation law a portion of the proceeds from the Federal employers' tax in such State for the year 1936, having had the same under consideration, unanimously report the bill back to the House without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The object of the bill (H. R. 8174) is to place all the States and Territories complying with the unemployment-insurance provisions of the Social Security Act on the same basis with respect to their unemployment-insurance funds.

Title IX of the Social Security Act fixed the date December 31, 1936, as the last day for the State to comply with its provisions.

In those States which were able to comply the employers paid 90 percent of the Federal tax into a State unemployment fund and received credit therefor in their returns.

Thirty-five States passed unemployment-compensation laws prior to the 31st of December 1936. Most of the States called special sessions of the legislatures. The following 13 States and Territories, for valid reasons, were either unable to do so or failed during special sessions of their legislatures to enact such laws prior to December 31, 1936: Arkansas, Delaware, Georgia, Florida, Illinois, Kansas,

Missouri, Montana, Nebraska, Nevada, North Dakota, Washington, Wyoming, and the Territories of Hawaii and Alaska.

The effect of such noncompliance is that the employers in those States and Territories were required to pay the entire amount into the Federal Treasury instead of paying 90 percent of it to the unemployment fund of their respective States.

All of the above States and Territories have since January 1, 1937, passed such acts, and they have been approved by the Social Security Board.

The Social Security Act was not passed and approved until August 1935, and the State legislatures meeting that year had adjourned. Only four State legislatures met in regular session in 1936. Therefore, unless a special session of such legislatures were called and laws enacted it was not possible to comply within the time limit fixed by the Social Security Act, and where, because it may not have been possible to have a special session, or failure of the legislature during a special session to act before December 31, 1936, the unemployment fund of that State has lost the tax for 1936, and those who will ultimately enjoy the benefits of unemployment compensation in those States will be penalized to that extent unless the money paid into the Treasury is made available to their unemployment insurance funds.

H. R. 8174 authorizes the appropriation of 90 percent of the amount paid in 1936 by the employers of the 13 States and 2 Territories complying in 1937 for the benefit of their unemployment fund.

Due to the fact that taxpayers are permitted to pay the Federal tax in the same manner as income taxes, the last installment will not be due until December 15, 1937. Therefore it is not possible to determine at this time the exact amount each State will be entitled to.

Neither the Treasury Department nor the Social Security Board object to the bill, and the committee unanimously recommend its enactment.

