

**THE ESTABLISHMENT AND MAINTENANCE  
OF  
WAGE RECORDS**

**FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD  
BUREAU OF OLD AGE AND SURVIVORS INSURANCE  
ACCOUNTING OPERATIONS DIVISION  
BALTIMORE, MARYLAND**

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**THE HOME OF THE ACCOUNTING OPERATIONS DIVISION  
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The original Social Security Act, as enacted by the Congress of the United States in 1935, provided that every employee who was engaged in employment specifically covered by the Act should receive a single cash payment based on his wages received in covered employment prior to January 1, 1942, if he attained age 65 before that date. It was further provided that if an employee who was working in covered employment attained age 65 after January 1, 1942, he should receive an annuity based on his total wages in such employment and payable in the form of monthly benefits. In the event of the employee's death, a single cash payment based on his wages would be payable to his estate.

Far-reaching changes were made in the original Social Security Act by the amendments which were enacted by Congress in 1939. (See Appendix #1, back cover.) Under the original program more than 45,000,000 individual Social Security accounts were set up. Wages received in employment covered by the program for 1937, 1938, and 1939 were reported periodically by employers and were posted to the wage earners' individual accounts during those three years. Lump-sum insurance payments were made to almost 400,000 workers who had already reached age 65 and who could not, therefore, qualify for the monthly benefits under the original law, and to the estates of those who had died.

The Social Security Act amendments provided for payments of monthly benefits to begin as of January 1, 1940. They provided for more liberal benefits to those persons retiring in the early years under the Act, as well as provision for monthly benefits to the aged wives and dependent children of annuitants, and to the survivors of insured wage earners. The Amendments extended the protection of the system to over 1,000,000 people who were not included before. At the same time they provided for keeping the payroll taxes in connection with the program at 1% each for workers and employers through 1942, whereas under the old law the tax rate would have increased in 1940 to 1½% each.

Under the Amendments, the older workers in particular benefit in several ways. For instance, those persons over age 65 under the original Act were not entitled to receive benefits from the amounts they had earned after reaching age 65. Under the Amendments these individuals may continue to work and the wages reported for such employment will continue to be added to the total of their accounts. The periods of covered employment will be counted in determining whether or not they may qualify for a retirement annuity. Workers who have received lump-sum payments under the original Act may now receive monthly benefits, if they meet the necessary requirements, although the total amount of the lump-sum payment will be deducted before they receive their first monthly benefit check. The Amendments also provided for a benefit based upon the average monthly wage received while in covered employment, rather than upon the total wages

received while working. This change materially benefited the older workers and gave proportionately higher benefits to the lower paid workers. Only five really large groups of workers are still excluded from coverage under the Social Security Act. These are the agricultural laborers, domestic workers, Federal and State government employees, teachers, or other individuals employed by charitable, educational or religious organizations, and those who are self-employed.

Under the new formula for monthly benefits, 40% of the first \$50.00 of an employee's average monthly wage, or \$20.00, plus 10% of the next \$200.00 is taken as the basic monthly benefit. This basic amount is increased by 1% for each year in which the employee earns at least \$200.00 in covered employment. (For information regarding the manner in which claims are filed, see Appendix #2, page 33.)

For purposes of administration, the Social Security Act established a Social Security Board to be composed of three members to be appointed by the President of the United States, by and with the advice and consent of the Senate. The Board was given the responsibility for "studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matter of administrative policy concerning old-age pensions, unemployment compensation, accident compensation, and related subjects." This Board played a very active part in achieving the more liberal benefits provided for in the Social Security Act Amendments of 1939.

One of the first problems faced by the Social Security Board was the need for an organization which could assume the operative functions of the program as a whole, and through which administrative responsibility and authority could be delegated as necessary. As this organization finally took shape, it was the Bureau of Old-Age and Survivors Insurance which became responsible for the administration and supervision of the functions controlled by the old-age and survivors insurance provisions of the Social Security Act. Public assistance and unemployment compensation are administered by separate agencies in the various States, subject to supervision by the Social Security Board.

In the field, the Bureau of Old-Age and Survivors Insurance operates on a national scale through twelve regional offices (see Appendix #3, page 35) and through some 478 field offices (see Appendix #4, page 37). The twelve regional offices are concerned with all phases of the Social Security program, while the field offices are administered directly by the Bureau under the general supervision of the Directors of the regions in which they are located. It is the duty of the field offices to assign account numbers to those individuals covered by the provisions of the Social Security Act, to furnish duplicate cards to those employees who have lost their account number cards, to accept applications for claims and to adjudicate such claims, to investigate and to develop accurate wage data when such information has been incompletely or incorrectly reported by the employers, to make educational contacts with new employers, and to maintain and promote a varied number of related services for the benefit of both the general public and the Social Security Board.

In further fulfilling its obligation for the administration of the Social Security Act, the Social Security Board delegates to the Accounting Operations Division of the Bureau of Old-Age and Survivors Insurance the responsibility for the establishment and maintenance of complete and detailed records of the wages reported for *individual* employees by their employers. The absolute necessity for preserving this "individuality" in the records for each of the millions of workers covered by the provisions of the original Social Security Act presented one of the first great administrative problems for which the Board was required to find a satisfactory solution. It was obvious from the beginning that no temporary expedient would suffice. Not only was it essential to identify permanently the account of each individual who was to be covered by the first registration, but it was equally important that any system of identification which was adopted should be sufficiently elastic within its physical limits to function efficiently year after year as millions upon millions of additional accounts became established under it. The "Social Security account number" became the final answer to the problem, and the Accounting Operations Division became the agency which was to bear the greatest part of the responsibility in making the account number actually do the job for which it was intended.

Over 84,000,000 Social Security account numbers have been assigned up to the present time. Each number is composed of nine digits. The first three digits represent the particular State or possession of the United States in which the number has been assigned, and taken together are known as the "area number." (See Appendix #5, page 38, for the allocation of area numbers.) The fourth and fifth digits of the account number are separated from the first three digits by a hyphen and are identified as the "group number." This part of the account number has no significance except as a numerical indication of the ten-thousand series in which the serial number (the last four digits of the account number) has been assigned.

The 700 area series of account numbers has been used exclusively by the Railroad Retirement Board for the assignment of some 2,400,000 account numbers in connection with the administration of the United States Railroad Retirement Act. Railroad employees have a separate social insurance from the one provided in the Social Security Act. Account numbers are assigned to such employees by the Railroad Retirement Board instead of by the Social Security Board, but the Accounting Operations Division maintains a record of all of the numbers so assigned. These numbers and the Social Security account numbers may be used interchangeably, however, once they have been assigned. For example, an individual who enters railroad employment, and who has not already been assigned a Social Security number, will be assigned a number in the railroad or "700" series. If he subsequently becomes engaged in employment covered by the Social Security Act he may use his railroad account number. Where a Social Security account number has already been assigned to an individual who enters railroad employment, that number will be accepted by the Railroad Retirement Board for its records. Regardless of the series in which the account number is assigned, however,

all wages earned in railroad employment are recorded by the Railroad Retirement Board, while wages earned in employment included under the Social Security Act must be reported to the Social Security Board. The actual wage records of one Board are not duplicated or considered by the other, and if an employee wishes to obtain a statement of the wages credited to his account, he must request it from the Board to which such wages were reported. (For information concerning wage statements issued by the Social Security Board, see Appendix #6, page 39.)

To obtain a Social Security account number, an individual must complete an application, Form SS-5 (see App. 16, page 67), which is then either carried or mailed to the nearest field office. The Form SS-5 contains spaces in which the employee enters the following information:

1. His complete name as it has been given to his employer.
2. His mailing address.
3. The name given him at birth.
4. His age on his last birthday.
5. The date of his birth.
6. The place of his birth.
7. His father's full name.
8. His mother's maiden name.
9. Sex.
10. Color or race.
11. An indication as to whether he has ever before applied for a Social Security account number or a Railroad Retirement number, and, if so, the place and date of such application.
12. The business name and address of the employer.
13. The date on which the application is signed.
14. The employee's signature as usually written.

When the Form SS-5 is received in the field office, the applicant's name is typed on the upper part of an Account Number Card, Form OA-702 (see page 68) and his name and address are typed on the bottom part, or stub. The Form OA-702 is a continuous form, in duplicate, and is preprinted with an account number in three places - on the upper and lower portions of the original copy, and on the upper portion of the duplicate copy.

After the Account Number Card has been typed and reviewed, the original copy of the card is torn off and given or sent to the employee as a record of the account number which has been assigned to him. The card is perforated horizontally across the center so that the upper and lower portions may be easily separated, and the employee is requested to detach the stub and keep it in a safe place in order that he may have a record of his account number in the event the upper portion of the card is lost. A duplicate account number card may be issued immediately by any field office of the Board, if the employee is able to present the stub of his original card.

The carbon copies of the Forms OA-702 and the related applications, Form SS-5, are mailed regularly every few days, or even every day in some cases, to the Accounting Operations Division. Each group of forms is forwarded in numerical order, accompanied by a Transmittal Record, Form OAAN-5001, (see App. 16, page 67), which indicates the issuing field office, the date of transmission, and the account numbers represented by the forms that are being transmitted.

When the groups of Forms SS-5 and OA-702 are received in the Accounting Operations Division, they are checked against the transmittal record, and against each other, to make certain that none are missing. The receipts from field offices in the same region are then combined for processing purposes in units of work, or "blocks," of approximately five hundred items each (an item being one Form SS-5 and the related Form OA-702). The necessary controls are then set up (see Appendix #7, page 41), and the blocks of forms are routed for coding.

The numerical coding of Forms SS-5 is the first important operation in the processing of an employee's application for an account number in the Accounting Operations Division. This coding is done for several reasons. In the first place, all of the basic records for the employee's account are prepared by machine from 80-column tabulating cards, which makes it necessary to reduce the essential information to as concise a form as possible. In addition, it is necessary to code the employee's surname for filing in the national alphabetical index, an index which is based on the sound of the surname as well as on its spelling.

In coding the information on the Form SS-5, both sex and color are coded with one-digit numerical codes. The date of birth is coded numerically as follows:

Month - Coded 1 through 12  
Day - Coded 1 through 31  
Year - Coded by the last two digits

The employee's name is coded on the Form SS-5 according to the Soundex system (see Appendix #9, page 47). Briefly, the Soundex coding system is a method of classifying names under the sounds of their major consonants. Each surname is reduced to a three-digit numerical code. Any variations of the name used in establishing the account are also coded when it is necessary to make cross-references for such variations (for rules governing cross-references, see page 43). Where a cross-reference is to be made, a one- or two-digit alphabetical code is also added to indicate whether the cross-reference is for a given name or a surname.

After the blocks of Forms SS-5 have been coded, they are routed to the operators of the alphabetic duplicating key punch machines. It is the job of these operators to transcribe the data from the Office Record forms to tabulating cards on which it then appears in the form of punched holes. In this operation, an Actuarial Card,

Form OAR-2001 (see Appendix #16, page 69), is used for the punching of the following information:

1. The account number.
2. The first ten letters of the employee's first name.
3. The first three letters of the middle name.
4. The first twelve letters of the surname.
5. The Soundex code.
6. The date of birth code.
7. Sex code.
8. Color code.
9. The date on which the account number was issued or assigned.

It might be noted that no attempt is made to punch all of the employee's middle name, since it is felt that the first three letters are a sufficient indication for all purposes. The first given name and the surname are of much greater importance for identification purposes, but in 98% or 99% of the items now in file the punching of the "first ten letters of the first name" and the "first twelve letters of the surname" will cover the complete names.

Where the operator notes that a cross-reference should be made for an additional name appearing on the Form SS-5, a cross-reference Actuarial Card, Form OAR-2001 (see Appendix #16, page 69), is punched in the same manner as the Actuarial Card, except that the name that is to be cross-referred and the related Soundex code are used, and the one- or two-letter cross-reference codes are added.

After the necessary Actuarial Cards and cross-reference cards have been punched for each block of Forms SS-5 and OA-702, the blocks are routed to an alphabetical interpreting machine. This machine is wired to read the information punched in each card and to print such data across the top of the card.

When the cards have been interpreted, and reviewed against the related Forms SS-5 and OA-702, the Forms OA-702 are detached from each block and held for forwarding to the State Employment Security agencies.

The Actuarial Cards are routed to a comparing reproducing machine where the punched information is reproduced into another tabulating card known as the Annual Summary Card, Form OAR-1004 (see Appendix #16, page 70). This Annual Summary Card is actually the master punch card for the account. It is also a balance forward card, a new card being prepared each year to indicate the total wages posted to the account to date.

After the information has been reproduced into the Annual Summary Card from the Actuarial Card, there remain enough spaces in the Summary Card to permit the subsequent punching of current earnings, total earnings to date, annual earnings, and an indication of the last period for which earnings have been posted.



The Annual Summary Cards are interpreted, and filed with the related Forms SS-5 in a Holding File.

The Actuarial Cards and Cross-Reference Cards are routed daily to a sorting machine operator who sorts them as follows:

1. Numerically by month, day and year of birth.
2. Alphabetically by the first letter of the middle name.
3. Alphabetically by the first seven letters of the first name.
4. Numerically by Soundex code.
5. Alphabetically by the first letter of the last name.

When this sort is completed, the cards are sent to an alphabetic accounting machine, equipped with a special form feed and notched platen so that a part of the information on the cards may be printed on what are known as Flex-O-Line strips. These strips are very thin pieces of wood, paper-covered on each side, which are purchased in rolls (see Appendix #18, page 74). The following information is printed on the strips from the cards: Soundex code, first twelve letters of the surname, first ten letters of the first name, first three letters of the middle name, date of birth, and account number.

Upon completion of the listing of the Flex-O-Line strips, the Actuarial Cards and Cross-Reference Cards are re-sorted to separate them, the Cross-Reference Cards are filed in the Holding File with the related Forms SS-5 and Annual Summary Cards, and the Actuarial Cards are sorted by States.

After the Actuarial Cards have been sorted with the exception of those from ten states, the following information is listed from them on Office Record and Cross-Reference Forms OAR-7001 (see page 76): First ten letters of the first name, first three letters of the middle name, first twelve letters of the last name, account number, date of birth, sex and color. The Actuarial cards for ten of the States are reproduced into Form OAR-2001 (manila). These reproduced cards are kept in alphabetical sequence but are not interpreted.

The Actuarial Cards are then held for the preparation of various statistical reports which are required by the Analysis Division from time to time. The Actuarial Card serves no further purpose in the establishment of the employee's account and is eventually destroyed.

Periodically, the carbon copies of the Forms OA-702 and the Forms OAR-7001 are forwarded to the Unemployment Compensation Agencies of the States in which the account numbers were assigned. In the case of the ten States for which Forms OAR-2001 were reproduced they will be forwarded to the State agencies rather than Forms OAR-7001. These separate State agencies are charged with the administration of the unemployment compensation provisions of the Social Security Act, but while they function independently of each other, all are under the supervision of the Social Security Board. The State agencies also use the Social Security account number as a means of identifying the employees covered by their laws, and have set up alphabetical and numerical files based on the Forms OA-702 and OAR-7001 furnished them by the Accounting Operations Division.

The Flex-O-Line strips are forwarded to the Flex-O-Line File for interfiling in their proper sequence in visible index panels. The Flex-O-Line File provided a national alphabetical Soundex code index of all employees registered under the Social Security Act, and contains a strip not only for the name under which each account has been established, but also one for any name cross-reference which is made. Approximately 98,000,000 of these strips have been filed to date. (For further information regarding the Flex-O-Line index, see Appendix #10, page 53.)



**VIEW OF THE FLEX-O-LINE FILES**

**FOREGROUND SHOWS THE FOUR TIER ARRANGEMENT  
OF THESE FILES**

At the end of each month, the blocks of Forms SS-5 which have been received during the month are photographed on 16 mm. microfilm at a reduction ratio of 17:1. Each block is photographed as a unit. After the Forms SS-5 in each block have been photographed, the films are developed. When the films have been developed, one set for each block is placed in a box showing the area, group and serial ("from" and "to") numbers, and filed in the Form SS-5 Film File.

After the Forms SS-5 have been photographed, they are sent to the Form SS-5 File to be filed in account number sequence.

At the time the Forms SS-5 are withdrawn from the Holding File (at the end of each month), the related Annual Summary Card and Cross-Reference Cards are also withdrawn and routed to an alphabetic accounting machine. The Annual Summary Cards are then listed on the Register of Accounts Established, Form OAAN-5014 (see Appendix #16, page 75). A new page is started for each hundred series of account numbers and the following information is printed for each account:

1. Date of birth.
2. Sex.
3. Color.
4. First ten letters of the first name.
5. First three letters of the middle name.
6. First twelve letters of the last name.
7. Account number.

The Form OAAN-5014 is a continuous pin-feed form, which is torn apart into pages when the Annual Summary Cards have been listed. These pages, together with the related Cross-Reference Cards, are then handed to a clerk who notes the necessary name cross-reference in ink opposite the related items.

When the Forms OAAN-5014 have been completed and reviewed, they are filed in numerical sequence, by hundred series, in post binders. This file is referred to as the Numerical Register, and furnishes in listed form a complete record of all account numbers that have been assigned.



FILES OF NUMERICAL REGISTER OF ACCOUNTS ESTABLISHED

The Annual Summary Cards for each block are routed to file. When, at a later date, wage records for the accounts in the block have been accumulated, and the Area is ready for posting, the Annual Summary Cards for a complete thousand series of accounts are removed from File and routed to an alphabetic accounting machine which is equipped with an automatic carriage. Here, the Annual Summary Cards are listed on Employee Ledger Sheets, Forms OAR-1001 (see Appendix #16, page 73). This ledger sheet is the form to which all wages reported for an employee by his employers are eventually posted. It is a reversible, continuous form adopted for a pin-feed listing. At the time the form is prepared the information shown below is printed on it on each side:

1. The four digits of the serial number of the account.
2. The first letter of the first name.
3. The first letter of the middle name.
4. The first twelve letters of the surname.
5. The complete account number.

After the ledger sheets have been headed with the information indicated above, they are routed to a bursting machine which cuts off the pin-feed holes and bursts the sheets apart. Where there is a surname Cross-Reference Card for a particular account, the following information is also machine printed from it on both sides of the ledger sheet immediately below the original heading:

1. The four digits of the serial number of the account.
2. The first letter of the first name.
3. The first letter of the middle name.
4. The first twelve letters of the surname.

In order that an automatic control may be placed on the ledger card feed during subsequent posting operations, it is necessary to have the proper serial number punched into the upper right-hand side of each ledger sheet. This number is punched in the space between the heading and the first posting line by means of specially designed Ledger Sheet Punches. This punching is the reverse of the method used in the punch cards, the "9" being in the topmost position and the "1" in the lower position. Zeros are not punched and show on the ledger sheet as blank columns. After the Employee Ledger Sheets have been printed and punched, they are filed in the Ledger File in account number sequence. The Annual Summary Cards are then filed in the Wage and Summary Card File in account number order.

The Cross-Reference Cards are sorted by machine so that they will be in separate groups by State area numbers and in alphabetical sequence by the first three letters of the surname. When this has been done, the cards are listed by means of an alphabetic accounting machine on Office Record and Cross-Reference Form OAR-7001 (see Appendix #16, page 76), to show the following information:

1. The first ten letters of the first name.
2. The first three letters of the middle name.
3. The first twelve letters of the surname.
4. The account number.

The Forms OAR-7001 are then mailed to the State Unemployment Compensation Agencies which hold the carbon copies of the related Forms OA-702. These State Agencies interfile the Forms OAR-7001 alphabetically with the Forms OA-702 which they have received for newly established accounts, so that they will have a current record of the various names that may be used by employees at their places of employment.

The Cross-Reference Cards are held for a period of one month for possible use in verifying the records which have been prepared from them and are then destroyed.

In addition to setting up certain basic records for all employees covered by the Social Security Act, the Accounting Operations Division also maintains records for identifying employers who are liable for the taxes imposed by the Act.

There are in the United States sixty-four districts for collecting internal revenue. The collection of all internal revenue is the responsibility of the Bureau of Internal Revenue of the Treasury Department, the actual collections being made locally through the sixty-four Internal Revenue District Offices. Employers who must report wages paid by them under the Social Security Act make their reports quarterly to the Office of the Collector of Internal Revenue in whose district their main place of business is located.

Every employer has an identification number assigned to his business. To obtain such a number, the employer files with his local Collector of Internal Revenue an application for identification number, Form SS-4 (see Appendix #16, page 78). This form contains spaces for the following information:

1. Name of employer.
2. Class of business (individual ownership, corporation, partnership, other.)
3. Trade name of business.
4. Address of principal place of business.
5. Total number of employees.
6. Exact nature of business, and principal products manufactured or services rendered.
7. An indication as to whether the employer operates more than one place of business, and, if so, the name, address, nature of business operated and the number of employees for each place.
8. Identifying information regarding the previous owner of the business, if any.

9. The first date after December 31, 1936 on which the employer had one or more employees being paid taxable wages.
10. Indication as to whether an application for identification number has been filed previously.
11. Date of application.
12. Signature of the person filing the application.
13. Title of the person filing the application.

When the Collector of Internal Revenue receives a Form SS-4 he has an addressograph plate embossed showing the name and address of the employer and his district identification number, or code. Two proofs are taken from this plate, each on a 3" x 5" card or paper. One copy is filed in the Collector's Office and the other is forwarded to the Accounting Operations Division with the related Form SS-4. In addition, Form SS-12 (see Appendix #16, page 79) is prepared and forwarded with the Form SS-4 and 3" x 5" card.

The Accounting Operations Division has established two files of employers: The file of Forms SS-4 arranged in alphabetical order, and the Register of Employer Identification Numbers which is separated into 64 parts, one for each Internal Revenue District in the country, and is arranged in numerical order.

All Employer Identification Numbers consist of nine digits, the first two representing the Internal Revenue District code, and the last seven, preceded by a dash, representing the serial number. The serial numbers were assigned in the beginning in alphabetical-number sequence. On November 25, 1943, however, the Accounting Operations Division began to assign in strict numerical sequence.

When a new Form SS-4 is received from the Collector of Internal Revenue, it is first checked to the file of Forms SS-4 to make certain that it is not a duplicate of a former application. If it is not a duplicate application, an Employer Identification Number must be assigned.

The name of the employer is entered in the Employer Register for the Internal Revenue District in which the employer files tax returns, opposite the next Employer Identification Number available for assignment. The Identification Number is then entered in ink in the upper right-hand corner of the Form SS-4 and the 3" x 5" card and Form SS-12 sent by the Collector with the Form SS-4. When Form SS-12 contains a trade name, it is filed in alphabetical sequence in the Form SS-4 file as a cross-reference.

After the employer identification number has been assigned to a new Form SS-4, or after a previously assigned number has been located, it is necessary to send a formal notification of the number to the employer and to the Collector of Internal Revenue who forwarded the form to the Accounting Operations Division. Form SS-6, Notification of Employer's Identification Number (see Appendix #16, page 80), is prepared in quadruplicate and the original and duplicate copies are forwarded to the

appropriate Collector of Internal Revenue, the duplicate copy to be used for his files and the original copy to be transmitted to the employer. The triplicate copy of the Form SS-6 is forwarded to the State Unemployment Compensation Agency so that office may have a complete record of the reporting employers in its area who may also come under the provisions of the unemployment compensation laws of the State. The quadruplicate copy of Forms SS-6 is forwarded to the Bureau of the Census.

It is the duty of the collector's office to add the identification number to the addressograph plate showing the employer's name, and address, and to print this information on each tax return form which is forwarded to the employer.

A 3" x 5" card on which the Employer Identification Number assigned has been entered is forwarded to the appropriate field office in order that it may have a record of all employers within its service area. A form letter is sent by the field office to each new employer advising him of the services that can be furnished to him by the field office and providing him with information relative to the filing of the necessary reports. He is also advised of the Identification Number which has been assigned to him, and told that an official notification will come to him from the Office of the Collector of Internal Revenue. This is done primarily to establish good relations between the employer and the Social Security Board, and to ensure correct reporting by the employer.

In the course of the assignment of the Employer Identification Number, Form SS-4 is coded. A four-digit numerical code is given to the type of industry in which the employer is engaged, and a four-digit geographical code is assigned to show the state, county, and city in which the employer is located. A one-digit code is assigned indicating the reason for birth of the business, and a two-digit code is assigned to indicate the date of business birth. When this has been done, a punch card, known as the Employer Birth Statistical Card, Form OAR-2022 (see Appendix #16, page 80), is prepared showing the following information:

1. Employer's name (first forty-one letters).
2. Employer Identification Number.
3. Geographical code.
4. Industrial code.
5. Size of concern (where number of employees is indicated on Form SS-4).
6. Reason for birth of business.
7. Date of birth of business.

An Employer Identification Card, Form OAR-1005 (see Appendix #16, page 71) is reproduced from the Employer Birth Statistical Card. The following information is reproduced into the card:

1. Accounting period (year and quarter).
2. Employer name (first forty-one letters).
3. Employer Identification Number.
4. Geographical code.
5. Industrial code.

After the Employer Identification Card has been prepared, the Employer Birth Statistical Cards are filed and used from time to time in preparing statistical information. The Employer Identification Card is then interpreted and another card, known as the SS-1a Report Card, Form OAR-1006, (see Appendix #16, page 71) is reproduced from it. In reproducing this card, only 23 columns are allowed for punching the employer name instead of 41 as in the original identification card. The geographical code is broken down and the two digits representing the State code and the two digits representing the county code are punched in separate positions in the card. The identification number is reproduced, as is the industrial code, and the period for which the next employer report is to be received is indicated. These periods are indicated numerically by quarters, and by year. "03" is indicated for the quarter January 1, through March 31; "06" is indicated for the period April 1 through June 30; "09" for the period July 1 through September 30; and "12" for the period October 1 through December 31. The year is expressed numerically by the last two digits, "41" meaning 1941, "42" meaning 1942, etc.

In addition to showing the period *for which* the report will be made, space is allotted for indicating the accounting quarter *in which* the Accounting Operations Division receives the report. This is particularly necessary in the handling of delinquent reports.

Space is also allotted in the Report Card for showing the establishment number. These concerns which may be termed as "multi-industry organizations," or "multi-unit organizations" have been asked, but are not required, to group each of their establishments within their reports and to head each grouping with a number for the establishment. The Social Security Board has been previously advised of this establishment number and the organization to which it refers. For example, the shoe manufacturer might conceivably have a tanning establishment located in one state, and a cardboard box factory for packing shoes and the actual shoe factory located in another state. This would mean that there were actually three establishments within that particular concern. While the wage reports would be sent to the Social Security Board through the Collector of Internal Revenue under the one employer identification number, the company would be asked to file its report in such a manner that the wages for each establishment would be kept separate under an establishment number which headed the report for each such group.

The SS-1a Report Card is interpreted and filed until such returns are received for the period indicated in the card. The Employer Identification card is filed in numerical sequence in the active Employer Identification Card File. Periodically, the Employer Identification Cards are



listed to provide a new register of all the Employer Identification Numbers that have been assigned. The information listed in the register is: name of employer, geographical code, industrial code, and Employer Identification Number assigned.



PREPARING EMPLOYER REGISTER

Collectors of Internal Revenue forward 3 x 5 cards on employers who are no longer reporting under the Social Security Act and from these cards the corresponding Employer Identification Cards are removed from the active file and placed in an inactive Employer Identification Card File. In addition, when an employer does not report any wages for four consecutive quarters his Employer Identification Card is placed in the inactive file. Every three months, the active Employer Identification Cards are withdrawn from file and a new set of Employer Report Cards are prepared. The SS-1a Report Cards which correspond to wage reports that have been received are used in processing the tax returns, as will be seen later. The Report Cards for which no corresponding tax return was received are transferred to a delinquent file of employers.

Under the provisions of the Social Security Act, as amended, the basic standard for determining insured status is the "quarter of

coverage," and such a quarter is defined as "a calendar quarter in which the individual has been paid not less than \$50.00 in wages." Monthly Benefits are payable only as the result of claims based upon the accounts of individuals who were "fully" or "currently" insured on the date of their entitlement or death, and these terms are defined by the Act as follows:

Section 209 (g) - The term "fully insured individual" means any individual with respect to whom it appears to the satisfaction of the Board that -

- (1) He had not less than one quarter of coverage for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever quarter is later and up to but excluding the quarter in which he attained the age sixty-five, or died, whichever first occurred, and in no case less than six quarters of coverage; or
- (2) He had at least forty quarters of coverage.

Section 209 (h) - The term "currently insured individual" means any individual with respect to whom it appears to the satisfaction of the Board that he has been paid wages of not less than \$50.00 for each of not less than six of the twelve calendar quarters, immediately preceding the quarter in which he died.

These regulations make it necessary for the Social Security Board to keep a record of the wages paid to covered employees by calendar quarters, and the Bureau of Internal Revenue cooperates by requiring employers to report such wages on the same basis. As has been mentioned previously, the closing dates of the four quarters are March 31, June 30, September 30, and December 31.

Every three months, prior to the close of the reporting period, each Internal Revenue Office withdraws from its file all of the Addressograph plates for the employers within its district and uses these plates to head the individual and employer tax returns, Forms SS-1a. These forms are sorted, inserted in window envelopes and mailed to the employers. The employer is allowed a full month after the end of the period to complete the forms and send them to the Collector of Internal Revenue with the proper remittance for the taxes due.

Each Form SS-1a has two parts - an upper portion which is the Employer's Tax Return, and a lower portion, or Schedule A, which is the Employer's Report of Taxable Wages Paid to Each Employee (for a sample of Form SS-1a, see Appendix #16, page 82). In completing the form, the employer must enter the following information:

*Employer's Tax Return*

1. Number of employees listed in Schedule A.
2. Total taxable wages PAID.
3. 1% of Item 2 (employer's tax).
4. Credit or adjustment (employer's tax).
5. Total employer's tax.
6. 1% of Item 2 (employees' tax).
7. Credit or adjustment (employees' tax).
8. Total employees' tax.
9. Total tax (total of Items 5 and 8).
10. Employer's name, address, and identification number (pre-printed by the Collector of Internal Revenue).
11. Signature and oath.
12. Date quarter ended.

*Schedule A*

13. Same as Item 10, above.
14. Date quarter ended.
15. Total pages of return.
16. Indication as to whether a change has occurred in the ownership of the business.
17. List of all employees' account numbers.
18. Corresponding name of employees.
19. Taxable wages paid to each of the listed employees.
20. The State in which each employee was employed.
21. Total taxable wages for the page, and, Total taxable wages for the complete return.
22. Number of taxable employees on payroll covering last pay period (or pay periods) of quarter.

If it is necessary for the employer to have additional space in order to list all of his employees, he uses as many Continuation Sheets, Forms SS-1b (see Appendix #16, page 83), as are required.

When the return is received by the Collector of Internal Revenue with the remittance for the taxes due, it is examined to verify the correctness of the computation of the tax payment and also to insure that account numbers have been reported for every employee listed. In the event that wages are reported for an employee and no account number is given for him, the Collector's Office sends a form letter to the employer notifying him of the omission and asking him to supply the necessary information. Copies of this letter are sent to the Social Security Board field office, servicing the area in which the employer is located, for follow-up purposes. When the entire return has been checked by the Office of the Collector of Internal Revenue, the upper portion of the first page of the return is detached, that is, the Employer's Tax Return is detached from the Schedule A. This upper portion is retained in file by the Collector of Internal Revenue.

The Schedules A, together with any accompanying Forms SS-1b, are then grouped together with other employers' returns in a unit of work known as a "field block." This "field block" consists of approximately one thousand wage items. (This does not mean employers' reports, but reported employee wage items. It might include two hundred employers' reports where each employer had only five employees; it might mean the report of only one employer with one thousand employees, or it might include only a portion of a large employer's report.) Any combination of reports that will add up to approximately one thousand employee wage items is taken as a field block. Wide tolerance is given in this approximation and there may be only seven or eight hundred items, or there may be twelve hundred items in a field block. When a field block has been made up, the office of the Collector of Internal Revenue prepares a transmittal Form, OAR-5008 (see Appendix #16, page 81), for it, listing the identification number of each reporting employer. A control number is then assigned to the field block and to the transmittal form. This control number consists of the letters a, b, c, or d, to designate the quarter of the year for which the block has been made up, followed by a three-digit control number issued in sequence as the blocks are prepared. The collector's office keeps a copy of the transmittal and forwards the block, together with the original transmittal form, to the Accounting Operations Division.

Upon receipt in the Accounting Operations Division, the block is checked to make certain that there is an account number for each wage item included on the reports, and the reports are put in numerical order by employer identification numbers. If an account number is missing, a carbon copy of the collector's form letter, listing the omissions, should be attached to the Schedule A. If this carbon copy is not attached, the Accounting Operations Division forwards a similar letter to the employer through the Field Office servicing the area in which the employer is located.

After the account number check, the wage items on each report are counted and the number is written in at the bottom of the first page of the report in blue pencil. This is necessary because the figure reported by the employer at the bottom of the page shows the number of employees in his employ at the end of the last payroll period of the quarter and there may be a considerable difference between this figure, which is needed for statistical purposes, and the actual number of wage items reported. The block of work is then grouped with nineteen other field blocks from the same collector's office into what is known as the master block, and a six-digit control number is assigned to each field block within the master block. Each control number consists of a four-digit master number, common to all of the field blocks in the master block, and a two-digit sub-block number, from 01 to 20, designating the particular field block. The sub-blocks are then routed to the file of SS-1a Report Cards. (For information concerning production control in this and subsequent operations, see Appendix #11, page 55.)

The SS-1a Report Cards corresponding to the employer reports included in the sub-blocks are withdrawn from file, and are routed with the related reports to the operator of a punching machine who punches the following information into the card for each report:

1. The total number of employees.
2. The total taxable wages paid.
3. Number of persons employed during the pay period ending nearest the 15th of the third month of the quarter covered by the return.

The master block number and the accounting quarter in which the report has been received are automatically duplicated into each SS-1a Report Card from a master card.

Upon completion of the punching of the SS-1a Report Cards, the blocks of work are ready to be associated with the individual accounts of the employees for whom wages have been reported. The first step in this part of the process which will eventually lead to the posting of wages to the Employee Ledger Sheets, is the punching of an Employee Wage Card, Form OAR-1003 (see Appendix #16, page 70) for each wage item listed on an employer's report. The wage cards are first punched manually with the following information:

1. The employee account number.
2. The initial of the employee's first name.
3. The initial of the employee's middle name.
4. The first seven letters of the employee's surname.
5. The number of the page on which the wage item has been reported.
6. The amount of taxable wage paid to the employee.
7. A two-digit code indicating the State in which the employee was employed.
8. A one-digit code to indicate the source of the wage item. (In these cases, a "1" indicates that the item was reported by the employer in the regular manner on Form SS-1a.)

If it is discovered that no account number has been reported for an individual, the employee's first name is punched instead of the account number, and a "9" is punched in Column 1 to indicate this omission.

As each Employee Wage Card is punched, it is stacked behind the related SS-1a Report Card, which was manually placed in the punching machine stacker, until the sub-block has been completed. It is not necessary to mechanically verify the punching of all of the Employee Wage Cards, since any errors which have been made will be caught in the subsequent balancing and collating operations. However, about



KEYPUNCHING EMPLOYEE WAGE CARDS  
FROM EMPLOYER'S TAX RETURNS - FORM SS-1A



ONE SECTION OF THE CENTRAL PUNCHING UNIT

10% of this work, or at least one block per week for each operator, is mechanically verified as a control on the accuracy of the people who are doing the punching.

As the sub-blocks are punched, and verified as necessary, they are forwarded to a comparing reproducer where the following information is gang-punched into the Employee Wage Cards from the related SS-1a Report Cards:

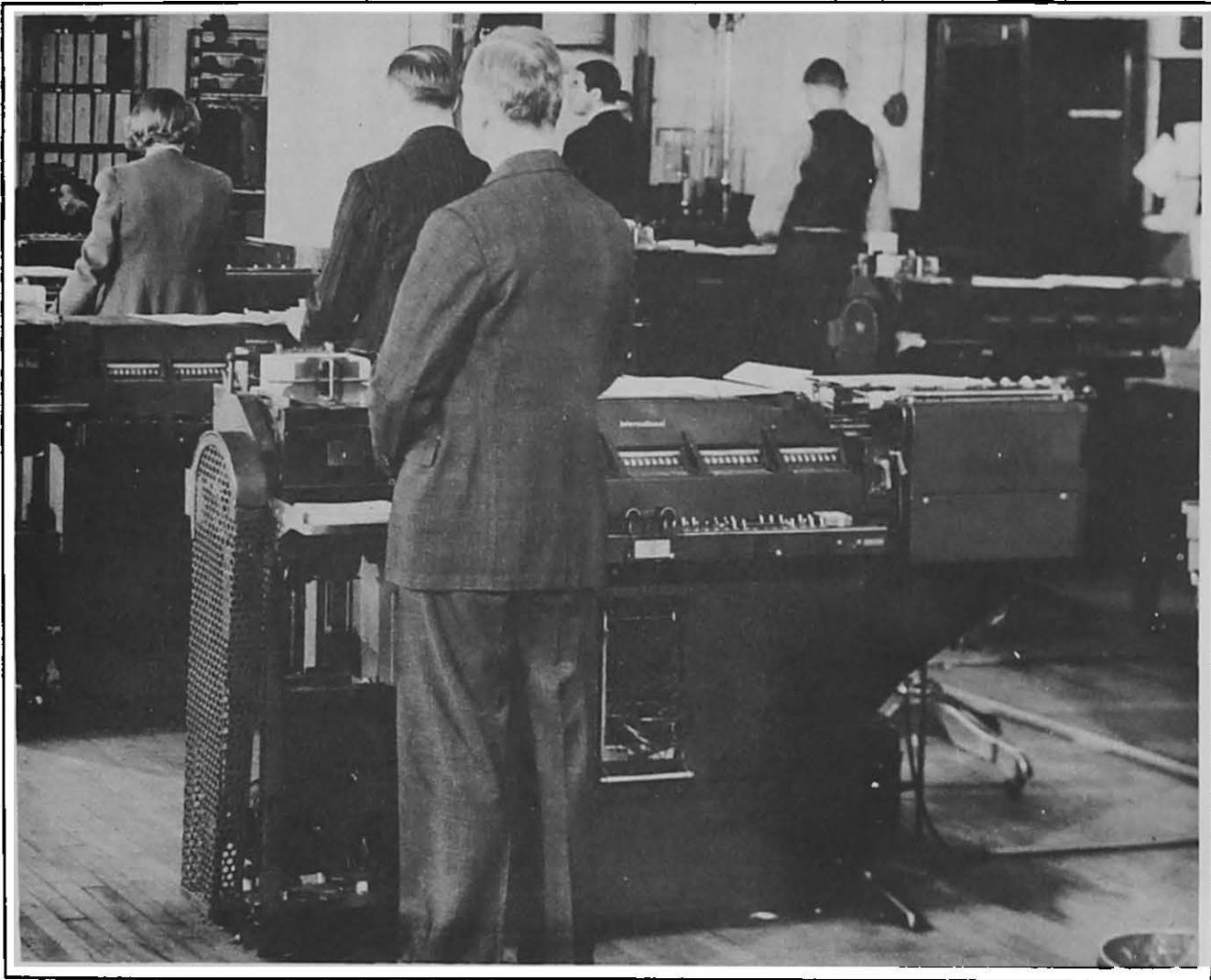
1. The employer identification number.
2. The reporting period.
3. The accounting quarter.
4. The industrial code for the employer.
5. The master block number.
6. The establishment number.
7. The geographical code.
8. The first nine letters of the employer's name.

When the gang-punching operation has been completed, the punched cards in each block are mechanically verified, interpreted and routed to an electric accounting machine.

The next step in the processing of the employer reports is the running of a proof tabulation on Form OAR-5033 (see Appendix #16, page 84). It is the purpose of the proof tabulation operation to balance the total wages reported by the individual employers against the total wages as represented by the wage items punched in the Employee Wage Cards. To do this, each of the twenty sub-blocks is tabulated separately on the electric accounting machine, which is wired to place the wages from each total card (representing the total reported by the employer) into the counter as a credit item, and the individual wage items (represented by the Employee Wage Cards) into the same counter as debit items. When all of the wages on the wage cards have been added into the counter, the counter should contain a "zero" balance. If a "zero" balance is not reached, the exact difference will be shown.

In running this tabulation, the machine is wired to control on employer identification number and page number (punched into the Employee Wage Card from the employer's report). When all of the wage cards for a page of an employer's report have been tabulated, the machine stops and prints the employer identification number and the serial number of the account number for the first employee listed on the page, the page number, the total wages for that page of the report, and other pertinent information (see sample in Appendix #16, page 84).

When each block of work has been tabulated in this way, it is given to a balancing clerk, together with the proof tabulation listing. The balancing clerk examines the total wages as shown by the tabulation for the block and checks it against the total wages shown on the transmittal furnished by the office of the Collector of Internal Revenue.



A PART OF THE BALANCING UNIT

If a difference appears, the clerk examines the proof tabulation form to discover what employer's reports are out of balance and to determine the net difference reflected. If an employer's report shows a net difference, the clerk removes the Forms SS-1a and SS-1b (if there are any) from the block and checks the total wages as given on each page against the total for each page as printed on the proof tabulation sheet. When the clerk finds the page which is out of balance, in comparing the employer's totals against the tabulated totals, he removes the punch cards for that particular page from the block and compares the wages punched against the original report, item by item. If it is discovered that the error is due to an error in punching, the incorrect card is repunched and the report is balanced. If it is found that the error was made by the employer as a result of incorrect addition or through some other mistake, the necessary adjustment is made after re-adding the page of the report that was out of balance on a comptometer or adding machine.



If the difference between the tabulated total and the employer total is in excess of \$25.00, the report is adjusted to show the total verified by the clerk, the Employee Wage Cards for the employer are listed on an alphabetical accounting machine and that listing is sent to the Collector of Internal Revenue. The Collector of Internal Revenue then forwards the listing to the employer, calls his attention to the difference, and obtains the additional tax needed or makes a refund as the case may be.

When every employer report in a block of work has been balanced in this manner and the entire block is in balance, it is then sent to a holding rack and is held until the nineteen other sub-blocks of the master block of which it is a part are also in balance. When they have been balanced, all twenty of the sub-blocks are grouped together as one master block and forwarded for sorting.

The SS-1a Report Cards are removed by the operator (they have a different corner cut from wage cards). The Employee Wage Cards are then sorted into numerical order by area (first three digits of the account number). The SS-1a Report Cards are held for three months and used in preparing a control register of returns received after which they are used for various statistical tabulations. The Employee Wage Cards are routed for the preparation of master block listings.



SORTING WAGE CARDS

Master block listings are prepared by means of an electric accounting machine with an attached summary punch. It is the purpose of this operation to set up accounting controls on the number of wage items and the amount of wages reported for each area of accounts, and to balance the master block. The listing of all of the Employee Wage Cards contained in the master block is also valuable for future reference in the event that any of the cards must be reconstructed as the result of misfiling or mutilation of the originals.

In the master block listing operation, the accounting machine is wired to control on the area number of the account number. This is a straight listing operation with totals being taken for every area of accounts, and the following information is printed from each Employee Wage Card on a Form OAR-1036 (see Appendix #16, page 85):

1. The employee account number.
2. The reporting employer's identification number.
3. The employer's establishment number, if any.
4. The page number of the employers' report on which the particular item appeared.
5. Period of return.
6. The control number of the master block.
7. The wages shown.

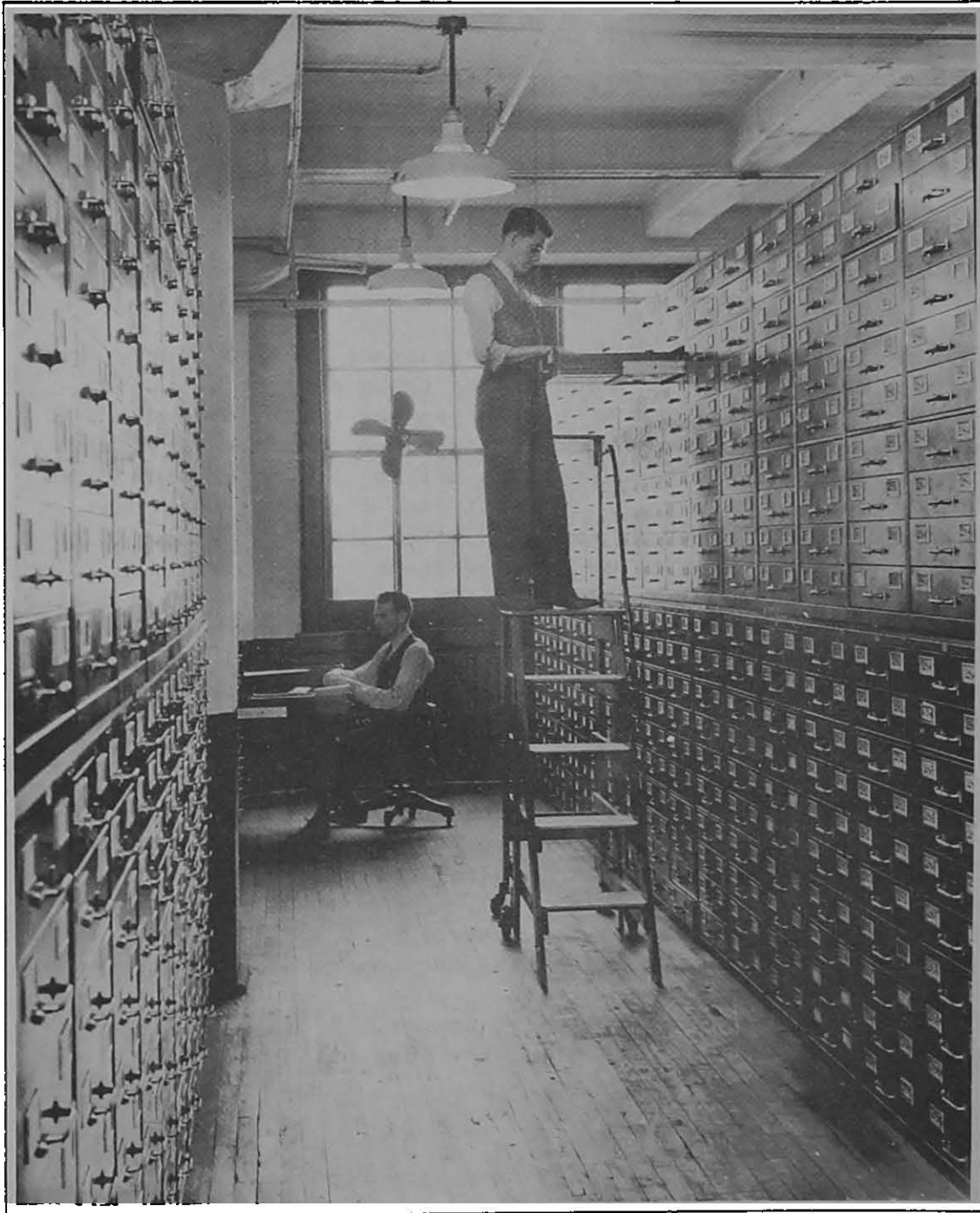
When all of the wage cards for a single area have been listed, the machine prints the total number of items and the total amount of wages for the area. At the same time that the area totals are taken, the attached summary punch prepares a Control Summary Punch Card, Form OAR-1007 (see Appendix #16, page 72).

The following information is punched in this card:

1. The number of the area that has been listed.
2. The master block control number.
3. The total number of employees listed for the area.
4. The total wages listed for the area.

A cumulative total for wage amounts for all areas in the master block is taken at the end of the run. When the entire master block of approximately twenty-thousand items has been listed in this manner, the grand total of all of the wages listed must agree with the total for the twenty sub-blocks that were proven in the proof tabulation operation. The Control Summary Cards are listed, and the total wages and the total number of employees in this listing must agree with the total indicated on the master block record. If the master block listing is found to be out of balance with the total of the twenty sub-blocks of which it is composed, it is routed to balancing clerks who make a check for obvious machine errors and for items that may have been listed as credit items through incorrect punching. A check is also made for off-gauge cards. If the error is not found in these checks, the totals are scanned to see if possible errors in machine addition may be detected. Where there are such possible errors,

that part of the work is retabulated. When the entire master block is in balance and any necessary corrections have been made, the Control Summary Punch Cards prepared in this operation are filed in a holding file.



WORKING IN THE DOUBLE-DECKED AREA HOLDING FILES

A date code is assigned by each shift to the wage cards completed on the shift. The employee wage cards are then routed to a special employee area holding file where the cards are filed by date code within each area. The wage cards reported incompletely as to number (Punched "9" in Column 1) are later withdrawn from this file for processing (see Appendix #12, page 57).

The listings of the master blocks are separated by page and bound in post binders, and the transmittal sheet for each sub-block is filed by employer identification number, microfilmed at periodic intervals, and then destroyed.

All of the Control Summary Cards are tabulated each week. When that tabulation reveals that approximately forty or fifty thousand Employee Wage Cards have been balanced and placed in the area holding file for a given area, the Control Summary Cards for that area are removed from file and listed on a form known as a Ledger Section Block Record, Form OAR-1050 (see Appendix #16, page 87). That listing is then forwarded as authority for the removal of all of the Employee Wage Cards for the area from the holding file.

The Employee Wage Cards, which are already in area order, are sorted into complete numerical sequence by group and serial number. On the first sort a card count is taken. As the cards for each date code are placed in the sorting machine, the card count is checked as given by the sorting machine counter against the ledger section block record listing of the card count for that date code. If the count is found to be in error, the cards are held after the sorting operation is completed until the missing or surplus items are identified. This is done by checking the master block listing for the particular master block involved. When the count has been verified, the entire ledger section (this is the term used for this new unit of work) is forwarded for tabulation and listing on a Ledger Section Balance Listing. (See Form OAR-1045 in Appendix #16, page 88).

In this operation, the machine is wired so that the last four digits of the employee account number are printed first, followed by the three digits for the area number and the two digits for the group number. The following information is also listed:

1. Employer's identification number.
2. The one-digit code indicating the source of the wage item (Form SS-1a).
3. The employer's establishment number.
4. The master block control number (sub-unit and master block).
5. The page number of the report.
6. The wages shown.
7. The period for which the wages were reported.

In this operation, the machine is wired to control on each hundred and thousand series of accounts and group number. Progressive subtotals are obtained for each hundred series and when all of the wage items for a thousand series of accounts have been listed a total is taken on the number of items and on the amount of wages. This is done for each of the thousand series in each group of accounts. A group total is also taken and when the entire ledger section has been listed,

the totals for each group are added in a manual adding operation in order to obtain the number of employees and the amount of wages. The grand total of the listing shown in this manner is then compared with the control total which was established through the listing of the Control Summary Cards on the ledger section block record. The two totals must balance. If they do not, the entire ledger section is given to a group of balancing clerks and the same procedure followed in the checking of the master block listing is used for balancing the ledger section, except that if it is necessary to break down the ledger section, it is re-sorted back to master block order and not to sub-block order.

When a ledger section has been balanced, the control totals for each thousand series of accounts are recorded on a tally sheet to indicate the number of items and amount of wages as shown on the Ledger Section Balance Listing. This information is later punched into summary cards prepared after the collating and reinstating operations.

The listing and the Employee Wage Cards are routed to be collating operation. The Employee Annual Summary Cards, Forms OAR-1004, and any previously interfiled wage cards for the area that is being processed are withdrawn from the Wage and Summary Card File and also sent to the collating operation.

When the interfiled Employee Annual Summary Cards and Employee Wage Cards are received for collating, they are in strict numerical sequence, as are the current Employee Wage Cards. The interfiled summary and wage cards are placed in the primary feed of the collator and the current wage cards are placed in the secondary feed. The machine is wired to compare on serial number and on the lower punch readings of the alphabetical information of the first six letters of the last name. The machine then automatically compares and interfiles the matched wage cards behind the corresponding summary cards. Those earnings cards which do not match in this operation are rejected. The matched Annual Summary Cards and the Employee Wage Cards are forwarded to the Ledger and Wage Card Files.

The items rejected by the collator are given to a group of clerks who requisition the related Numerical Register of Accounts Established (see page #9). The Register for the area is unbound and each clerk is allotted a certain number of sheets from the Register, together with the unmatched wage cards covered by the sheets. The clerks then compare the interpreted punched information on the Employee Wage Cards with the Numerical Register. After locating the correct serial number, they check the name as given in the Register with that given on the wage card. If it is found that the names differ by one letter, or because of the transposition of two letters, or if the initials given in the punch card agree with the initials given in the Numerical Register and the last name is similar, the wage card and the summary card are assumed to be in agreement and the rejected card is reinstated. An item is also reinstated if it

appears that the first and last names have been transposed; that is, if the initial on the wage card is the same as the first letter of the last name on the Register, and the last name on the wage card is the same as the first name on the Register. (For complete rules governing the reinstatement of collator rejects, see Appendix #13, page 61.)

After all of the rejected wage cards have been checked to the Numerical Register they are in two groups, those which have been reinstated, and those which cannot be reinstated. The reinstated items are then rechecked to the Register by a second clerk as a precaution against error, and finally all that are correct are sent to Ledger and Wage Card Files and manually interfiled with the Annual Summary Cards.

The Employee Wage Cards which could not be reinstated are routed to an alphabetic accounting machine, and a listing is prepared showing the following information from each card:

1. The employee account number.
2. The initial of the employee's first name.
3. The initial of the employee's middle name.
4. The first seven letters of the employee's surname.
5. The posting number.
6. The master block number (master block and sub-unit).
7. The number of the page on which the wage item was listed.
8. The wages reported.
9. The employer identification number.
10. The employer establishment number.

In listing the wage cards, totals are taken for each thousand series of accounts and recorded on the same tally sheet prepared after the Balance Listing operation. From these tally sheets Control Summary Punch Cards are punched for each thousand series to show the following:

1. The area number.
2. The group number.
3. The number of the series (two-digit).
4. Balance Listing card count.
5. Balance Listing total wages.
6. Rejected items card count.
7. Total wages of rejected items.

These control cards are held in file in the Control Section. They are used for accounting control purposes (see Appendix #14, page 63).

The Employee Wage Cards which could not be reinstated, and the related listings, are then processed for filing in a special suspense file (see Appendix #12, page 57).

In order to obtain desired statistical data, the posting of wage information to employee accounts was originally handled on an annual basis; that is, all of the accounts for a calendar year were posted at one time. A great many administrative difficulties were encountered under this system, because all of the posting took place during approximately three months of the year. To avoid peak loads, the posting operation is now a continuous one, no account being posted more than once each year.



ROWS OF LEDGER AND WAGE CARD FILES

For posting purposes, all of the ledger accounts are broken down into four groups, known as Groups A, B, C, and D. Group A amounts to approximately 20% of the total accounts established. It is made up of the two thousand and seven thousand series of accounts of each group in each area. The rest of the accounts are broken down into Groups B, C, and D. This break is geographical in nature. The remaining accounts for the north and the east are in Group B, the south and mid-central sections are in Group C, and the west and far west areas are in Group D. Group A is posted on a calendar year basis.

Group B postings consist of the wage records for the last three quarters of the past year and the first quarter of the current year; Group C, for the last two quarters of the past year and the first two periods of the current year and Group D, for the last quarter of the past year and the first three quarters of the current year.

In the posting operation, the Control Summary Punch Cards are listed and tabulated to give the total number of items and the amount of wages that must be posted for each thousand series of each group of the area. The merged Annual Summary and Employee Wage Cards for the area to be posted, and the Employee Ledger Sheets for the same area, are withdrawn from file.

The file of cards is collated to pull out all Annual Summary Cards which have been inactive during the year. When this has been done, the combined Annual Summary and Wage Cards are placed in the feed of the Posting Tabulator and the corresponding Ledger Sheets are placed in the carriage of the machine. The machine automatically compares the punched



THE LEDGER POSTING UNIT

account number in the ledger sheet with that in the Annual Summary Card, finds the correct posting line on the ledger sheet, posts the wage data from the punched cards, and ejects the ledger sheet.



During the posting operation, the machine automatically accumulates a total of all wages posted to the account. Simultaneously, a Summary Punch Machine attached to the Posting Tabulator punches a new Annual Summary or "balance forward" card for each account containing the following:

1. The employee account number.
2. The current wages (that is, the wages for the current year which have been posted).
3. The last period for which wages have been posted.
4. The total wages to date.
5. The annual wages (that is, the wages for the last complete calendar year).

This process continues until all of the accounts in the area have been posted.

The new Annual Summary Cards, the Employee Ledger Sheets, and the merged file of old summary and wage cards are forwarded to a balancing group. The old summary cards are sorted from the merged file and collated with the new summary cards to be sure that there is a new summary card for each old one, and to make certain that a split control has not caused two new summary cards to be prepared for one account. In the next operation, the name, the sex code, the color code, and the date of birth are reproduced from each of the old summary cards into the new Annual Summary Cards. The new cards are then interpreted. The old summary cards for the thousand series of accounts are destroyed following the balancing of the ledger sections. The Employee Ledger Sheets are returned to file.

The new Annual Summary Cards are listed and tabulated to obtain the totals for each thousand series of accounts. The total posted wages and the total number of items are checked to the control total prepared from Control Summary Punch Cards. If each thousand series is in balance, the new Annual Summary Cards are released for filing. If all thousand series of accounts do not balance with the control totals, the balancing clerks must find the errors. The ledger sections are checked for obvious errors. It may be necessary to prepare a tally sheet from the Ledger Section Balance Listing and the listing of wage cards which could not be reinstated in order to determine in which hundred series of accounts the error has been made. When the particular ledger series in which the error occurs is found, that can be further checked and the error determined. The new Annual Summary Cards cannot be released, however, until an exact balance is obtained.

The new Annual Summary Cards are sent to the Wage and Summary Card File. The Group A wage cards are made available for statistical purposes, and the balance of the wage cards are destroyed.

Pictorial flow charts of the operations involved in the maintenance of employee wage records are included as Appendix #15, in the envelope on the back cover.

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APPENDIX #2

THE PROCESSING OF CLAIMS FOR  
OLD-AGE AND SURVIVORS INSURANCE BENEFITS

When a person wishes to make a claim for Old-Age and Survivors Insurance benefits under the provisions of the Social Security Act, he files a claims application with his local field office. The field office also obtains various proofs to establish the eligibility of the claimant.

When the proper forms have been completed, the field office forwards a request for a certification of the wage record to the Accounting Operations Division where the Employee Ledger Sheet is withdrawn for the posting of all unposted wage items. All unposted wage cards and the summary total of wages to date are also posted simultaneously to Form OA-C794, Wage Certification-Benefit Computation. (See Appendix #16, page 92.) The Form SS-5, Employee's Application for Account Number, and all related correspondence are also withdrawn from file and a charge-out card is put in the place of the Form SS-5 showing that it has been withdrawn for a claim. The posted wage record and Form OA-C794 are examined to verify the correctness of the postings, to make certain that no mechanical errors have been made in the posting operation, and to detect obvious errors on the ledger sheet and Form OA-C794. Information as to quarters of coverage, increment years, and wages reflected by the employee ledger sheet are transcribed to the Form OA-C794. The ledger sheet is then certified, the cumulative total of all wages posted is entered, and the ledger sheet and Form OA-C794 are signed by a clerk acting as a certifying officer. The certified Form OA-C794 with all correspondence on the case, and the Form SS-5, are forwarded to the field office handling the claim. The original Employee Ledger Sheet is returned to file.

In the field office, the wages recorded on Form OA-C794 are checked and a statement is obtained from the employer of the wage earner, as a report of the wages for the last six months. It is necessary to have such a report because there is a lag period of approximately five to six months. For example, the wage reports covering the months of January, February, and March do not have to be prepared or submitted to the Collector of Internal Revenue until April 30. Since the report must be processed by the Collector's office and pass through all of the regular maintenance operations of the Accounting Operations Division, the posted ledger sheet cannot be relied upon to reflect current earnings within six months' time.

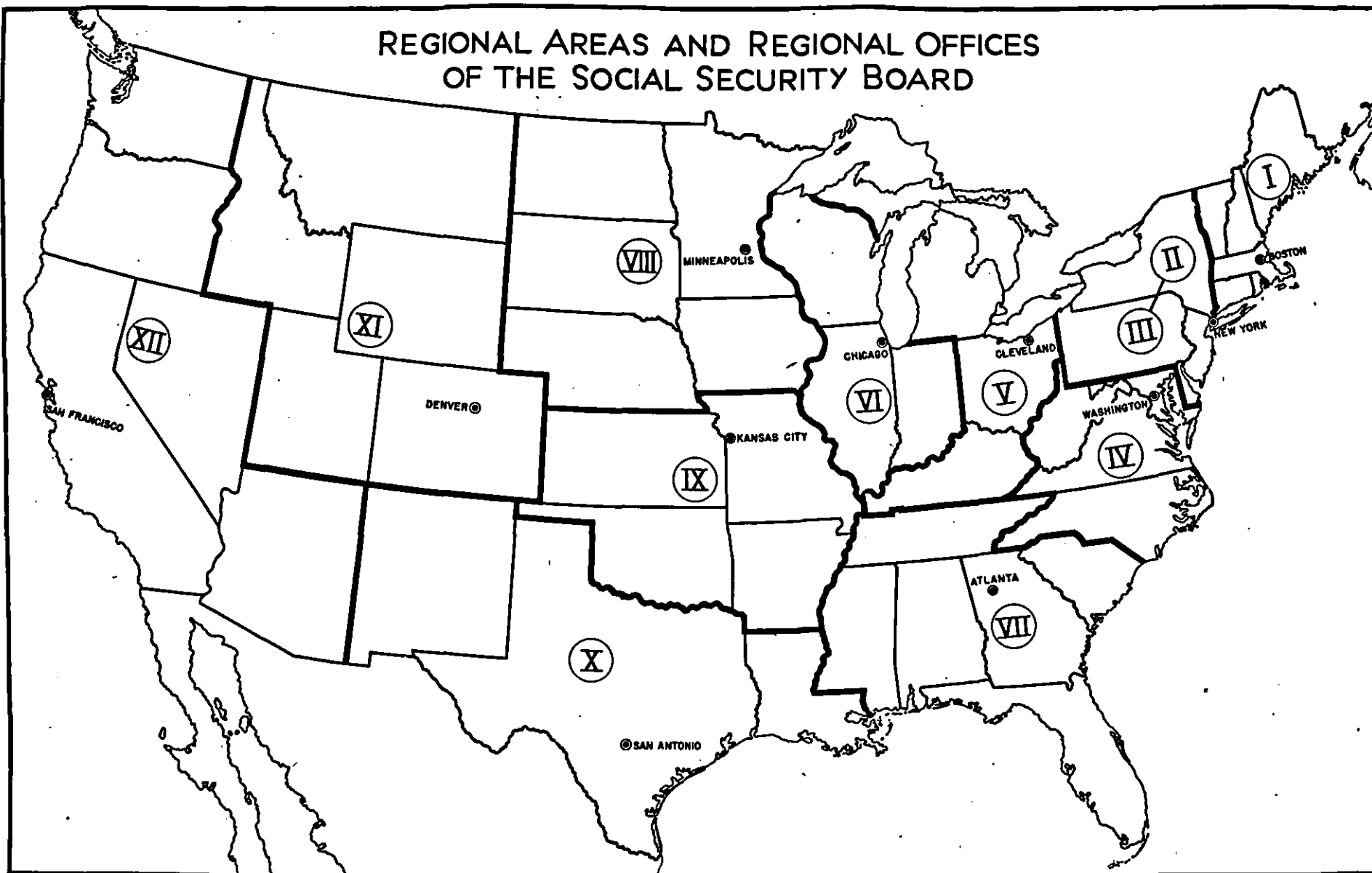
After securing any additional wage information that is required, the field office first enters this information on Form OA-C794 and computes the quarters of coverage to determine whether the wage earner was currently or fully insured. After making certain that the

necessary quarters of coverage exist, the average monthly wage is determined and the benefit is computed on the basis of the average monthly wage. A primary insurance benefit is based on 40% of the first \$50.00 of the average monthly wage, 10% of the next \$200.00 of the average monthly wage (there is a \$250.00 maximum allowed), and a 1% increment is added for every year in which the employee earns \$200.00 or more in covered employment. In the event the computed benefit does not equal \$10.00, that minimum amount is allowed.

After the benefit is computed, a determination of award is prepared and the case is forwarded to one of five area offices. Originally there was one central office, located in Washington, D. C., for the handling of claims cases, but because of war conditions it was found expedient to decentralize this function. The entire claims case is reviewed in the area office. If the determination is approved, an award notice is forwarded to the claimant and the determination is certified as available for post-audit by the Comptroller General's Office.

A listing of the award information is forwarded each month thereafter to the United States Treasury Department in order that the regular monthly benefit check may be prepared. This check listing must be prepared monthly because of permanent suspensions and because it is possible for any payee to relinquish his benefit status temporarily by accepting covered employment with wages of \$15.00 or more per month.

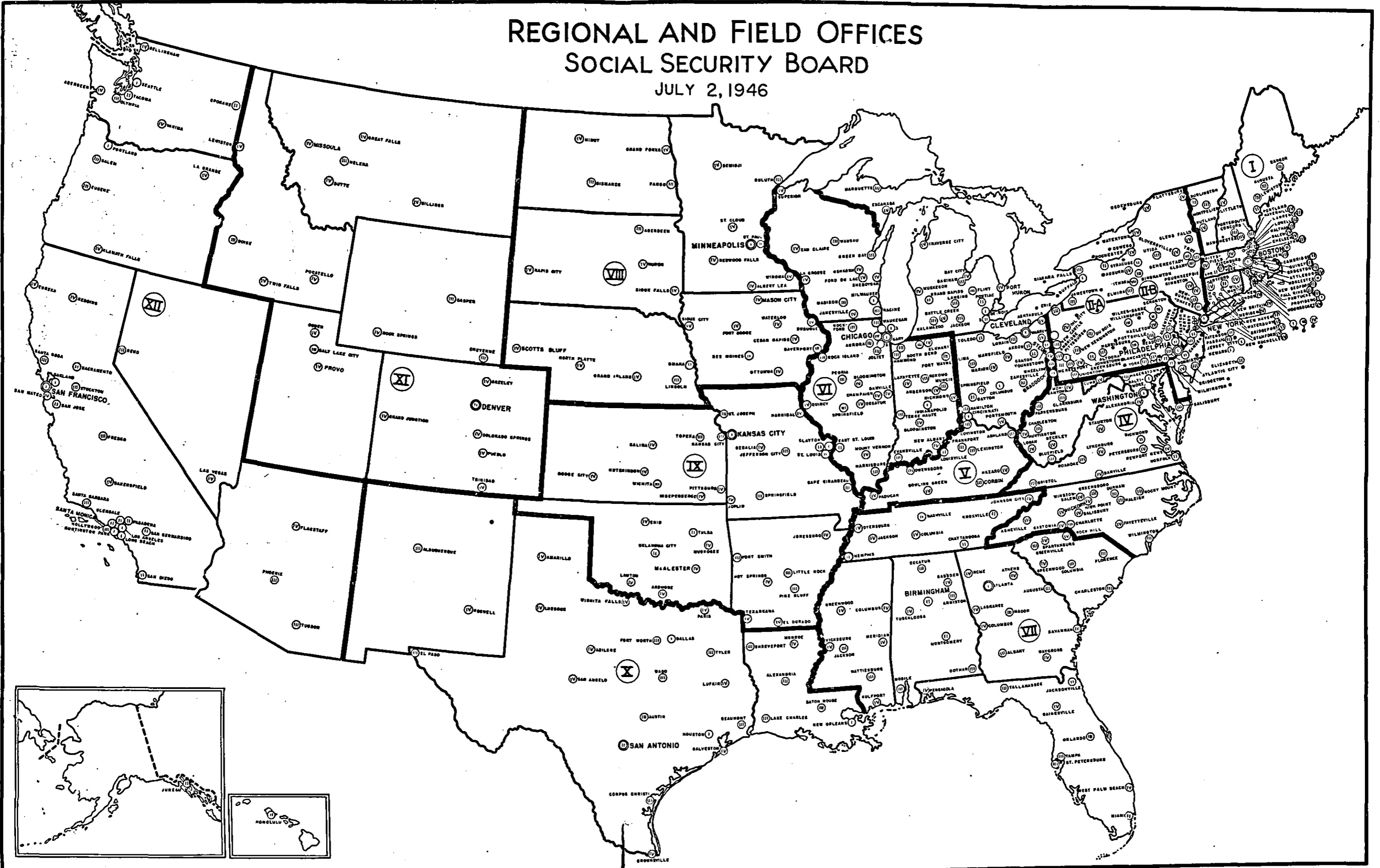
# REGIONAL AREAS AND REGIONAL OFFICES OF THE SOCIAL SECURITY BOARD



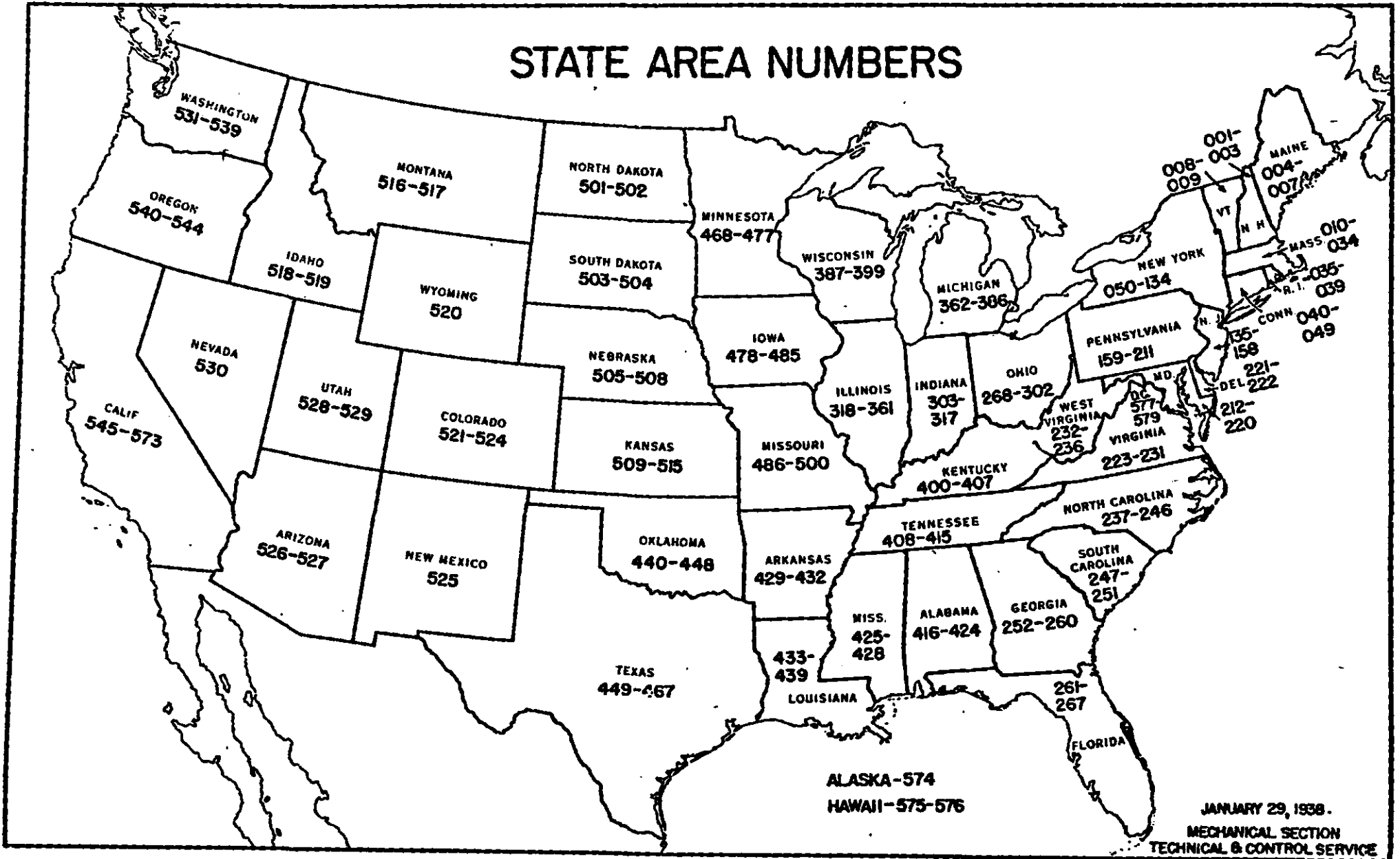
# REGIONAL AND FIELD OFFICES

## SOCIAL SECURITY BOARD

JULY 2, 1946



# STATE AREA NUMBERS



JANUARY 29, 1938.

MECHANICAL SECTION  
TECHNICAL & CONTROL SERVICE

APPENDIX #3

PROCESSING EMPLOYEE REQUESTS  
FOR WAGE STATEMENTS

Under the provisions of the Social Security Act, any employee may request and obtain a statement of the wages credited to his account. These wage statements are prepared mechanically in the Accounting Operations Division. The standard form for requesting a wage statement is the Form OAR-7004 (see Appendix #13, page 89) which is completed by the employee to show his name, address, date of birth, account number and signature.

Upon receipt of the Form OAR-7004 in the Accounting Operations Division, the account number is verified by checking the related Annual Summary Card. If the account number is correct, the summary card and any interfiled Employee Wage Cards for the same account are withdrawn from file and posted to a Form OAR-7014, Statement of Wages Recorded (see Appendix #13, page 89). An alphabetic tabulating machine is wired to add the wages from the Annual Summary Card and any related earnings cards so that the Form OAR-7014 will indicate the following:

1. The account number.
2. The total wages recorded for the account since January 1, 1937.
3. The total wages recorded for the last calendar year.
4. The total wages recorded since the end of the last calendar year, and the last quarter for which such wages have been reported.

The mechanically prepared wage statement is then forwarded to the employee with the request that he communicate with the nearest field office, or with the Accounting Operations Division, if he believes that the wages shown are in error.

Where the employee disagrees with a wage statement which has been furnished him, he is asked to complete a Form OAR-7008, Statement of Wages and Employment (see Appendix #13, page 90), showing the following data:

1. The employee's name.
2. Any other name that an employer may have used in reporting wages for the employee.
3. The employee's account number.
4. Any other numbers that the employee has used.
5. The employee's date of birth.
6. The employee's address.



7. The employee's telephone number.
8. An indication of the employee's permission, or refusal of permission, to have his name disclosed to his employer in any investigation of the discrepancy.
9. Dates of employment.
10. Names and addresses of employers and type of business.
11. Total wages received from each employer.
12. The kinds of work done by the employee.

The Forms OAR-7008, when completed, are forwarded to the Accounting Operations Division where a detailed check is made of all of the wage records that are related to the particular accounts. If the difference can be reconciled in a check of the files, the discrepancy is corrected and the employee is advised accordingly. In the event the discrepancy cannot be reconciled, a Wage Inquiry Scout Report, Form OAR-7009 (see Appendix #16, page 91), is prepared to show a complete listing of all the employee's wages for the years involved with discrepancies as they appear in the Accounting Operations Division's records. This material, including Form OAR-7008, is forwarded to the Social Security Board Field Office which services the area in which the employee resides.

Upon receipt of a "wage discrepancy case," the field office contacts the wage earner, discusses the case with him in detail, and gives him another opportunity to either accept or reject the posted wage record. If the employee does not accept the wage record, at this time, the field office contacts the discrepant employers and obtains from them statements of the wages paid to the wage earner during the periods claimed. If an employer's statement is not substantially in agreement with the wage earner's claim, the wage earner is again contacted and asked to submit proof of his claim. This is usually in the form of secondary evidence such as pay roll receipts, affidavits by co-workers, union records, etc. After a full investigation, the field office makes a determination as to the amounts of wages that should be credited to the employee on the basis of the evidence. The field office then notifies the Collector of Internal Revenue of any possible change of tax liability revealed by the investigation and returns all of the material to the Accounting Operations Division.

The Accounting Operations Division makes a final review of all wage discrepancy cases to make certain that the investigation has been properly completed. In the event the case is incomplete, the field office is given proper instructions for completing it. If it is complete, all of the wage determinations are reviewed, questions of coverage are settled, the wage record is adjusted as necessary, and a revised wage statement is forwarded to the wage earner.

APPENDIX #7

ESTABLISHMENT CONTROL

The Control Section of the Accounting Operations Division establishes and coordinates such records as are necessary to reflect the status of the work in each operation and to enable the Division to maintain an effective control over the continuous flow of work through successive operations. This control is accomplished through the medium of a tabulating card which is punched for each unit of work as it is processed in each of the major operations. The control maintained over the various operations which are a part of the process of establishing the individual employee accounts is very similar to the production controls on the maintenance operations described in Appendix #11.

The operation card is punched to show the date received, number of items in the block, and the block number. As each operation is completed, the operation number, shift, date, account numbers ("from" and "to") covered by the block, the completion date, and the processing clerk's number are noted on the operation card in pencil. The operation card is returned to the Control Section and the work, together with the remaining operation cards, is forwarded to the next operation.

In the Control Section, these operation cards are processed in a manner similar to that used for the production control of Employer Reports. (See Appendix #11, page 55.)

APPENDIX #8

INDICATION OF CROSS-REFERENCES  
DURING THE CODING OF FORMS SS-5

In coding Forms SS-5, the coding clerk at times detects certain variations in the employee name as given under Items 1, 3 and 14. The account is established in the name shown in Item 1 of the Form SS-5 and no name cross-references are made for the following types of cases:

- a. Where there are discrepancies in spelling occurring after the seventh letter of the first given name, as shown under Items 1, 3, and 14.
- b. Where there are discrepancies in spelling occurring after the third letter of the middle name, as shown under Items 1, 3, and 14.
- c. Where the first or middle name in Items 1 and 14 are contractions or variations of each other.
- d. Where a first name or middle name has been abbreviated in Item 1 of the Form SS-5 and the abbreviation can stand for only one name no cross-reference is necessary.

Example:	Wm.	(not Bill)	William
	Jas.		James
	Chas.		Charles

- e. It is not necessary to prepare a cross-reference showing the maiden surname in the case of a married woman who shows her married surname in Item 1 and her maiden surname in Item 3, providing the surname in Item 3 is the same as the father's surname in Item 7, and there are no other differences between the names in Items 1 and 3 or between the names in Items 1 and 14.

Name cross-references are necessary in accordance with the instructions given below:

- a. Where several given names are used in Item 1 of the Form SS-5 but only one of the given names is used in Item 3 or Item 14, the names are not considered to be in agreement and a cross-reference is necessary. In this instance a cross-reference is prepared on the basis of Item 3. If an initial is used in Item 3 or



- e. If there are differences in the surnames in Item 1, 3, or 14 which require a different Soundex Code, or if the first letters of the surnames in Item 1, 3, or 14 are different, cross-references are made accordingly.

Example:

(1)	Item 1	Alice Herra
	Item 3 or 14	Alice Herera
(2)	Item 1	Mary Aberle
	Item 3 or 14	Mary Eberle

- f. Whenever a person indicates that he is known by, or is using two last names, the two names are cross-referred.
- g. Where a Chinese name is involved and there are differences in the spelling or order of the names shown under Items 1, 3, and 14 of the Form SS-5, all names are cross-referred.

When it is found that a name cross-reference is necessary, the coding clerk proceeds as follows:

- a. When it is necessary to cross-refer given names in cases where the last name is the same, the coding clerk will circle the name that is to be cross-referred, enter the code on the Form SS-5 immediately following the name, and place the capital letter "K" in the lower right-hand corner of the form.
- b. The method to be used in cross-referring two surnames will be as follows: If the name that is to be cross-referred is written out completely on the form, the coding clerk will enter the proper code immediately following the name, and place the capital letter "K" in the lower right-hand corner of the Form SS-5. If it is necessary to write the cross-referred name on the Form SS-5, it will be entered on the reverse side of the Form (in the space headed "For Accounting Operations Division Use") with the proper code. In these cases the notation "K" will be made both on the front of the Form SS-5, in the lower right-hand corner, and on the back, under the name that is to be cross-referred.
- c. In cases of multiple cross-references for given names or surnames, a "K" will be placed on the Form SS-5 for each separate cross-reference.

APPENDIX #9

SOUNDEX CODING AND ITS APPLICATION  
TO FORMS SS-5

Soundex is a principle of indexing surnames which groups similar names by means of a simple numeric code. This system is applied to the employee-surname on the Form SS-5, and is the basic principle of the Flex-O-Line, visible index file. As a result, the Flex-O-Line file permits the identification of accounts by name, even when there are variations in spelling. This is extremely important when one considers that so simple a name as Snyder has twenty-nine acceptable variations in spelling, while the name Kelly has some fourteen spelling variations, and the names Baer and Mail have at least thirty-six variants each.

By Soundex coding, all surnames are reduced to a three-digit number. Each key letter, or its equivalent, is numbered, except as provision is made for certain exceptions below. If any name does not contain three key letters, or their equivalents, zeros are added to complete the code. Specific rules governing the coding of the surnames on Forms SS-5 are:

1. *Position of Code*--The code is entered in red pencil on first line of the Form SS-5 to the right of the surname.
2. *Key Letters*--The Soundex coding system is based upon six master-consonants, their equivalents, and the related numerical codes. These are shown in the following chart:

<i>Key Letters</i>	<i>Equivalents</i>	<i>Numerical Code</i>
B	B, F, P, V	1
C	C, G, J, K, Q, S, X, Z	2
D	D, T	3
L	L	4
M	M, N	5
R	R	6

3. *First Letter of Last Name*--The first letter of a last name determines the main alphabetical section to which the name belongs, and is not coded.
4. *Vowels and Consonants*--The consonants "W," "H," and "Y," and the vowels "A," "E," "I," "O," and "U" are always disregarded in assigning the proper code.







11. *Spanish Names*--It is customary for Spanish people to use their father's last name, followed by their mother's maiden name, as their own last name, generally separated by "Y." These names are coded as one name. A red hyphen is inserted immediately before and after the "Y" to denote spaces to the punch operator. If both family names are used in Item 1 of the Form SS-5 and the signature in Item 14 contains a surname which appears to be the middle name appearing in Item 1, the names are cross-referred.

- a. *Spanish Contractions*--"Esp." meaning "Esposa" or "Wife of" is disregarded in coding, as is "Vda. de" meaning "Viuda de" or "Widow of." "Ma de," meaning "Madre de" or "Mother of" is generally used as a given name (as "Ma de Jesus," meaning "Mary") and is coded as written.

Example:           Ma-de-Jesu/s

When a single letter is used to designate the surname of the mother, it is hyphenated and coded as part of the surname.

Example:           Gomez-P. ("P." is used as the initial for Puerta, the last name of the mother before her marriage.)

12. *Italian Contractions*--"Fu," meaning "Son of," is disregarded in coding.

Example:           Lugi Guido fu Vincenzo. Means  
                    Lugi Guido son Vincenzo Guido, and  
                    is coded as "Lugi Guido."

Italians commonly write the first name last.

13. *Foreign Suffixes*--Certain foreign suffixes in common use are coded as follows:

- a. "Bey" (Turkish), meaning "Prince" or "Master," is coded as a hyphenated last name. Two cross-references are prepared, considering each part of the hyphenated name as a last name.

Set up as:       Armah-Bey                       -651

Cross-Reference:

                  Armah                           -650

                  Bey                            -000

13. b. "Sid" (Moorish), meaning "Master." This is a contraction of "Seyyid," and these cases are handled as provided under (a), above.

Set up as:           Allar-Sid           -462

Cross-Reference:

Allar               -460

Sid                 -300

- c. "El" (Hebrew). This is a contraction of "Bethel," meaning "God" or "House of God," and is coded as a hyphenated last name.

Example:            Leith-El.

APPENDIX #10

THE FLEX-O-LINE FILE

At the time the Flex-O-Line strips for newly established accounts are received in the Flex-O-Line File, they are in sequence as follows:

- a. In alphabetical order on the first letter of the surname.
- b. In numerical order of the Soundex code.
- c. In alphabetical order on the first seven letters of the first given name.
- d. In alphabetical order on the first letter of the middle name.

This same sequence determines the proper filing position of the new strip with the strips already in file, except that the numerical sequence of the dates of birth will determine the proper position, where two strips would fall together as a result of the breakdown given in the preceding paragraph.

Example: Strip to be interfiled - 520 YOUNG ANNA MAR 02-23-10  
Strips appearing in panel:

1.	520	YOUNG	ANNA	MAE	12-30-07
2.	520	YOUNG	ANNA	MAR	07-23-08
3.	520	YANES	ANNA	M	01-10-09
4.	520	YOUNG	ANNA	MIN	01-29-09
5.	520	YANISH	ANNA	MAY	03-20-09
6.	520	YOUNG	ANNA	MAR	10-07-09
7.	520	YANIS	ANNA	MAT	11-16-09
8.	520	YOUNG	ANNA	MAS	12-18-09
9.	520	YOUNG	ANNA	MAE	01-28-10
10.	520	YOUNG	ANNA	MAY	09-21-10
11.	520	YOUNG	ANNA	MOS	04-09-11
12.	520	YANES	ANNA	MAL	06-01-11
13.	520	YOUNG	ANNA	MER	08-28-11
14.	520	YOUNG	ANNA	M	02-23-12
15.	520	YANISH	ANNA	MIS	03-03-12
16.	520	YANES	ANNA	MIL	04-05-12
17.	520	YOUNG	ANNA	MAY	06-02-12
18.	520	YOUNG	ANNA	MAE	01-01-13

The strip is interfiled between numbers 9 and 10.

It should be noted that only the first seven letters of the first name are alphabetized, whereas in a regular alphabetical file the complete first name would be alphabetized. This may result in the filing of a strip out of alphabetical sequence on that portion of the first name after the seventh letter.

When the last name is the same, the name Antoinette may precede Antoine because of a difference in the date of birth.

Example: The strip - 650 Brown Antoinette Tho 01-15-15

would precede - 650 Brown Antoine Tho 02-16-17

As each strip is interfiled, a check is made for multiple account numbers by checking all strips preceding and following the file position of the new strip, which have a date of birth within two years of that shown on the strip being filed. Strips are considered possible multiples if in agreement to the following extent:

- a. Same code - Example: 500 - 500
- b. Same surname or variation thereof - Example: Cohen - Cohn
- c. Same first name or contraction thereof - Example:  
Ander - Anderson Wm. - William
- d. Same middle name or initial - Example: E - Ern
- e. Two items in the date of birth in agreement - Example:  
Month and day agree: 07-02-18      07-02-14  
Month and year agree: 07-08-18      07-15-18  
Day and year agree: 07-04-18      09-04-18

In large name groups, the surname, first name and middle name, or initial and the month and day of birth must agree exactly before they are considered multiple accounts. The year of birth may vary.

In small name groups, the rule requiring two items of the dates of birth to be in agreement is relaxed. This also holds for all unusual names where given names and surnames are the same.

Example: 210      DZIUBA      WLADYSLAW      05-13-08  
          210      DZIUBA      WLADYSLAW      02-13-11

Wherever it is determined that more than one account may have been established for the same individual, the Forms SS-5 are compared, and, if necessary, steps are taken to make an account number cross-reference on the related employee ledger sheets, the Numerical Register and the related Forms SS-5. Since the employee may have wages reported for him under both account numbers, it is important that the records for each account be noted with the account number of the other. This insures that the complete wage record will be obtained if a statement of his wages is requested by the employee, or if a claim is filed.

The Flex-O-Line File has a variety of uses, but its function is essentially the same in every type of case. It is the basic record to which reference is made when it is necessary to identify an employee account for which the account number is unknown or unobtainable.

APPENDIX #11

PRODUCTION CONTROL

For purpose of the production control which is maintained over Employer Reports by the Control Section of the Accounting Operations Division an identifying block number is assigned to every twenty blocks of Employer Reports that are received. When the master block is ready to be released to the processing operations, four Operation Cards, Forms OAR-1063 (see Appendix #16, page 72), are prepared for each sub-unit of the master block. All operation cards are identical except for the operation number. These cards are punched to show the date in production, number of employers and employees covered by the block, the block number, and the reporting and accounting periods included. The cards are then placed in a jacket to accompany the block of work through the first four operations, to the Master Block Holding Files. Likewise, when a master block is released from the holding files, operation cards are punched for the three operations which remain to be completed on the master block. These cards are placed in a jacket to accompany the master block to the Area Holding Files. In the same manner, when a ledger section is released from the Area Holding Files, operation cards are prepared to accompany the ledger section through the succeeding operations.

As a unit of work is processed (sub-block, master block, or ledger section), the operation card corresponding to that operation is removed from the jacket. The clerk writes in the space provided on the face of the card the date completed, number of items completed, total time, shift, and his clerk number. The operation card is returned to the Control Section and the work, together with operation cards which remain, is forwarded to the next operation.

The cards are sorted by operation number and a production report is prepared for each operation. Summary cards are automatically punched during the preparation of this report each day and are combined with the operation cards for the succeeding day, so that the report shows the production for the current date, the accumulated production to date, and the items remaining in each operation. (see Form OAR-1037 in Appendix #16, page 77.)

After the daily reports are completed, the operation cards are filed by block number so that the history and current status of each unit of work may be maintained. As a result of this control, any particular block of work can be immediately located for reference purposes. In addition, if it is necessary to determine which shift or which clerk completed a particular block of work, the operation card may be located and the necessary information obtained.

Aside from their primary function of providing a control over the status of the work in each operation, the completed operation cards are also used in the punching operation in preparing data relative to the production of individual clerks. Since each production control card shows the clerk number, number of items completed, and total time, this information is punched in the cards and a tabulation of these cards by clerk and operation number will produce a complete report of personnel accomplishment and productivity.

APPENDIX #12

PROCESSING INCOMPLETELY AND INCORRECTLY REPORTED  
WAGE ITEMS

Those wage items which cannot be posted to an employee's ledger sheet because the employer reported wages for the employee under an incorrect account number or without an account number, are placed in special suspense files. Separate files are maintained for items reported without account numbers and for those items reported with incorrect account numbers.

When the office of the Collector of Internal Revenue detects a wage item for which the account number is missing, a form letter is sent to the employer requesting that the number be furnished to the Board. If the item is overlooked in the collector's office, a similar letter is forwarded to the employer by the Accounting Operations Division through the field office which services the area in which the employer is located. These letters, known as "Collector Letters," are controlled through the field office by copies of the letters so that we can be sure that the employer replies to each letter. The field offices forward the replies to the Accounting Operations Division where they are filed in employer identification number order.

Once each week, the wage items reported without account numbers which have accumulated during the week are withdrawn from file and sorted by employer identification number. These wage cards are then checked to the collector letter file in order to ascertain whether or not the missing account numbers have been received in the Division. If a collector letter contains the necessary identifying information on a wage item originally reported without an account number, that item is removed from the suspense file and reinstated to its proper account.

After three months, those items reported without account numbers which were not reinstated during the first check of the cards to the file of collector letters are rechecked to that file. If identifying information is located in the collector letter file for any of the wage items, they are removed from the suspense file and reinstated to the proper accounts. If the field office reports inability to contact the employee, the corresponding wage cards are returned to the suspense file. All cards for which we have received no identifying information, nor a report that the field office is unable to contact the employee involved, are listed by means of an alphabetic accounting machine on Form OAR-1058, Incompletely Reported Wage Items (See Appendix #16, page 88). A separate Form OAR-1058 is prepared for each employer, and headed with the employer's name and address. The forms are forwarded to the field offices of the Social Security Board which service the area in which the employers are located. The field offices then contact the employers in an effort to secure the missing account numbers after which the forms are returned

to the Accounting Operations Division. Any identifying information secured on the forms is utilized to reinstate the related wage items to their proper accounts.

Approximately 1.2 percent of all wage items are reported without account numbers. As a result of the collectors' efforts and those of the field offices in contacting the employers regarding the items reported without account numbers, we are able to reinstate approximately 47 percent of the items so reported.

Wage items which are reported with incorrect account numbers are put through a series of reinstating operations in the Accounting Operations Division. The cards are handled in groups of area numbers as they are released from Operation 16. Each area of items is collated with the cards for the same area which represent items incorrectly reported in the preceding reporting periods and subsequently reinstated to a correct account number. When an employee wage card collates with an item from a previous reporting period which was reported incorrectly under the same incorrect number and subsequently reinstated, the new reject item is indicated for reinstatement under the account number to which the previous wage item was reinstated. This reinstating operation also enables the Division to keep a check on repetitive errors (wage items reported by the same employer for more than one quarter under the same incorrect account numbers) and prevents needless investigation of rejected wage items when the reinstatement information is already in file.

When an employer has reported wage items under the same incorrect account numbers for four reporting periods, the items are listed on Form OAR-5032 Wage Items Reported Incorrectly for more than one period (See Appendix #16, page 88). The form is then mailed to the employer. If the employer continues to report an item incorrectly for eight successive periods another Form OAR-5032 is mailed to him. A stuffer form is enclosed calling the employer's attention to the fact that he was previously advised to correct his records. If after these notifications the employer continues to report the item incorrectly a Form OAR-5032 is prepared, after the item has been incorrectly reported for twelve successive periods, and is mailed to the field office servicing the area in which the employer is located. The field office then contacts the employer to make certain that subsequent reporting of the item will be correct.

Those items which do not match in the collating operation are sorted on the employer identification number and checked to the original reports made by the employers on Schedules A. This is done in order to pick up any punching errors that may have occurred in preparing the original punch card. In cases of this type the items are reinstated to the account numbers reported on the Schedules A. In addition, those items which were punched correctly are checked to previous or subsequent reports to determine whether the employers have used different account numbers for the same employees in reporting wages for other reporting periods. If the employers have reported the employees under different numbers in other



periods, the wage items are indicated for reinstatement to the account numbers reported for the other period. All items which cannot be indicated for reinstatement are transcribed with the employees' full names reported on the Schedules A.

The incorrectly reported wage cards remaining unidentified through these operations are sorted on the employee account number. The cards are then checked to the Numerical Register of Accounts Established under the account numbers punched in the wage cards. If the employee's name as transcribed on the wage card is the same, or is similar to, the name in the numerical register for the same account number, the item is indicated for reinstatement. In certain types of cases we can determine that the individual is the same one to whom the account number was originally issued, in which case the item is reinstated even though the reported name may differ from that on record. In the latter type of reinstatement, we cross-refer the names in our records so that subsequent reportings will be promptly credited. If the item is not reinstated to the reported account number and there is no name similarity between the reported name and the name in the register for the reported account number, the page of the register is scanned for the reported name under a different account number. If another number is located on the page which has been assigned to an individual with the exact name as reported, the wage item is indicated for reinstatement to that account number.

Those wage items which remain unidentified after the check to the Numerical Register of Accounts Established are sorted alphabetically on the first letter of the employees' surnames and checked to the Flex-O-Line File. If the reported name is on record for the reported account number in the Flex-O-Line File, the wage item is indicated for reinstatement and the reinstatement verified to the related Form SS-5. If the reported account number is not located by this check, the Flex-O-Line File is scanned for similar account numbers (account numbers in the Flex-O-Line File which agree with the reported account numbers in at least seven of the nine digits of the number.) If the search of the file reveals that there is only one similar account number assigned to an individual with the same name as the reported name, the item is also indicated for reinstatement.

Both the identified and the unidentified wage items are sorted by area and group, (the first five digits of the account number). The cards are then tabulated and balanced to the Listing of Suspended Items. After the cards have been balanced all those cards which were reinstated are reproduced onto new earnings cards omitting the account number and/or name information which was incorrect in the original cards. The correct information is then punched into the reproduced cards, the cards verified for correctness of the punching, and interpreted. The new earnings cards are listed and balanced to the corresponding totals shown on the previous tabulation. The listing, together with the newly prepared punch cards containing the correct account numbers and/or

names, is then forwarded to the area holding files for later inclusion in a ledger section and for processing through the regular sorting, balancing, collating, and posting processes of the maintenance operations. The reinstated wage cards, that is, those cards which contained the incorrect account numbers and/or names, are filed for collation with the incorrectly reported wage items for the next quarter as described on page 58.

The wage cards which remained unidentified throughout the reinstating operations are accumulated for a quarter, at the end of which time they are listed on Form OAR-5031, Unidentified Incorrectly Reported Wage Items. (See Appendix #18, page 88). The Forms OAR-5031 are sent directly to the employers reporting the incorrect items, asking that they secure correct account numbers or names for the incorrectly reported items listed on the forms or if the individuals are no longer working with them, supply us with the employees' home addresses.

Approximately five percent of all wage items are reported with incorrect account numbers or with names different than those under which the accounts are established. Our reinstating operations result in the reinstatement of about 79 percent of these items. The remaining 21 percent are corresponded upon with the employers. We correspond with the employees in about four percent of the items reported with incorrect numbers, as a result of addresses furnished us by employers. As a result of our correspondence with the employers and the employees, we are able to reinstate an additional 12 percent of the wage items reported with incorrect account numbers.

As of September 28, 1945, out of a total of 1,153,544,474 wage items (amounting to \$338,579,108,160.49) processed for the years 1937 through 1944, only 22,149,090 or 1.92 percent remained to be identified (this includes both incorrectly and incompletely reported wage items). The wages represented by these unidentified items (amounting to \$1,866,010,175.07) constituted only one-half of one percent of the total wages processed.

APPENDIX #13

RULES FOR REINSTATEMENT  
OF COLLATOR REJECTS

Employee Wage Cards which are rejected in the collating operation are reinstated in all cases where it is found in comparing the name and initials on the wage cards with the names (including cross-reference names) in the Numerical Register for the account that:

1. The surname on the wage card agrees exactly with the surname in the Register, regardless of the initials (rejects due to machine errors or missing summary cards).
2. The initials agree in the same or reverse order, or the wage card shows only one initial which agrees with either initial in the Register and:
  - a. The surnames on the wage card and Register are apparently the same but there is a slight difference in spelling.

*REJECT SHOWS*

*REGISTER SHOWS*

H L CLAVENS  
L H CLAYVEN

HARVEY LOU CLAVINS  
" " "

- b. The surname on the wage card is a simplified or an anglicized version of the surname shown in the Register.

*REJECT SHOWS*

*REGISTER SHOWS*

F J SMITH  
E W ROSCO  
C LUCAS

JOHAN FRE SCHMIDT  
EDWARD WIL ROSTKOWSKI  
CHARLES A LUKASOVICH

3. The discrepancy in the surname is due to a punch error.

*REJECT SHOWS*

*REGISTER SHOWS*

J BRY NT  
A F ALLER

JOHN BRYANT  
ANDREW FALLER

4. The initial in the wage card agrees with the first letter of the surname shown in the Register, and the surname in the card agrees with the first name in the Register.

4.            *REJECT SHOWS*                      *REGISTER SHOWS*

H	CLAYTON	CLAYTON EDW HENRY
L	A HERBERT	HERBERT ALF LEWIS

5. The middle initial on the wage card agrees with the first letter of the prefix as shown in the Register; and

- a. The first initial on the wage card agrees with the first or middle initial on the Register; and
- b. The surname on the wage card is similar to the remainder of the surname on the Register.

*REJECT SHOWS*                      *REGISTER SHOWS*

J	O REILLY	JAMES	FRA O REILLY
J	D MAGGIO	JOSEPH	Di MAGGIO
F	L FOUNTAI	WILLIAM FEL	LaFOUNTAIN
C	M CURDY	CHARLES DEL	McCURDY
H	V. BURGH	HERMAN	WAL Van BURGH

6. The difference is apparently due to illegible letters on Schedule A. However, where there is any appreciable difference in names, both initials should agree.

*REJECT SHOWS*                      *REGISTER SHOWS*

O	A
U	EI
U	N
LI	H
LE	H

Occasionally it is found that the surname on the rejected card agrees exactly with the surname as listed in the Numerical Register. Whenever this occurs, the annual summary cards for these accounts are checked to ascertain that they are in agreement with the Numerical Register. The annual summary cards which do not agree with the Numerical Register are checked to the adjacent entries in the Numerical Register to determine if the wrong name has been punched or reproduced into the summary card. In such cases, the summary card is repunched, correcting the employee's name, date of birth, sex, and color. All other information is duplicated from the original card into the corrected annual summary card. Obvious punch errors are also corrected.

APPENDIX #14

ACCOUNTING CONTROL

The Control Section of the Accounting Operations Division establishes and maintains an accounting control of wages reported, and the processing of the wage reports through the various operations, for the purpose of providing the necessary checks and balances to assure that all wage items are properly entered to the respective ledger accounts of the individuals represented.

The control is accomplished through the means of four basic accounts. The function of each is outlined below:

1. *Ledger Control Account:* This account contains, by area, the total of wage items and wages received and reinstated from suspense during the accounting year. Before being entered in this account, the items and wages are processed and balanced in master blocks and, though no special account is set up, the master block totals may be considered as the first control totals. The Ledger Control Account also shows, by area, the total of items and wages currently in the Area Holding File awaiting release to the Collating operations and the items and wages already released to the Collating operations. For each individual area, the total in the Area Holding File plus the total released to the Collating operations must equal the total items and wages received, and the account is audited each week to insure this balance.
2. *Balance Control Account:* This account shows, by area, the total of items and wages rejected in the Collating operations (known as "Suspensions") and the total of items and wages identified for posting (known as "Postings"). The account is run in two parts, one covering the current accounting year and the other showing the grand totals to date since the beginning of the program. The "Suspensions" side of the Balance Control Account also includes totals for the items and wages reported with incomplete or impossible account numbers or without account numbers. At the end of each accounting year, the Balance Control Account for the Current year is balanced to the Ledger Control Account for the same year and, for each area, the total of the "Posting" and "Suspensions" must equal the total receipts plus or minus any items transferred from one year's account to another for convenience in processing.

3. *Posting Control Account:* This account shows, by posting group within each area, the total of items and wages in file awaiting posting to the Employee Ledger Sheets and the items and wages previously posted since the beginning of the program. This account is increased each week by the same amounts as the "Postings" side of the Balance Control Account, and for each area the total of the "In File" and "Posted" items and wages in the Posting Control Account must at all times equal the total items and wages in the "Postings" on the to date part of the Balance Control Account. In the ledger posting operations, both the current year's wages and to date wages are punched in the individual employee's annual summary cards and the totals of both are balanced to the totals in the Posting Control Account.
  
4. *Suspension Account:* The Suspension Account shows for the current accounting year, and in total for all prior years, the total suspensions to date (items and wages), the reinstatements during the current accounting year, the total reinstatements to date and the balance remaining in suspense. The total suspensions to date must equal the same total in the Balance Control Account, and the reinstatements made during the current year must equal the reinstatements debited to the Ledger Control Account for the current year. The total of the items and wages identified for posting to date plus the total remaining in suspense plus the total not yet processed through the collating operation should equal the total receipts to date in the Ledger Control Accounts.

The source of entries to these accounts is the data recorded in the production control operation cards for the basic operations, the summary cards produced in the distribution of wages to the various ledger sections, and adjustment cards based on corrections made in the various balancing operations.

INDEX OF FORMS IN APPENDIX #16

<i>Page Number</i>	<i>Description</i>	<i>Form Number</i>
67	Employee Application for Account Number	SS-5
67	Transmittal Record	OAAN-5001
68	Account Number Card	OA-702
69	Actuarial Card	OAR-2001
69	Cross-Reference Actuarial Card (differs from actuarial card in color)	OAR-2001
70	Employee Wage Card	OAR-1003
70	Annual Summary Card	OAR-1004
71	Employer Identification Card	OAR-1005
71	SS-1a Report Card	OAR-1006
72	Control Summary Card	OAR-1007
72	Production Control Operation Card	OAR-1063
73	Employee Ledger Sheet	OAR-1001
74	Flex-O-Line Strips	---
75	Register of Accounts Established	OAAN-5014
76	Office Record and Cross-Reference	OAR-7001
77	Production Report by Operations	OAR-1037
78	Employer's Application for Identification Number (pages 1 and 2)	SS-4
79	Employer's Application for Identification Number (page 3)	SS-4
79	Transmittal of Form SS-4	SS-12
80	Business Birth Statistical Card	OAR-2022
80	Notice of Employer's Identification Number	SS-6
81	Advice of Transmittal	OAR-5008
82	Employer's Tax Return	SS-1a
83	Employer's Report of Taxable Wages Paid to Each Employee (continuation sheet)	SS-1b
84	Proof Tabulation	OAR-5033
85	Master Block Listing by Area	OAR-1036
86	Ledger Section Balance Listing	OAR-1045
87	Ledger Section Block Record	OAR-1050
88	Listing of Incompletely Reported Wage Items	OAR-1058
88	Unidentified Incorrectly Reported Wage Items	OAR-5031
88	Wage Items Reported Incorrectly for More Than One Period	OAR-5032
89	Request for Statement of Wages	OAR-70C4
89	Statement of Wages Recorded in Account	OAR-7014
90	Statement of Wages and Employment	OAR-7008
91	Wage Inquiry Scout Report	OAR-7009
92	Wage Certification - Benefit Computation	OA-C794

Form SS-5  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE  
(Revised 1-45)

APPLICATION FOR SOCIAL SECURITY ACCOUNT NUMBER

218-10-9000

REQUIRED UNDER THE FEDERAL INSURANCE CONTRIBUTIONS ACT  
READ INSTRUCTIONS ON BACK BEFORE FILLING IN FORM

DO NOT WRITE IN THE ABOVE SPACE

FILL IN EACH ITEM. PRINT IN BLACK OR DARK BLUE INK OR USE TYPEWRITER FOR ALL ITEMS EXCEPT SIGNATURE. IF THE INFORMATION CALLED FOR IN ANY ITEM IS NOT KNOWN, WRITE "UNKNOWN."

1. PRINT NAME YOU GAVE YOUR PRESENT EMPLOYER, OR IF UNEMPLOYED, THE NAME YOU WILL USE WHEN EMPLOYED.		FIRST NAME <b>JOHN</b>	MIDDLE NAME. (IF YOU USE NO MIDDLE NAME OR INITIAL, DRAW A LINE—)	LAST NAME <b>SMITH</b>
2. MAILING ADDRESS (NO. & ST., P. O. BOX, OR RFD) (CITY) (ZONE) (STATE) <b>313-71st St., Baltimore, Md.</b>			3. PRINT FULL NAME GIVEN YOU AT BIRTH <b>Jack Smith</b>	
4. AGE ON LAST BIRTHDAY <b>31</b>	5. DATE OF BIRTH (MONTH) (DAY) (YEAR) <b>May 14, 1905</b>		6. PLACE OF BIRTH (CITY) (COUNTY) (STATE) <b>Baltimore, Baltimore, Maryland</b>	
7. FATHER'S FULL NAME, REGARDLESS OF WHETHER LIVING OR DEAD <b>Joseph Smith</b>			8. MOTHER'S FULL NAME BEFORE EVER MARRIED, REGARDLESS OF WHETHER LIVING OR DEAD <b>Anna Jones</b>	
9. (MARK (X) WHICH) MALE FEMALE SEX: <input checked="" type="checkbox"/> <input type="checkbox"/>		10. COLOR (MARK (X) WHICH) (IF OTHER, SPECIFY) OR RACE WHITE NEGRO OTHER <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
12. BUSINESS NAME OF EMPLOYER. IF UNEMPLOYED, WRITE "UNEMPLOYED" <b>Rapid Transfer Company</b>			11. HAVE YOU EVER BEFORE APPLIED FOR OR HAD A SOCIAL SECURITY OR RAILROAD RETIREMENT NUMBER? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> DON'T KNOW <input type="checkbox"/> IF ANSWER IS "YES", PRINT THE STATE IN WHICH YOU FIRST APPLIED AND WHEN STATE DATE	
12. EMPLOYER'S ADDRESS (NUMBER AND STREET) (CITY) (ZONE) (STATE) <b>112 No. Center Street, Balto., Md.</b>			ALSO PRINT YOUR ACCOUNT NUMBER IF YOU KNOW IT ACCOUNT NUMBER	
13. TODAY'S DATE <b>12-21-36</b>		14. WRITE YOUR NAME AS USUALLY WRITTEN (DO NOT PRINT) <i>John Smith</i>		

DO NOT WRITE IN THIS SPACE

RETURN COMPLETED APPLICATION TO NEAREST SOCIAL SECURITY BOARD FIELD OFFICE

16-5628-4

APPLICATION FOR ACCOUNT NUMBER - FORM SS-6

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD

TRANSMITTAL RECORD

F. O. Code \_\_\_\_\_  
Mailing date **12-21-42**

Bureau of Old-Age and Survivors Insurance,  
Candler Building, Baltimore, Md.

Transmitted herewith in numerical sequence are the following numbered applications (Form SS-5) and carbon copies of corresponding account number cards (Form OA-702):

**218**      **10**      **W. M. Donlin**      **Baltimore**      **Maryland**  
(Area)      (Group)      (Field officer)      (City)      (State)

Total applications **100**      Total carbon copies **100**      Total forms **200**

NUMBERS INCLUDED		MISSING NUMBERS AND REMARKS (Indicate reason)
From—	Through—	
9000	9099	

Form OAA-5001  
7-43

16-5628-2 U. S. GOVERNMENT PRINTING OFFICE



<b>SOCIAL SECURITY ACT</b>	
ACCOUNT NUMBER	
218-10-9000	
HAS BEEN	ESTABLISHED FOR
John Smith	
<b>SPECIMEN</b>	
WORKER'S SIGNATURE	
218-10-9000	
(SOCIAL SECURITY ACCOUNT NUMBER)	
John Smith	
(WORKER'S NAME)	
313 Seventy-First St., Balto., Md.	
(WORKER'S HOME ADDRESS)	
Rapid Transfer Company	
(EMPLOYER'S NAME)	
IF WORKER'S NAME IS CHANGED MAKE REQUEST FOR ACCOUNT NUMBER CARD BEARING NEW NAME ON FORM OAA-7003 WHICH MAY BE SECURED FROM ANY SOCIAL SECURITY BOARD FIELD OFFICE.	

ACCOUNT NUMBER CARD - FORM OA-702

218109000JOHN										SMITH										53005140511120442K									
EMPLOYEE ACCOUNT NO.										EMPLOYEE NAME										INDEX CO. DATE OF BIRTH S. C. DATE ISSUED C.									
EMPLOYEE ACCOUNT NO.										EMPLOYEE NAME										DATE OF BIRTH DATE ISSUED									
AREA	GR.	SERIAL	FIRST			MIDDLE	LAST				INDEX CODE	DATE OF BIRTH			SEX	HAIR	DATE ISSUED												
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IBM 728376  
LICENSED FOR USE UNDER PATENT 1,772,482

ACTUARIAL CARD - FORM OAR-2001

218109000JACK										SMITH										53005140511120442K									
EMPLOYEE ACCOUNT NO.										EMPLOYEE NAME										INDEX CO. DATE OF BIRTH S. C. DATE ISSUED C.									
EMPLOYEE ACCOUNT NO.										EMPLOYEE NAME										DATE OF BIRTH DATE ISSUED									
AREA	GR.	SERIAL	FIRST			MIDDLE	LAST				INDEX CODE	DATE OF BIRTH			SEX	HAIR	DATE ISSUED												
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IBM 728376  
LICENSED FOR USE UNDER PATENT 1,772,482

CROSS REFERENCE ACTUARIAL CARD (PINK)-FORM OAR-2001

218109000										123456										J										SMITH										040000										0342										520621335										CHESAPEAK																																																																					
EMPLOYEE ACCOUNT NUMBER										BLOCK NUMBER										INITIALS										LAST NAME										WAGES										PERIOD										EMPLOYER IDENTIFICATION NUMBER										EMPLOYEE ID																																																																					
EMPLOYEE ACCOUNT NUMBER										EMPLOYER NAME (LETTERS 1-4)										EMPLOYEE LAST NAME										REPORTED AS: ACCOUNT NUMBER										NAME										MASTER BLOCK NUMBER										ESTABLISHMENT NUMBER										SLIP CODE										EMPLOYER ALIAS										DATE CONT.																																																	
AREA SERIAL										ALPH CODE COUNTY										POSTING NUMBER										STATE ENTRY										EMPLOYER IDENTIFICATION NUMBER										REPORTING PERIOD										INDU CO										UNIT NUMBER										ESTABLISHMENT NUMBER										SLIP CODE										EMPLOYER ALIAS										DATE CONT.																													
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EMPLOYEE WAGE CARD																																																																																																																																											

EMPLOYEE WAGE CARD - FORM OAR-1003

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ANNUAL SUMMARY CARD - FORM OAR-1004

5 2 0 6 2 1 3 3 5										CHESAPEAKE TRANSFER CO										5219			42																
EMPLOYER NAME										EMPLOYER IDENTIFICATION NUMBER			GEOGRAPHICAL CODE			INDUS CODE			REPORTING DATA																				
EMPLOYER NAME										EMPLOYER IDENTIFICATION NUMBER			GEOGRAPHICAL CODE			INDUS CODE			REPORTING DATA																				
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2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
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4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9

SOCIAL SECURITY BOARD - BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

EMPLOYER IDENTIFICATION CARD - FORM OAR-1005

5 2 0 6 2 1 3 3 5										CHESAPEAKE TRANSFER CO										0342			4200																
EMPLOYER NAME										TOTAL EARNINGS			NO. OF EMPLOYEES			PERIOD			STATE																				
EMPLOYER NAME										TOTAL EARNINGS			NO. OF EMPLOYEES			PERIOD			STATE																				
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9

SOCIAL SECURITY BOARD - BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

SS-1A REPORT CARD - FORM OAR-1006

CO NO.		DATE		REGION	AREA	OPERATION	SHIFT	MASTER BLOCK NO.	TOTAL EMPLOYEES	TOTAL WAGES
CARD NO.	MO	DAY	REGION	AREA	OPERATION	SHIFT	MASTER BLOCK NUMBER	TOTAL EMPLOYEES	TOTAL WAGES	
0	0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9	9

SOCIAL SECURITY BOARD - BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

FORM OAR-1007 - CONTROL SUMMARY CARD

CONTROL SUMMARY CARD - FORM OAR-1007

FIELD BLOCK		DATE IN PROD		REGION	I R D	YEAR	PERIOD	NO OF EMPLR	NO OF EMPLOYEES	TOTAL WAGES	MASTER BLOCK NO	CLERK NO.	DATE COOT
CLERK NUMBER	NUMBER OF HOURS	NUMBER OF ITEMS COMPLETED	AREA NO	FIELD BLOCK	NO OF EMPLOYEES	TOTAL WAGES	MASTER BLOCK NO.	SUB UNIT	SHIFT	CLERK NO.	NO OF ITEMS COMPLETED	TOTAL ERRORS	
0	0	0	0	0	0	0	0	0	0	0	0	0	
1	1	1	1	1	1	1	1	1	1	1	1	1	
2	2	2	2	2	2	2	2	2	2	2	2	2	
3	3	3	3	3	3	3	3	3	3	3	3	3	
4	4	4	4	4	4	4	4	4	4	4	4	4	
5	5	5	5	5	5	5	5	5	5	5	5	5	
6	6	6	6	6	6	6	6	6	6	6	6	6	
7	7	7	7	7	7	7	7	7	7	7	7	7	
8	8	8	8	8	8	8	8	8	8	8	8	8	
9	9	9	9	9	9	9	9	9	9	9	9	9	

BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

PRODUCTION CONTROL OPERATION CARD - FORM OAR-1068

SERIAL	EMPLOYEE NAME	AREA	GROUP	SERIAL
9000	J SMITH	218	10	9000

9 9 9 9 9 9 9 9 9

8 8 8 8 8 8 8 8 8

5 5 5 5 5 5 5 5 5

4 4 4 4 4 4 4 4 4

3 3 3 3 3 3 3 3 3

SERIAL	EMPLOYER ACCOUNT NO. TOTAL EARNINGS TO DATE	EARNINGS	PERIOD			PAGE NO.
			MO.	YR.	3	
9000	132334537	69000	6	3	71	
9000	132334537	69000	12	3	71	
9000	138000*	138000			379	
9000					9	
9000	132334537	34500	3	3	81	
9000	132334537	34500	6	3	81	
9000	132334537	34500	9	3	81	
9000	194311922	40000	12	3	81	
9000	281500*	143500			9	
9000					389	000
9000	194311922	40000	3	3	91	051
9000	194311922	40000	6	3	91	151
9000	141113425	2500	9	3	91	001
9000	293218644	3745	9	3	91	002
9000	116547311	4275	9	3	91	002
9000	364433125	37500	12	3	91	001
9000	409520*				9	000
9000	128020				39	E
9000	364433125	37500	3	4	01	15
9000	364433125	37500	6	4	01	13
9000	364433125	37500	9	4	01	12
9000	364433125	40000	12	4	01	13
9000	562020				F	
9000	152500				40	E
9000	364433125	40000	3	4	11	3
9000	364433125	40000	6	4	11	2
9000	364433125	40000	9	4	11	3
9000	101154322	3520	9	4	15	1
9000	364433125	40000	12	4	11	12
9000	725540				F	

FLY-BOY STRAPS

530	SMITH	JAMES	RIC	091928	274	22	2092*
530	SMITH	JAMES	SID	100114	366	22	7193
530	SMITH	JAMES	TRA	020426	238	23	2217
530	SMITH	JAMES	WIL	092525	203	81	6553
530	SMITH	JAMES	WIL	010528	445	02	6019
530	SMITH	JAMES	WIL	092928	168	02	0597
530	SMITH	JANE		100717	343	02	0887
530	SMITH	JANE		050124	368	22	9512*
530	SMITH	JANE	ELI	091927	058	02	1130
530	SMITH	JANE	LOU	070824	301	02	1395
530	SMITH	JANE	PAX	060716	571	62	7255*
530	SMITH	JAY	THO	080984	511	02	7268
530	SMITH	JEAN		110224	482	22	3240*
530	SMITH	JENNIE		121488	531	22	6614
530	SMITH	JENNIE	CAR	071508	445	63	2657
530	SMYTH	JEREMIAH	EDW	042524	516	42	6977
530	SMITH	JEROME		032822	427	43	9840
530	SMITH	JESSE	E	040294	459	23	7615*
530	SMITH	JESSE	JAM	112126	437	63	4169
530	SMITH	JESSIE		040696	37	22	9763
530	SMITH	JESSIE		052916	7	22	3966*
530	SMITH	JESSIE	RUT	052916	47	22	3966*
530	SMITH	JESSIE	SCO	041093	456	22	8029
530	SMITH	JOHN		112587	351	13	5578
530	SMITH	JOHN		121398	452	91	3525
530	SMITH	JOHN		101399	513	56	2345
530	SMITH	JOHN		051405	218	10	9000*
530	SMITH	JOHN		092814	342	13	7766
530	SMITH	JOHN		121594	434	03	6674
530	SMITH	JOHN		091616	352	27	4132
530	SMITH	JOHN	AAR	012528	422	22	9024
530	SMITH	JOHN	CLO	090891	445	02	5853
530	SCHWINDT	JOHN	CLA	100226	512	02	6034
530	SMITH	JOHN	EDW	030507	500	22	9898
530	SCHMIDT	JOHN	JOH	032177	571	62	7273
530	SMITH	JOHN	L	031475	315	02	9801
530	SMITH	JOHN	M	101492	479	22	9012

REGISTER OF ACCOUNTS ESTABLISHED

FEDERAL SECURITY AGENCY  
ACCOUNTS ESTABLISHED  
FORM OAAAN-5014  
MAY 1952

NO.	DATE OF BIRTH			SEX	EMPLOYEE NAME			AREA	ACCOUNT NO.		SERIAL
	MO.	DAY	YEAR		FIRST	MIDDLE	LAST		GROUP	INDIVIDUAL	
0	09	23	29	F	PHYLLIS	BAL	WATTS	100	22	8900	0
1	10	24	29	F	HAZEL	MAU	CORSON	100	22	8901	1
2	04	02	31	F	ANTOINETTE		PATRICK	100	22	8902	2
3	01	06	31	F	SHIKLEY	ANN	PARSONS	100	22	8903	3
4	07	28	31	F	NURMA	MAE	FLEMING	100	22	8904	4
5	11	09	01	F	LEO	A	TURGEON	100	22	8905	5
6	12	12	29	F	WINSTON	KAH	MATTHEWS	100	22	8906	6
7	09	09	29	F	RONALD	PAT	OYER	100	22	8907	7
8	01	08	28	F	WILLIAM	MAU	CHARTIER	100	22	8908	8
9	07	10	25	F	BEHNICE	UDR	CHARPENTIER	100	22	8909	9
10	03	23	30	F	BARBARA	JEAN	CARLETON	100	22	8910	10
11	12	22	28	F	AVIS	JOAN	MACKENZIE	100	22	8911	11
12	06	30	24	F	NANCY	EST	MAHMOT	100	22	8912	12
13	09	12	31	F	HERBERTA	LOU	FOOTE	100	22	8913	13
14	04	26	30	F	EDITH	MAY	WATTERSON	100	22	8914	14
15	01	26	30	F	ELSON	WAR	MOODY	100	22	8915	15
16	03	12	24	F	LEWIS	ART	KELLEY	100	22	8916	16
17	02	12	12	F	GEORGE	ONE	LAMOTT	100	22	8917	17
18	05	01	31	F	WILLIAM	ART	DILLON	100	22	8918	18
19	07	02	22	F	GEORGE	THO	GEBBIE	100	22	8919	19
20	04	16	24	F	FLORA	MAR	PROVENCAL	100	22	8920	20
21	10	19	20	F	CORA	MAY	OSGOOD	100	22	8921	21
22	03	04	27	F	DAVID	JAM	CARROLL	100	22	8922	22
23	03	15	03	F	KENNETH	CLY	FOSS	100	22	8923	23
24	11	26	03	F	WALTER	RAN	DOW	100	22	8924	24
25	05	25	26	F	ROSE	ANN	ROMPREY	100	22	8925	25
26	10	17	29	F	WALTER	EAR	DAVIS	100	22	8926	26
27	07	14	30	F	ROSEMARY	PER	MALONEY	100	22	8927	27
28	01	12	31	F	REVERLY	MAE	SMITH	100	22	8928	28
29	02	26	31	F	JEANNETTE	ALI	VENNE	100	22	8929	29
30	06	28	29	F	DOROTHY	LOU	BURKE	100	22	8930	30
31	06	26	29	F	HAZEL	THE	GLEASON	100	22	8931	31
32	08	14	44	F	ELMIRA	HEM	BEAN	100	22	8932	32
33	01	11	29	F	GLEN	DAL	SMELTZER	100	22	8933	33
34	12	13	29	F	LAURA		PENRY	100	22	8934	34
35	04	22	28	F	HUBERT	C	CLIFFORD	100	22	8935	35
36	03	03	29	F	OSCAR	FRA	DUPONT	100	22	8936	36
37	04	18	27	F	BEVERLY	MAR	NAUDON	100	22	8937	37
38	02	22	27	F	HERBERT	BRI	KING	100	22	8938	38
39	02	01	19	F	PAUL	THU	ROBINSON	100	22	8939	39
40	12	07	29	F	HOWARD	AUG	THORPE	100	22	8940	40
41	06	19	33	F	ERNEST	LAW	HEWEY	100	22	8941	41
42	05	14	36	F	ELLEN	CHA	MASSEY	100	22	8942	42
43	09	28	29	F	FAY	ANN	RICE	100	22	8943	43
44	03	17	27	F	PHYLLIS	UNA	STHAW	100	22	8944	44
45	07	30	26	F	DOROTHY	GER	HARRIS	100	22	8945	45
46	03	27	27	F	EZRA	PAU	BAKEN	100	22	8946	46
47	10	25	29	F	HUBERT	LEO	UHOUIN	100	22	8947	47
48	07	27	20	F	ANNA	ELI	MURPHY	100	22	8948	48
49	06	27	29	F	EVELYN	PEA	BLACKWOOD	100	22	8949	49
50	10	11	18	F	MURRISON	DWI	POOLE	100	22	8950	50
51	07	02	28	F	CHESTER	ARC	HALL	100	22	8951	51
52	01	13	19	F	EDITH	COL	HEBERT	100	22	8952	52
53	10	16	22	F	ALFRED	LAW	DUPONT	100	22	8953	53
54	08	22	22	F	RICHARD	ALL	CLOW	100	22	8954	54
55	05	04	16	F	OLIVER	VIN	ROBINSON	100	22	8955	55
56	07	03	30	F	SHIRLEY	NAN	PORTER	100	22	8956	56
57	08	01	30	F	MARCEL		CHAMPAGNE	100	22	8957	57
58	06	11	30	F	MARY	NAN	INGRAM	100	22	8958	58
59	03	10	27	F	ANNETTE	ELI	HICKS	100	22	8959	59
60	07	28	26	F	OLIVE	BEA	PARTRIDGE	100	22	8960	60
61	08	18	31	F	RICHARD	EAR	FORTUNE	100	22	8961	61
62	04	25	29	F	HELEN	FRA	PAINCHAUD	100	22	8962	62
63	10	02	30	F	ROBERT	EVE	DAVIS	100	22	8963	63
64	06	23	11	F	NAOMI	RUT	JORUAN	100	22	8964	64
65	05	16	29	F	LOIS	RUT	HARPER	100	22	8965	65
66	08	18	29	F	SFA	JUL	HILTON	100	22	8966	66
67	12	19	28	F	MYLEEN	ELE	MORRISON	100	22	8967	67
68	01	08	08	F	FORREST	JOH	PUTNAM	100	22	8968	68
69	05	10	27	F	LUDDGER	GER	FERLAND	100	22	8969	69
70	11	04	07	F	JEAN	PAU	CHENTIER	100	22	8970	70
71	02	15	27	F	JOSEPH	ROS	FERLAND	100	22	8971	71
72	02	15	30	F	JEAN	ROB	FERLAND	100	22	8972	72
73	11	23	29	F	HARRIET	ELI	PAGE	100	22	8973	73
74	02	28	24	F	WILLIAM	HAM	FRENCH	100	22	8974	74
75	11	22	23	F	EUGENIE	MAR	JACQUES	100	22	8975	75
76	05	05	05	F	HENRY	THE	AYOTTE	100	22	8976	76
77	07	30	30	F	EARL	DAY	ALLAND	100	22	8977	77
78	09	26	27	F	THERESA	MAR	SOUCY	100	22	8978	78
79	08	20	23	F	PAUL	LOU	MAHEUX	100	22	8979	79
80	07	04	18	F	RICHARD	LOU	SANDERSON	100	22	8980	80
81	10	02	08	F	RUCH	FAB	ALLARD	100	22	8981	81
82	11	10	21	F	STANLEY	H	RING	100	22	8982	82
83	03	02	17	F	ALFRED	MAR	DOWNING	100	22	8983	83
84	09	13	03	F	EVELYN	GER	DAMOUR	100	22	8984	84
85	10	18	29	F	WINSOME	EMM	TUCKER	100	22	8985	85
86	12	22	22	F	CAROLYN		PAIGE	100	22	8986	86
87	07	27	27	F	AGNES	BEA	MOONEY	100	22	8987	87
88	06	07	08	F	EVA	RIT	FRAZIER	100	22	8988	88
89	11	07	22	F	BERTIE	CUR	HOWLAND	100	22	8989	89
90	08	12	29	F	MYRNA	MAE	HENEON	100	22	8990	90
91	09	27	30	F	GERTRUDE	MAR	FERRY	100	22	8991	91
92	07	02	02	F	RUBERTA	HEL	TUCKER	100	22	8992	92
93	05	25	32	F	RACHEL	GER	ANGWIN	100	22	8993	93
94	11	13	30	F	HENRY	LER	BROOKS	100	22	8994	94
95	09	19	28	F	VALMORE	HOR	SMITH	100	22	8995	95
96	01	01	01	F	GEORGE	WEL	SMITH	100	22	8996	96
97	05	10	28	F	RUGER	ARM	LETENDRE	100	22	8997	97
98	01	22	00	F	MILDRED	CEC	KENNEY	100	22	8998	98
99	07	02	02	F	ELIZA	ANN	HOPKINS	100	22	8999	99



FIRST			MID.	SURNAME		ACCOUNT NUMBER		
JOHN				SMITH		21810	9000	
5	14	05	1	1				
MONTH	DAY	YEAR	SEX	COLOR				
DATE OF BIRTH								

**OFFICE RECORD  
AND  
CROSS REFERENCE**

**CODES**

SEX	COLOR
MALE - 1	WHITE - 1
FEMALE - 2	NEGRO - 2
	OTHER - 3

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD  
FORM OAR-7001  
4-43

Form OAR-1037  
10-42  
(88-1a Proc.)

FEDERAL SECURITY AGENCY  
**SOCIAL SECURITY BOARD**  
PRODUCTION REPORT BY OPERATIONS

1

CONFIDENTIAL  
FOR OFFICE  
USE ONLY

DATE \_\_\_\_\_ ACCOUNTING YEAR \_\_\_\_\_ SHEET NO. \_\_\_\_\_ OF \_\_\_\_\_

PERIOD	OPERATION	SHIFT	ITEMS PROCESSED TODAY	ITEMS PROCESSED TO DATE	ITEMS IN OPERATION
43	94	0			27111710
44	94	0			2426713
43	94	0		14780270	14780270 CR
44	94	0		1186006	1186006 CR
				15966276	13572147
51	94	0			523114
					523114
52	94	0			469371
					469371
53	94	0			25538
52	94	0		552762	552762 CR
				552762	527224 CR
				16519038	14037408
43	95	0			47926549
44	95	0			9938744
43	95	0		38015771	38015771 CR
44	95	0		8970363	8970363 CR
				46986134	10879159
51	95	0			2308039
52	95	0			1196851
45	95	0		4456496	4456496 CR
45	95	1	44271	44271	44271 CR
			44271	4500767	995877 CR
			44271	51486901	9883282
45	66	0		144984	144984 CR
45	66	1	1008	1008	1008 CR
			1008	145992	145992 CR
			1008	145992	145992 CR

10  
9  
8  
7  
6  
5  
4  
3  
2  
1

EMPLOYER'S APPLICATION FOR IDENTIFICATION NUMBER

UNDER FEDERAL INSURANCE CONTRIBUTIONS ACT

(If space provided for answers is inadequate, attach separate sheet. No. 52-0621335  
Number answers to agree with questions appearing on this form.)

1. Name of employer Chesapeake Transfer Company  
(Enter true name under which tax returns will be filed, as distinguished from trade name. See instructions)

2. Trade name, if any Chesapeake Transfer Company  
(Enter name under which business is operated if different from Item 1; otherwise enter "Same as Item 1")

3. Class (check (✓) which): Individual \_\_\_\_\_; Corporation ; Partnership \_\_\_\_\_; Other \_\_\_\_\_  
(Specify, such as "Estate")

4. Principal place of business 562 Forty-first Street, Baltimore  
(Number) (Street) (City)  
Marvland  
(P. O. Zone) (County) (State)

5. Number of employees 19  
November 1, 1940  
(Month) (Day) (Year)

6. Give date on which employer in Item 1 established or acquired this business

7. Give the first date after December 31, 1936, on which the employer in Item 1 had ONE or more employees in employment for taxable wages. (See instructions) November 1, 1940  
(Month) (Day) (Year)

8. If the present employer has taken over a previously established business, give the previous owner's name \_\_\_\_\_ identification number \_\_\_\_\_

9. Check reason for filing this application: Started new business  Purchased going business   
 Acquired going business without purchase  Other \_\_\_\_\_  
(Gift, trust, operation by creditors, etc.) (Specify, such as "Change of partners," etc.)

10. Have you previously filed an application for an identification number? Yes \_\_\_\_\_ No

Date 11-30-41 (Signed) Joseph Doaks Title President  
(Should be signed by either the owner, partner, officer of a corporation, or fiduciary of an estate or trust) 16-43733-1

EMPLOYER'S APPLICATION FOR IDENTIFICATION NUMBER

(CONTINUED—Fill in Items 1 through 10 exactly as above)

No. 52-0621335

1. Name of employer Chesapeake Transfer Company  
(Enter true name under which tax returns will be filed, as distinguished from trade name. See instructions)

2. Trade name, if any Chesapeake Transfer Company  
(Enter name under which business is operated if different from Item 1; otherwise enter "Same as Item 1")

3. Class (check (✓) which): Individual \_\_\_\_\_; Corporation ; Partnership \_\_\_\_\_; Other \_\_\_\_\_  
(Specify, such as "Estate")

4. Principal place of business 562 Forty-first Street, Baltimore  
(Number) (Street) (City)  
Maryland  
(P. O. Zone) (County) (State)

5. Number of employees 19  
November 1, 1940  
(Month) (Day) (Year)

6. Give date on which employer in Item 1 established or acquired this business

7. Give the first date after December 31, 1936, on which the employer in Item 1 had ONE or more employees in employment for taxable wages. (See instructions) November 1, 1940  
(Month) (Day) (Year)

8. If the present employer has taken over a previously established business, give the previous owner's name \_\_\_\_\_ identification number \_\_\_\_\_

9. Check reason for filing this application: Started new business  Purchased going business   
 Acquired going business without purchase  Other \_\_\_\_\_  
(Gift, trust, operation by creditors, etc.) (Specify, such as "Change of partners," etc.)

10. Have you previously filed an application for an identification number? Yes \_\_\_\_\_ No

(Please fill in items 11 through 13 on reverse side)

Geog. Code	Ind. Code	Date of bus. bfr.	Reason for app.

EMPLOYER'S APPLICATION FOR IDENTIFICATION NUMBER

11. Does the employer named in Item 1 operate more than one place of employment? YES \_\_\_\_\_ NO  If answer is YES, attach a list showing for each separate place of employment: (a) the name and address, (b) the nature of business operated (see examples in Item 12), and (c) the number of employees.
12. Describe fully exact nature of business carried on in this establishment. The following examples indicate type of information needed:  
 MINING AND QUARRYING (state principal mineral for which mine is worked).—Bituminous-coal mining; bauxite mining; crude-oil production; crushed-limestone quarrying; drilling oil wells on contract basis, etc.  
 CONSTRUCTION (state whether general contractor or subcontractor, and type of construction work normally performed).—Residential building, general contractor; painting and paperhanging subcontractor, etc.  
 WHOLESALE TRADE (state whether on own account or on a commission basis, and specify principal commodity sold).—Commission wholesaler of industrial chemicals; independent wholesaler of canned fruits, etc.  
 RETAIL TRADE (state type of retail establishment and principal commodity sold).—Retail grocery store; retail hardware; retail gasoline filling station; country general store; packaged liquor store, etc.  
 WHOLESALE AND RETAIL TRADE COMBINED (if engaged in both wholesale and retail trade, indicate which is predominant, and follow examples shown above).  
 MANUFACTURING (indicate type of establishment operated, where significant).—Sawmill; vegetable cannery; newspaper printing plant; beehive coke ovens, etc.  
 OTHER ACTIVITY (specify the exact type).—Independent life insurance agent; owner-operator of apartment house; barber shop; electrical repair shop; steam laundry; State bank, etc.
- Nature of business: Inter-City Freight Transfer

13. If primarily engaged in MANUFACTURING, state in the order of their importance the principal products manufactured, and the estimated percentage of the total value of all products which each represents.

Products	%
1. _____	_____
2. _____	_____
3. _____	_____

Date 11-30-41 (Signed) Joseph Doaks Title President  
 (Do not detach) (Should be signed by either the owner, partner, officer of a corporation, or fiduciary of an estate or trust) 16-43733-1

EMPLOYERS APPLICATION FOR IDENTIFICATION NUMBER  
FORM SS-4 PAGE 3

Form SS-12  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE  
(August 1944)

TRANSMITTAL OF FORM SS-4

Identification No. 1 \_\_\_\_\_

52

CHESAPEAKE TRANSFER COMPANY  
562 FORTY-FIRST STREET  
BALTIMORE, MARYLAND

Employer name and address <sup>2</sup>

REMARKS  
(For use of Social Security Board)

<sup>1</sup> Enter collection district code prefix.  
<sup>2</sup> Enter employer's name and address from Addressograph plate or if prepared by typewriter exactly as it will be shown on Addressograph plate.



### ADVICE OF TRANSMITTAL

(FOR USE IN TRANSMITTING SCHEDULE A OF FORM SS1-A TO SOCIAL SECURITY BOARD)

THIS SPACE FOR USE OF SOCIAL SECURITY BOARD ONLY								
OPERATION	J. D.	EXAMINE	ADD	RECORD	INCL. REV.	FIN. REV.	■	■
DATE COMPLETED								
CLERK NUMBER								

OFFICE Baltimore, Md.

NUMBER C212-1942

DATE 4-13-42

EMPLOYER'S NUMBER	EMPLOYER'S NUMBER	EMPLOYER'S NUMBER	EMPLOYER'S NUMBER
1 0621335			
2 0330450			
3 0390503			
4 0386568			
5 0309962			
6 0235360			
7 0446880			
8 0538960			
9 0538323			
10 0537315			
11 0536010			
12 0534780			
13 0534160			
14 0532797			
15 0528990			
16 0528945			
17 0525998			
18 0524856			
19 0523430			
20 0523280			
21 0523180			
22 0521500			
23 0516141			
24 0515684			
25 0514515			
26 0511520			
27 0511215			
28 0510310			
29 0509685			
30 0507760			
31 0504524			
32 0498110			
33 0469960			
34 0466383			
35 0464526			
36 0455925			
37 0456920			
38 0445825			
39 0444364			
40 0441313			
41 0435310			
42 0434544			
43			
44			
45			
46			
47			
48			
49			
50			
			TOTAL EMPLOYEES

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD  
FORM OAR 5008  
2-42

**EMPLOYER'S TAX RETURN**  
FORM 941 (Rev. 7-22-42) TREASURY DEPARTMENT INTERNAL REVENUE SERVICE

**READ INSTRUCTIONS CAREFULLY**

1. Number of employees listed in Schedule A. 19  
 2. Total taxable wages PAID (See Instructions) \$ 5,545.34  
**EMPLOYER'S TAX**  
 3. 1% of Item 2 55.45  
 4. Credit or adjustment 0  
 5. Total employer's tax \$ 55.45  
**EMPLOYER'S TAX**  
 6. 1% of Item 2 55.45  
 7. Credit or adjustment 0  
 8. Total employer's tax \$ 55.45  
 9. Total tax (total of Items 5 and 8) \$ 110.90

10. I declare, under the penalty of perjury, that I have examined this return, that it is made in good faith, and that to the best of my knowledge and belief all returns made herein, and contained in each schedule of statements attached and made a part hereof, are true, correct, and complete, and in accordance with the law and regulations applicable thereto.  
 (Signature) John Doaks  
 (Title) President  
 Signed this 10<sup>th</sup> day of July, 1942

If paid by check or money order, make payable to "Collector of Internal Revenue."  
 11. Date quarter ended 3/31/42  
 12. Taxpayer will NOT use this space  
 Total tax \$  
 Penalty \$  
 Interest \$  
 Total \$

13. Type or print in this space employer's name, address of principal place of business, and identification number. (See Item 11 of Instructions.)  
 Chesapeake Transfer Company  
 582 Forty-first Street  
 Baltimore, Maryland  
 62-0621335

**DO NOT DETACH AT THIS LINE**  
**SCHEDULE A—EMPLOYER'S REPORT OF TAXABLE WAGES PAID TO EACH EMPLOYEE**  
(List all employees to whom taxable wages were paid during the quarter)

14. Date quarter ended 3/31/42  
 15. Total page of this return, including continuation sheets attached 1  
 16. Total number of employees listed on return 19  
 17. Number of persons employed during any period ending nearest last of this month to quarter covered by this return 19  
 18. Total taxable wages paid during quarter \$ 5,545.34

19. Type or print in this space employer's name, address of principal place of business, and identification number. (See Item 11 of Instructions.)  
 Chesapeake Transfer Company  
 582 Forty-first Street  
 Baltimore, Maryland  
 62-0621335

Employee's Account Number (ID)	Name of Employee (Type or print) (ID)	Taxable Wages Paid Under Federal Insurance Contributions Act (FICA)		State (ID)
		Dollars	Cents	
327 17 2837	George C. Christopher	250	00	
218 10 9000	John Smith	400	00	
438 07 9132	John J. McCarthy	310	14	
218 66 4125	Nellie M. Johnson	420	00	
505 62 0025	Otto Lorfing	300	00	
436 08 0001	Wayne C. Schanche	276	21	
326 05 2112	John P. Shaochis	310	07	
535 19 4949	Ralph E. Throssell	264	46	
422 03 4641	Howard P. Quillin	500	00	
421 04 0001	Joe Savage	25	00	
251 04 2349	Michael J. Wadsworth	126	00	
325 13 2246	John Q. Citizen	896	55	
432 02 3001	Miranda Adams	132	06	
146 15 3131	Oscar Wyszehski	175	25	
331 11 6007	William J. Haskell	211	11	
296 06 3175	Maggie Hicksworth	81	90	
512 13 9471	Michael Q. White	421	52	
319 21 4652	Peter F. Fallingsworth	127	82	
236 15 6234	Lawrence B. Anderson	327	28	
<b>21. TOTAL FOR THIS PAGE—Total taxable wages paid</b>		<b>\$ 5545</b>	<b>34</b>	

22. Has a change of ownership, or other transfer, of the business taken place during the quarter? No If yes, attach statement called for in Item 23 of Instructions.  
 23. Is this your final return? No If yes, check reason:  Liquidation  Sale to successor  Other, specify \_\_\_\_\_  
(See Part E of General Instructions.)

If there is not enough space for all employees above, see Schedule A continuation sheets (Form 941-1). Each such sheet must show a page number beginning with page number 1. Do not use sheets other than Form 941-1, unless approved by Bureau of Internal Revenue.

THIS FORM MUST BE FILED WITH A COLLECTOR OF INTERNAL REVENUE ON OR BEFORE THE LAST DAY OF THE NEXT MONTH FOLLOWING THE CLOSE OF THE QUARTER THAT

**SCHEDULE A—EMPLOYER'S REPORT OF TAXABLE WAGES PAID TO EACH EMPLOYEE  
CONTINUATION SHEET**

52-0621335

Date  
Quarter  
Ended 3/31/42

Chesapeake Transfer Company  
562 Forty-first Street  
Baltimore, Maryland

**A SUMMARY SHEET MUST ACCOMPANY THIS FORM  
READ INSTRUCTIONS CAREFULLY**

Type or print in this space employer's name, address of principal place of business, and identification number exactly as shown in Items 10 and 18 on Form SS-1-a

↓	EMPLOYER'S ACCOUNT NUMBER (17)	NAME OF EMPLOYEE (Type or print) (18)	TAXABLE WAGES PAID UNDER FEDERAL INSURANCE CONTRIBUTIONS ACT (19)	STATE (20)
→ IF ANY EMPLOYEE'S ACCOUNT NUMBER IS UNKNOWN, FOLLOW ITEM 17 OF INSTRUCTIONS ON REVERSE OF FORM SS-1-a		<p>This is the continuation form for the tax-payer's use in the event that the tax return is so large that it cannot all be listed on the Schedule A. If this form is used, the page totals should be added and the grand total of wages for the report is then shown in Item 21 on Schedule A. (Second line from the bottom).</p>		

TOTAL FOR THIS PAGE—Total taxable wages paid \_\_\_\_\_ \$



SOCIAL SECURITY BOARD  
FORM SS-5033 (8/41)  
(FORM SS-14)

PROOF TABULATION SHEET

EMPLOYER IDENTIFICATION NUMBER	PAGE NUMBER	TOTAL WAGES FOR PAGE	PERIOD OF THE REPORT (09-45 OR SEPT. 1946)	CUMULATIVE TOTAL OF EMPLOYERS IN THE BLOCK	CUMULATIVE TOTAL OF EMPLOYEES FOR THE BLOCK	NET DIFFERENCES IF ANY BETWEEN SS-1A REPORT CARD FIGURES OF TOTAL WAGES AND THE TOTAL WAGES ON THE EMPLOYEES EARNINGS CARDS FOR THE PARTICULAR EMPLOYER	CUMULATIVE TOTAL OF EMPLOYEE WAGES	TOTAL WAGES BY EMPLOYER
00433772	01	149040	09-45	1	00		149040	149040
00433772	01	59550	09-45	2	00		208590	59550
00433772	01	130500	09-45	3	00		339090	130500
00433772	01	319337	09-45	4	00		658427	319337
00433772	01	105000	09-45	5	00		763427	105000
00433772	01	127480	09-45	6	00		890907	127480
00433772	01	894000	09-45	7	00		1040307	894000
00433772	01	894000	09-45	8	00		1052207	894000
00433772	01	894000	09-45	9	00		1061107	894000
00433772	01	894000	09-45	10	00		1070007	894000
00433772	01	433200	09-45	11	00	2000	1113307	433200
00433772	01	214800	09-45	12	00		1134787	214800
00433772	01	104147	09-45	13	00		1145202	104147
00433772	01	229500	09-45	14	00		1168152	229500
00433772	01	473700	09-45	15	00		1215522	473700
00433772	01	20427	09-45	16	00		1235949	20427
00433772	01	76122	09-45	17	00		1312071	76122
00433772	01	201399	09-45	18	00	262500	1549571	201399
00433772	01	170000	09-45	19	00		1719571	170000
00433772	01	36119	09-45	20	00		1755690	36119
00433772	01	510000	09-45	21	00		1806690	510000
00433772	01	480000	09-45	22	00		1854690	480000
00433772	01	90417	09-45	23	00		1945107	90417
00433772	01	107175	09-45	24	00		2052282	107175
00433772	01	378460	09-45	25	00		2330742	378460
00433772	01	107278	09-45	26	00		2438020	107278
00433772	01	52200	09-45	27	00		2490220	52200
00433772	01	702000	09-45	28	00		2560420	702000
00433772	01	371008	09-45	29	00		2931428	371008
00433772	01	207198	09-45	30	00		3138626	207198
00433772	01	103200	09-45	31	00		3241826	103200
00433772	01	57359	09-45	32	00		3299185	57359
00433772	01	736007	09-45	33	00		3472785	736007
00433772	01	529008	09-45	34	00		3525685	529008
00433772	01	205000	09-45	35	00		3730685	205000
00433772	01	19340	09-45	36	00		3750025	19340
00433772	01	153247	09-45	37	00		3903272	153247
00433772	01	389000	09-45	38	00		4292272	389000
00433772	01	139000	09-45	39	00		4431272	139000
00433772	01	62168	09-45	40	00		4493440	62168
00433772	01	1235000	09-45	41	00		5728440	1235000
00433772	01	225470	09-45	42	00		5953910	225470
00433772	01	141002	09-45	43	00		6094912	141002
00433772	01	128111	09-45	44	00		6223023	128111
00433772	01	15500	09-45	45	00		6238523	15500
00433772	01	185293	09-45	46	00		6423816	185293
00433772	01	326510	09-45	47	00		6750326	326510
00433772	01	517682	09-45	48	00		7268008	517682
00433772	01	127224	09-45	49	00		7395232	127224
00433772	01	403500	09-45	50	00		7798732	403500
00433772	01	106350	09-45	51	00		7905082	106350
00433772	01	171253	09-45	52	00		8076335	171253
00433772	01	151187	09-45	53	00		8227522	151187
00433772	01	40350	09-45	54	00		8267872	40350
00433772	01	171253	09-45	55	00		8439125	171253
00433772	01	151187	09-45	56	00		8590312	151187
00433772	01	40350	09-45	57	00		8630662	40350
00433772	01	171253	09-45	58	00		8801915	171253
00433772	01	151187	09-45	59	00		8953102	151187
00433772	01	40350	09-45	60	00		8993452	40350

MASTER BLOCK LISTING BY AREA

AREA	ACCOUNT NO.	DATE	AMOUNT	DEBIT	CREDIT	BALANCE	REMARKS	TOTAL DEBITS	TOTAL CREDITS	TOTAL BALANCE	
13	41692	4	2005854			295		10168	000	4853	
13	128738	4	2005854			295		10168	000	4853	
13	166880	4	2009781			195		10168	000	10421	
13	209513	4	2009781			195		10168	000	23680	
13	050079	4	2009781			195		10168	000	52000	
13	104789	4	2002738			195		10168	000	84500	
13	103100	4	2002738			195		10168	000	01000	
13	107459	4	2002738			195		10168	000	97500	
13	202813	4	2001757			195		10168	000	28000	
13	059378	4	2008596			195		10168	000	81048	
13	168750	4	2002575			195		10168	000	10000	
13	169693	4	2002575			195		10168	000	2500	
13	0110852	4	2005485			195		10168	000	31690	
13	012498	4	2005485			195		10168	000	27140	
13	054232	4	2005485			195		10168	000	20365	
13	012497	4	2005485			195		10168	000	60000	
13	182197	4	2005485			195		10168	000	3000	
13	183447	4	2005485			195		10168	000	77900	
13	051268	4	2005485			195		10168	000	41469	
13	059734	4	2004339			295		10168	000	43377	
13	209940	4	2003997			195		10168	000	100	
13	014912	53	0177306			195		10168	000	19500	
13	019517	4	2006238			195		10168	000	4800	
13	017973	4	2000428			195		10168	000	52000	
13	026192	4	2003157			195		10168	000	488	
13	029587	4	2003157			195		10168	000	752	
13	120333	1	0183714			295		10168	000	1383	
								365376	013	867582	1650401
14	206274	4	2005854			295		10168	014	1500	
14	239298	4	2002846			195		10168	000	9700	
14	232562	4	2001808			195		10168	000	9000	
14	074898	4	2009845			195		10168	000	12000	
14	207965	4	2009791			195		10168	000	20627	
14	206033	4	2009721			195		10168	000	23680	
14	201833	4	2003581			195		10168	000	20000	
14	201187	4	2003581			195		10168	000	5863	
14	201767	4	2003410			195		10168	000	70800	
14	235449	4	2005485			195		10168	000	3739	
14	227539	4	2002421			195		10168	000	15000	
14	056923	4	2000441			195		10168	000	32500	
14	187014	4	2000441			295		10168	000	44100	
14	101205	4	2003197			195		10168	000	6300	
14	186981	4	2003197			195		10168	000	2918	
14	030684	4	2004156			195		10168	000	42300	
14	056954	4	2004156			195		10168	000	5885	
14	181366	4	2006634			195		10168	000	1890	
14	010807	53	0045750			195		10168	000	58500	
								223192	014	328382	2054845
15	039722	4	2005854			195		10168	015	1700	
15	239143	4	2005854			295		10168	000	1733	
15	238891	4	2005854			295		10168	000	2400	
15	207693	4	2001853			195		10168	000	32500	
15	205104	4	2009791			195		10168	000	32159	
15	206267	4	2009791			395		10168	000	37069	
15	206789	4	2009791			395		10168	000	33451	
15	039874	4	2009758			195		10168	000	42000	
15	109523	4	2006752			195		10168	000	1000	
15	146473	4	2006752			195		10168	000	1200	
15	090357	4	2006589			195		10168	000	30400	
15	232562	4	2007479			195		10168	000	10400	
15	232731	4	2007479			195		10168	000	22150	
15	232675	4	2007479			195		10168	000	14400	
15	146349	4	2001145			195		10168	000	315	
15	237037	4	2006374			195		10168	000	23200	
15	230022	4	2006339			195		10168	000	7528	
15	162399	4	2004339			195		10168	000	6535	
15	109523	4	2004332			195		10168	000	0000	
15	233777	4	2002397			195		10168	000	2175	
15	230014	4	2002397			195		10168	000	1900	
15	235054	4	2006238			195		10168	000	800	
15	230278	4	2006238			195		10168	000	1820	
15	148989	4	2004241			195		10168	000	4628	
15	235513	4	2004241			195		10168	000	81433	
15	234880	4	2004241			195		10168	000	15030	
15	236705	4	2009102			195		10168	000	12234	
15	207279	4	2003198			195		10168	000	28100	
15	233466	4	2003198			195		10168	000	3040	
15	204506	4	2003357			195		10168	000	9750	
15	059689	1	0011975			495		20168	000	3934	
15	059386	1	0011975			495		20168	000	52000	
15	056870	1	0041900			495		20168	000	41577	
15	052793	1	0041960			1095		20168	000	19700	
15	059902	1	0124110			295		20168	000	11929	
15	193018	5	0128213			295		20168	000	34895	
								223192	015	5055	
								426	370	635940	260083

LEDGER SECTION BALANCE LISTING

4	4	7410077081	886247771	4001	1000001	26656	654900001	26656
4	4	7409321181	824186112	51	1000001	125339	654900001	125339
7	7	7411410101	388137321	85	1000001	44966	654900001	44966
9	9	7410066371	87046052		1000001	31876	654900001	31876
100	100	7410114861	951176092		1000001	23700	654900001	23700
100	100	7410099581	621176030		1000001	11220	654900001	11220
105	105	7410098551	650436048		1000001	140000	654900001	140000
106	106	7410093351	823056110		1000001	3600	654900001	3600
107	107	7410093781	823056099		1000001	1500	654900001	1500
201	201	7410066371	650436004		1000001	320	654900001	320
204	204	7410098551	823056099		1000001	7770	654900001	7770
300	300	7410066371	460174454		1000001	2700	654900001	2700
301	301	7407116201	394105591		1000001	8550	654900001	8550
303	303	7410098641	360186604		1000001	5250	654900001	5250
403	403	7410066371	460174454		1000001	13209	654900001	13209
403	403	7409321181	824186112		1000001	150	654900001	150
408	408	7410098641	360186604		1000001	32291	654900001	32291
503	503	7410066371	87046052		1000001	1350	654900001	1350
509	509	7409321181	824186112		1000001	11729	654900001	11729
600	600	7410098641	360186604		1000001	8533	654900001	8533
604	604	7409321181	824186112		1000001	14017	654900001	14017
605	605	7409321181	824186112		1000001	16799	654900001	16799
609	609	7409321181	824186112		1000001	3575	654900001	3575
701	701	7409321181	824186112		1000001	79429	654900001	79429
703	703	7409321181	824186112		1000001	6400	654900001	6400
705	705	7409321181	824186112		1000001	14525	654900001	14525
805	805	7409321181	824186112		1000001	20869	654900001	20869
900	900	7409321181	824186112		1000001	1700	654900001	1700
900	900	7409321181	824186112		1000001	45000	654900001	45000
900	900	7409321181	824186112		1000001	59171	654900001	59171
900	900	7409321181	824186112		1000001	13186	654900001	13186
900	900	7409321181	824186112		1000001	16090	654900001	16090
900	900	7409321181	824186112		1000001	515	654900001	515
900	900	7409321181	824186112		1000001	13700	654900001	13700
900	900	7409321181	824186112		1000001	14569	654900001	14569
900	900	7409321181	824186112		1000001	20400	654900001	20400
900	900	7409321181	824186112		1000001	10600	654900001	10600
900	900	7409321181	824186112		1000001	17720	654900001	17720
900	900	7409321181	824186112		1000001	17500	654900001	17500
900	900	7409321181	824186112		1000001	7000	654900001	7000
900	900	7409321181	824186112		1000001	400	654900001	400
900	900	7409321181	824186112		1000001	64756	654900001	64756
900	900	7409321181	824186112		1000001	2472	654900001	2472
900	900	7409321181	824186112		1000001	8325	654900001	8325
900	900	7409321181	824186112		1000001	1651	654900001	1651
900	900	7409321181	824186112		1000001	37087	654900001	37087
900	900	7409321181	824186112		1000001	25334	654900001	25334
900	900	7409321181	824186112		1000001	10290	654900001	10290
900	900	7409321181	824186112		1000001	1132	654900001	1132
900	900	7409321181	824186112		1000001	35100	654900001	35100
900	900	7409321181	824186112		1000001	47236	654900001	47236
900	900	7409321181	824186112		1000001	6545	654900001	6545
900	900	7409321181	824186112		1000001	642	654900001	642
900	900	7409321181	824186112		1000001	43510	654900001	43510
900	900	7409321181	824186112		1000001	30000	654900001	30000
900	900	7409321181	824186112		1000001	54831	654900001	54831
900	900	7409321181	824186112		1000001	27000	654900001	27000
900	900	7409321181	824186112		1000001	17877	654900001	17877
900	900	7409321181	824186112		1000001	1215	654900001	1215
900	900	7409321181	824186112		1000001	51656	654900001	51656
900	900	7409321181	824186112		1000001	21400	654900001	21400
900	900	7409321181	824186112		1000001	21900	654900001	21900
900	900	7409321181	824186112		1000001	1558	654900001	1558
900	900	7409321181	824186112		1000001	10000	654900001	10000
900	900	7409321181	824186112		1000001	6480	654900001	6480
900	900	7409321181	824186112		1000001	1418	654900001	1418
900	900	7409321181	824186112		1000001	29619	654900001	29619
900	900	7409321181	824186112		1000001	39000	654900001	39000
900	900	7409321181	824186112		1000001	7500	654900001	7500
900	900	7409321181	824186112		1000001	100826	654900001	100826
900	900	7409321181	824186112		1000001	3500	654900001	3500
900	900	7409321181	824186112		1000001	4240	654900001	4240
900	900	7409321181	824186112		1000001	85332	654900001	85332

LEDGER SECTION BALANCE LISTING

1451	45432	740243331	61134513	567000001	82480	654900001	82480
1453	45432	7407272901	291076074	380000001	464	654900001	464
1457	45432	7408458361	91126074	200000001	484	654900001	484
1457	45432	7409321181	824186112	200000001	9773	654900001	9773
1553	45432	4305297101	73117335	370000001	13099	654900001	13099
1553	45432	9506459101	460184454	224000001	67830	654900001	67830
1553	45432	7407573101	123176117	600000001	1360	654900001	1360
1558	45432	7407573101	587146082	280000001	20020	654900001	20020
1555	45432	72033645191	84136059	100000001	35987	654900001	35987
1557	45432	72023917691	125036108	100000001	29392	654900001	29392
1559	45432	9506050001	151364896	200000001	15588	654900001	15588
1559	45432	7407349991	176088	100000001	52000	654900001	52000
1751	45432	7409321181	824186112	700000001	29432	654900001	29432
1752	45432	7406972781	28146112	200000001	2357	654900001	2357
1757	45432	7408876201	326196112	300000001	3560	654900001	3560
1757	45432	7408934201	87106052	100000001	6041	654900001	6041
1757	45432	7405470001	91136074	300000001	10500	654900001	10500
1757	45432	74092217901	185096110	600000001	8173	654900001	8173
1757	45432	7407573101	123176117	300000001	3625	654900001	3625
1858	45432	9402794102	8049326	490000001	81000	654900001	81000
1858	45432	7404782105	12845647	200000001	2000	654900001	2000
				74710499*	10588893	654900499	10588893

NUMBER 93 SHEETS 18 SHEET NO.

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD  
LEDGER SECTION NUMBER 0565 RESOR 059

AREA 041 46  
DATE 09 1953

FORM OAR-1050  
6-42  
(85-18 PROC.)

MASTER BLOCK NUMBER	TOTAL WAGES	TOTAL EMPLOYEES
0017	1797642	49
0025	95184	3
0027	273825	6
0029	446373	8
0031	855165	26
8806	46173	2
9828	221706	5
781360	114919	2
781352	227440	6
781351	202838	4
950034	5000	1
	58060707	1180
3250	56519	2
3272	32680	1
3275	12660	1
3276	268616	7
3285	22682	2
3292	48324	2
3299	3923733	94
3302	697461	6
3308	30000	1
3383	289285	8
3409	141566	1
5022	70135	3
5033	19268409	280
6023	39000	1
8801	33825	2
8805	54999	2
781366	126500	6
884458	161199	4
884459	48322	1
	25325915	435
	252526205	5514

FORM OAR-1058  
7-54  
(Rev. 1-1-53)

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD  
BUREAU OF OLD-AGE AND SURVIVORS INSURANCE  
FIELD OFFICE

IN REPLY REFER TO FILE  
NO. 14-78-382

INSTRUCTIONS

Listed below are the names of employees reported by you on your Social Security Tax Returns without account numbers. These employees cannot be credited with their wages until we are certain of their identity.

Please obtain from each employee the account number and name appears on his social security account number card. Enter in column 7, below, the account number and name exactly as shown on the employee's card.

If you cannot locate the employee, enter in column 7 his home address or, if known, the name and address of his present or former employer or the name and address of any union of which the employee is a member.

Please disregard those items for which we have entered the account number in ink in column 7.

IMPORTANT

Please complete this form in accordance with the above instructions and return it to this office in the enclosed envelope which requires no postage.

LISTING OF INCOMPLETELY REPORTED WAGE ITEMS

Chesapeake Transfer Company  
562 Forty-first Street  
Baltimore, Maryland

CONFIDENTIAL - ATTENTION PAYROLL DEPT.

EMPLOYEES REPORTED WITHOUT ACCOUNT NUMBERS ON YOUR SOCIAL SECURITY TAX RETURNS

EMPLOYER	EMPLOYEE NAME	WAGES SHOWN ON REPORT	PERIOD OF REPORT	PAGE NO. OF REPORT	CORRECT ACCOUNT NUMBER AND NAME
CHESAPEAKE	ELMER RAYSTAD	20 00	03 45	1	
520621335	JOHN FINCH	15 66	03 45	1	
520621335	RAYMOND CARR	43 00	03 48	1	
520621335					

FORM OAR-5821  
1-53

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD  
BUREAU OF OLD-AGE AND SURVIVORS INSURANCE  
CANDLER BUILDING  
BALTIMORE 2, MD.

FORM OAR-5821  
Rev. 1-1-53

WAGE ITEMS REPORTED INCORRECTLY  
FOR MORE THAN ONE PERIOD

Chesapeake Transfer Company  
562 Forty-first Street  
Baltimore, Maryland

IN REPLY REFER TO FILE  
NO. 14-78-382

CONFIDENTIAL - ATTENTION PAYROLL DEPT.

Wages have been reported by you on your Social Security Tax Returns, for more than one quarter, under the same incorrect account numbers for the employees listed below. It appears that either the employees possess incorrect account number cards or the records from which your returns were prepared are in error. It is requested, therefore, that you follow the INSTRUCTIONS ON THE REVERSE SIDE of this form.

EMPLOYER NAME AND NUMBER	ESTABLISHMENT NUMBER	EMPLOYEE ACCOUNT NUMBER AS REPORTED BY YOU	EMPLOYEE NAME (See Instructions on Reverse)	WAGES SHOWN ON REPORT	PERIOD OF REPORT		PAGE NO. OF REPORT	CORRECT ACCOUNT NUMBER
					MO.	TR.		
CHESAPEAKE		224260722	A B BROWN	1 10 00	09	44	1	031-06-0722
520621335		251104528	G N COWEN	1 32 80	12	44	1	250-11-4828
520621335		250280571	E CRELL	5 00	12	44	2	280-28-1572
520621335								

FORM OAR-5821  
1-53  
(Rev. 1-1-53)

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD  
BUREAU OF OLD-AGE AND SURVIVORS INSURANCE  
CANDLER BUILDING  
BALTIMORE 2, MD.

In Reply Refer to File  
No. 14-78-382

EXPLANATION OF THIS FORM

The items listed below were furnished to your Social Security Office, Baltimore, Maryland, for the purpose of account adjustment. It appears that there have been errors reported under either the account number or a name which is incorrect. They apply to this form, in accordance with the INSTRUCTIONS on the reverse side, and enable us to credit the wages to the proper employee accounts.

When this listing is prepared automatically, only the month and day, when known of the employee are shown. However, the correct date, the period for which the wages were reported, and the page number of your return are indicated to enable you to readily identify the employee listed. If you cannot identify an employee from the listing, we will furnish the full name upon request.

If the information was furnished under an incorrect or incorrect account number, that number is not shown. Instead, the employee's true name is reported for you to obtain the correct account number. "Employee Account Number" and is printed on the form "P". A complete account number consists of the State assigned or Federal, OAR-58-5821.

IMPORTANT

1. Please read the INSTRUCTIONS on the reverse side of this form.
2. RETURN THIS FORM in the enclosed envelope which requires no postage.

Chesapeake Transfer Company  
562 Forty-first Street  
Baltimore, Maryland

CONFIDENTIAL - ATTENTION PAYROLL DEPT.

EMPLOYER NAME AND NUMBER	ESTABLISHMENT NUMBER	EMPLOYEE ACCOUNT NUMBER AS REPORTED BY YOU	EMPLOYEE NAME (See Instructions on Reverse)	WAGES SHOWN ON REPORT	PERIOD OF REPORT		PAGE NO. OF REPORT	CORRECT ACCOUNT NUMBER AND NAME
					MO.	TR.		
CHESAPEAKE		224260722	A B BROWN	1 10 00	09	44	1	
520621335		251104528	G N COWEN	1 32 80	12	44	1	
520621335		250280571	E CRELL	5 00	12	44	2	
520621335	43							

FORM OAR-5821  
1-53  
(Rev. 1-1-53)

FORM OAR-7004 6-40  
FEDERAL SECURITY AGENCY

SOCIAL SECURITY BOARD,  
BUREAU OF OLD-AGE AND SURVIVORS INSURANCE,  
Baltimore, Md.

ACCOUNT NUMBER 218 | 10 | 9000

DATE OF BIRTH 5 | 14 | 1905  
(Month) (Day) (Year)

Please send me a statement of the wages recorded in my Old-Age and Survivors Insurance Account.

Name John Smith

Street and number 313 Seventy-first St.

City and State Baltimore, Maryland

Signature (Do not print) John Smith

If your name has been changed from that shown on your account number card, please copy your name below exactly as it appears on that card.

Print or Type Name and Address Use Ink

16-3289

REQUEST FOR STATEMENT OF WAGES - FORM OAR-7004

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD

STATEMENT OF WAGES RECORDED IN YOUR OLD-AGE AND SURVIVORS INSURANCE ACCOUNT

YOUR SOCIAL SECURITY ACCOUNT NUMBER	ITEM A Total amount of wages recorded in your account since January 1, 1937. This total includes all wages shown in Items B and C.		ITEM B Amount of wages recorded in your account for the calendar year shown here.			ITEM C Amount of wages recorded in your account since the year shown in Item B. Because of the time required to receive and record reported wages, this statement does not include any wages you may have earned after the month and year shown here.			
	DOLLARS	CTS.	DOLLARS	CTS.	YEAR	DOLLARS	CTS.	MONTH	YEAR
218   10   9000	7655	40	1635	20	1 941	400	00	MAR	1 9 42

FORM OAR-7014 7-42

PLEASE READ REVERSE SIDE CAREFULLY

FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD

(To be filled out by wage earner)

Date 1/1/43

SOCIAL SECURITY BOARD,  
Baltimore, Md.

I have received your statement of my wage credits for the years 1940  
but to the best of my knowledge it is not correct. (Indicate years)

1. My name as it appears on my account number card is John Smith  
(Print name)

2. My employer may have reported my name as Same

3. My account number is 218-10-9000 4. My date of birth is May 14, 1905

5. Other account numbers I have used are None

6. My present address is 313 Seventy-first St., Baltimore, Md.  
(Street and number) (City and State)

7. Telephone number where I can be reached is University 4321

The Social Security Board may disclose my name to my employer if, in securing wage information, it is found to be necessary. Yes ; No .

(Signature) John Smith

STATEMENT OF WAGES AND EMPLOYMENT

(Read instructions on other side)

Show in date order your employment for the year(s) in question.

I WORKED—	NAME OF EMPLOYER (Give business or firm name)	TOTAL PAY RECEIVED (Include also any wages other than cash)	KIND OF WORK DONE BY ME
From <u>Jan.</u> , 19 <u>40</u> (Month) to <u>          </u> , 19 <u>      </u> (Month)	1. Name <u>Henry Blank</u> Street address <u>100 Charles St.</u> City and State <u>Chicago, Illinois</u> Type of business <u>Hotel</u>	<u>\$2100.00</u>	<u>Elevator Operator</u>
From <u>          </u> , 19 <u>      </u> (Month) to <u>          </u> , 19 <u>      </u> (Month)	2. Name Street address City and State Type of business		
From <u>          </u> , 19 <u>      </u> (Month) to <u>          </u> , 19 <u>      </u> (Month)	3. Name Street address City and State Type of business		

(Use other side of this sheet if more space is needed)

### WAGE INQUIRY SCOUT REPORT

Statement of wages previously furnished as follows:

Jan. 1, 1937, through Dec. 31, ..... \$ 7,655.40  
 Quarters subsequent to last complete year . . . . . \$ None

Employee's account No. 218-10-9000  
 Name John Smith  
313 Seventy-first St., Baltimore, Md.  
 PERMISSION TO USE NAME  Yes  D/B 5/14/05  
 No  Not indicated  Sex M

✓	YEARLY TOTALS		ALL YEARS	
	1937	1938	1942	1943

Part 2 Handling.....  
 Supplemental.....  
 Disagreement.....  
 Itemize—  
 Informational.....  
 7014 Req'd.....

ALLEGATION OF WAGE EARNER			A. O. D. RECORDS SHOW					<input type="checkbox"/> Do not identify employers
EMPLOYER'S NAME AND ADDRESS	WAGES	PERIOD	EMPLOYER IDENTIFICATION No.	WAGES REPORTED	PERIOD	ENTRY CODE	PAGE No.	EMPLOYER IDENTIFIED—REMARKS
Henry Blank 100 Charles St. Chicago, Illinois	\$2100.00	1940	36-4433125	375.00	3-40	1		(1)
			"	375.00	6-40	1		
			"	375.00	9-40	1		
			"	400.00	12-40	1		
								(2)
								(3)
								(4)
								(5)
								(6)

UNIT	CLERK No.	DATE IN	DATE OUT	UNIT	CLERK No.	DATE IN	DATE OUT

WAGE INQUIRY SCOUT REPORT - FORM OAR-7009



FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD

**BUREAU OF OLD-AGE AND SURVIVORS INSURANCE**  
WAGE CERTIFICATION-BENEFIT COMPUTATION.

(1) John Smith  
(NAME-OF WAGE EARNER)

(2) 218-10-9000  
(ACCOUNT NUMBER)

(3) REMARKS: (Enter detailed wages in boxes below when necessary)

YEAR	FIRST QTR.	SECOND QTR.	THIRD QTR.	FOURTH QTR.

(5) UNPAID 1939 EMPLOYEE TAX \$

(6) YEAR	(7) QTRS. COV.	(8) INC. YRS.	(9) LEDGER SHEET WAGES		
1937 THRU 1940	1	4	60	20	
	2				
	3				
	4				
1941	1	1	12	20	
	2				
	3				
	4				
1942	1				
	2				
	3				
	4				
1943	1				
	2				
	3				
	4				
1944	1				
	2				
	3				
	4				
1945	1				
	2				
	3				
	4				
CERTIFIED TOTALS			20	5	\$ 7255.40

(4) I CERTIFY THAT THE INFORMATION SHOWN IN BLOCK 6 IS CORRECT, AND ACCORDING TO THE RECORDS OF THE SOCIAL SECURITY BOARD ACCURATELY REFLECTS ALL TAXABLE WAGES AND QUARTERS IN WHICH THE WAGE EARNER INDICATED HEREON WAS PAID \$50 OR MORE IN WAGES, AS DEFINED IN TITLE II OF THE SOCIAL SECURITY ACT 49 STATUTE 620, AND AMENDMENTS THERETO.

J. L. FAY  
ASSISTANT DIRECTOR

BY Mary Roe

DATE 12/3/45

(7) \_\_\_\_\_ (Date of birth)

(8) \_\_\_\_\_ (Attained age @)

(9) \_\_\_\_\_ (Attained age 21 (if born in 1916 or later))

(10) \_\_\_\_\_ (Filing date of wage earner's claim)

(11) \_\_\_\_\_ (Attained age 22 (if born in 1915 or later))

(12) \_\_\_\_\_ (Date of wage earner's death)

(13) REMARKS: (Explain fully employment alleged for which wages are not included in Item (4). If more space is required use reverse side of form (Block 20).)

CAUTION: Exclude wages paid in quarter of entitlement or death and earnings in hiatus period. Check \$2000 limitation.

(14) PERIOD	(15) QTRS. COV.	(16) INC. YRS.	(17) OAC, 1001 AND OTHER
TOTALS BLOCKS 6 & 14			\$
DEDUCTIONS			\$
NET TOTALS			\$

(16) \_\_\_\_\_ (FIELD OFFICE)

(17) \_\_\_\_\_ (ADJUDICATED BY) (DATE)

(18) \_\_\_\_\_ (REVIEWED BY) (DATE)

(19) REQUIRED QTRS. \_\_\_\_\_ DIVISOR \_\_\_\_\_

BASIC BENEFIT \_\_\_\_\_ \$

PRIMARY INS. BENEFIT \_\_\_\_\_ \$

**APPENDIX #1**

**Compilation of the Social Security Laws**

**APPENDIX #15**

**Chart No. 1—Quarterly Processing of  
Employer Reports**

**Chart No. 2—Processing of Suspended  
Items**

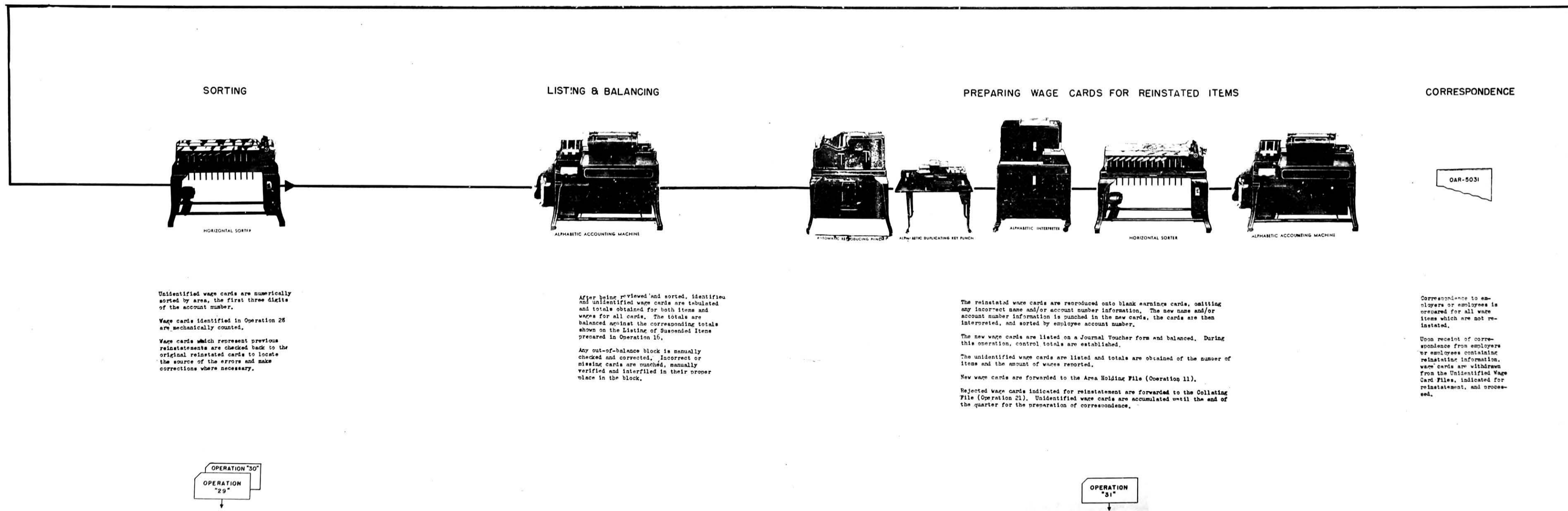
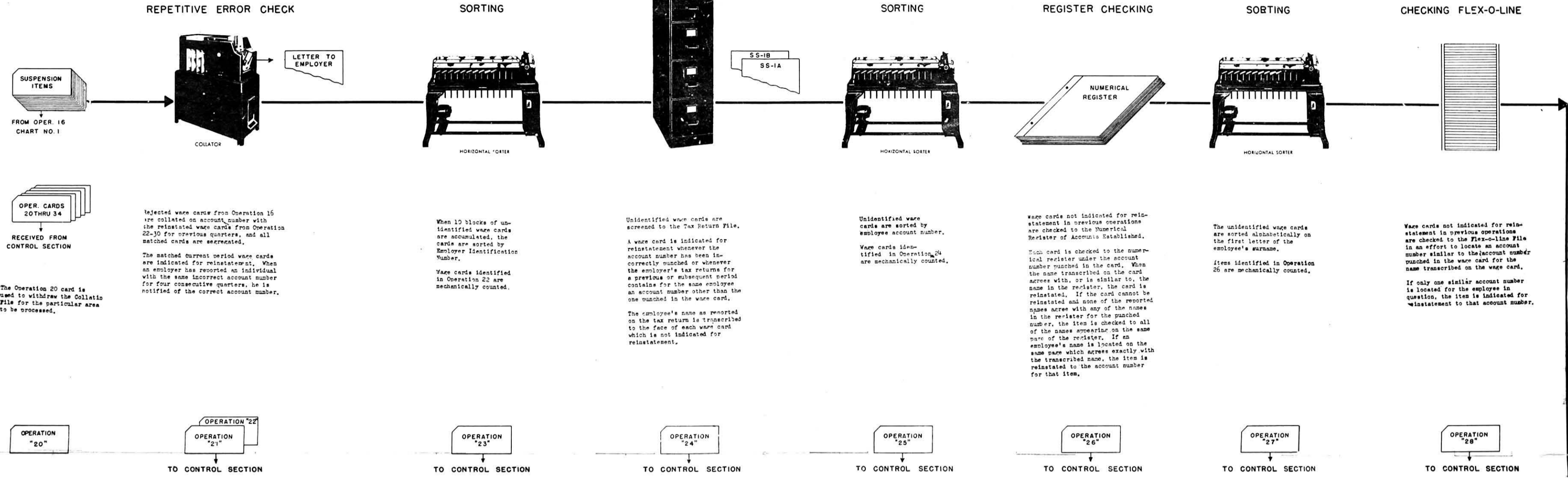
**Chart No. 3—Annual Posting of Employee  
Wage Items**

# MAINTENANCE OF WAGE RECORDS

## PROCESSING OF SUSPENDED ITEMS

DECEMBER 1945

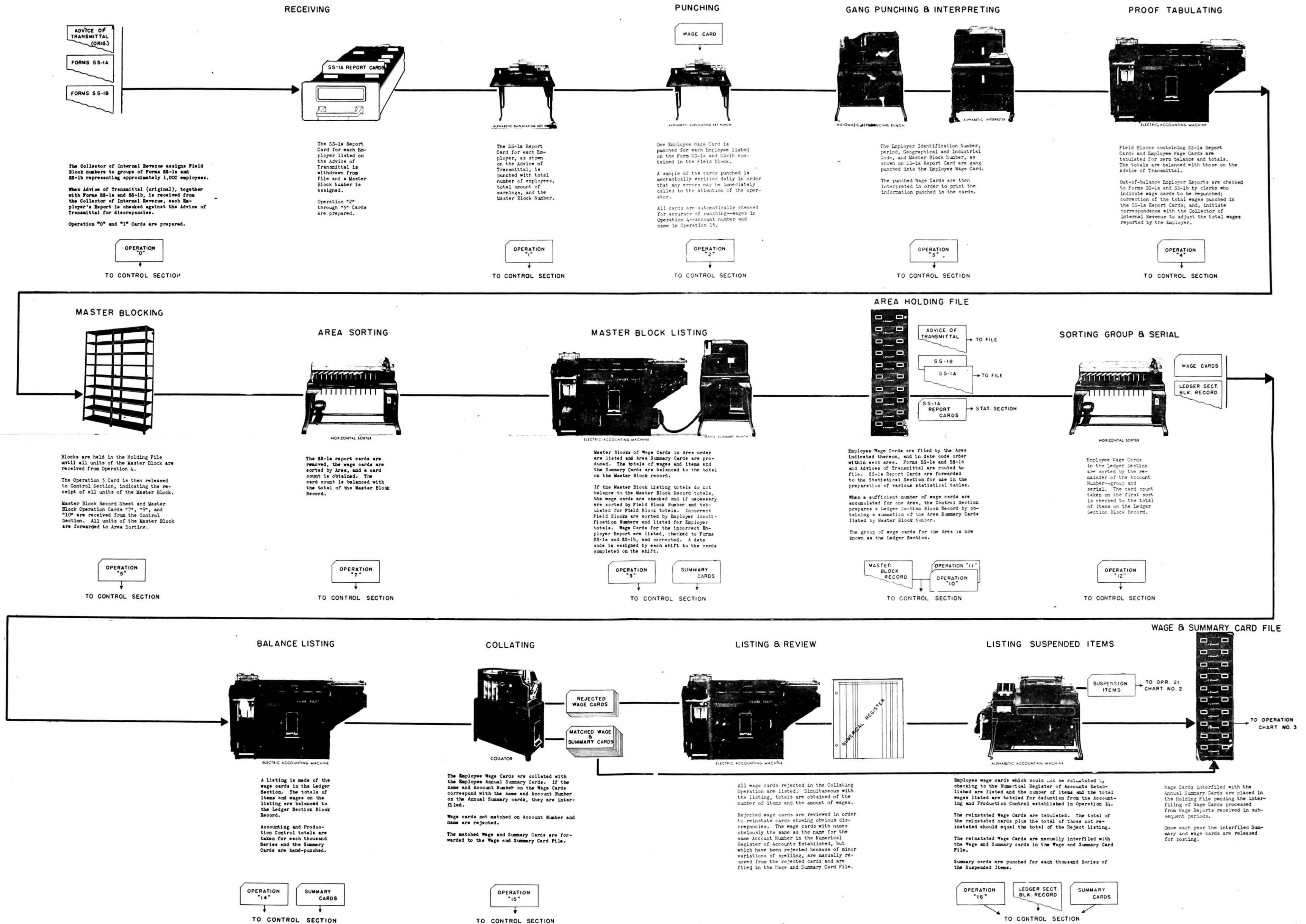
CHART NO. 2



# MAINTENANCE OF WAGE RECORDS

## QUARTERLY PROCESSING OF EMPLOYER REPORTS OF TAXABLE WAGES PAID TO EMPLOYEES

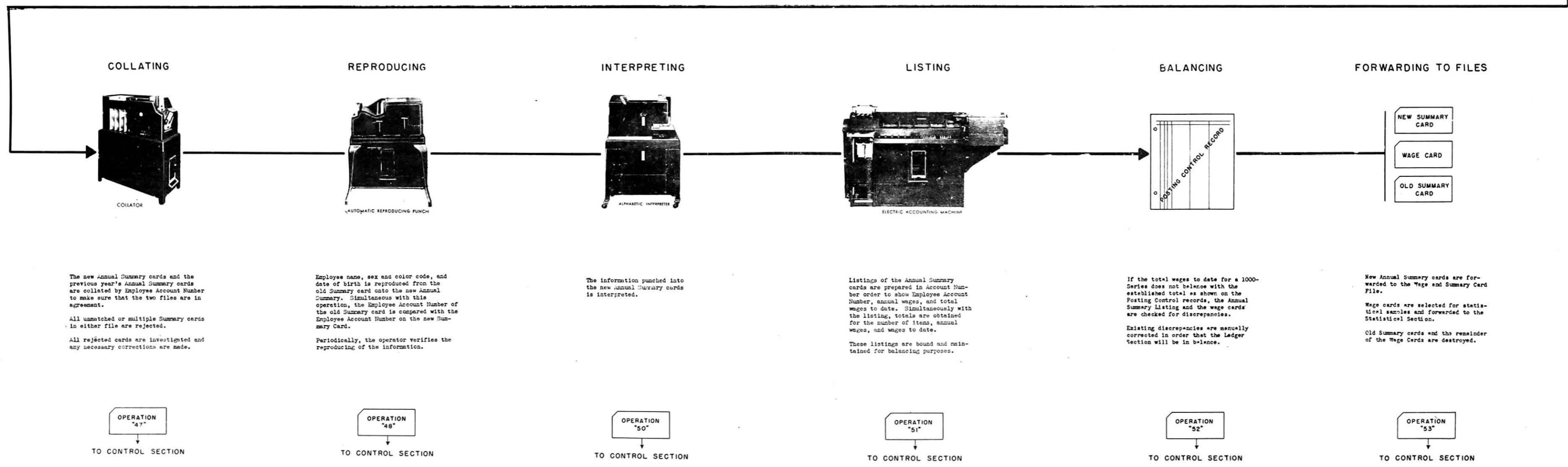
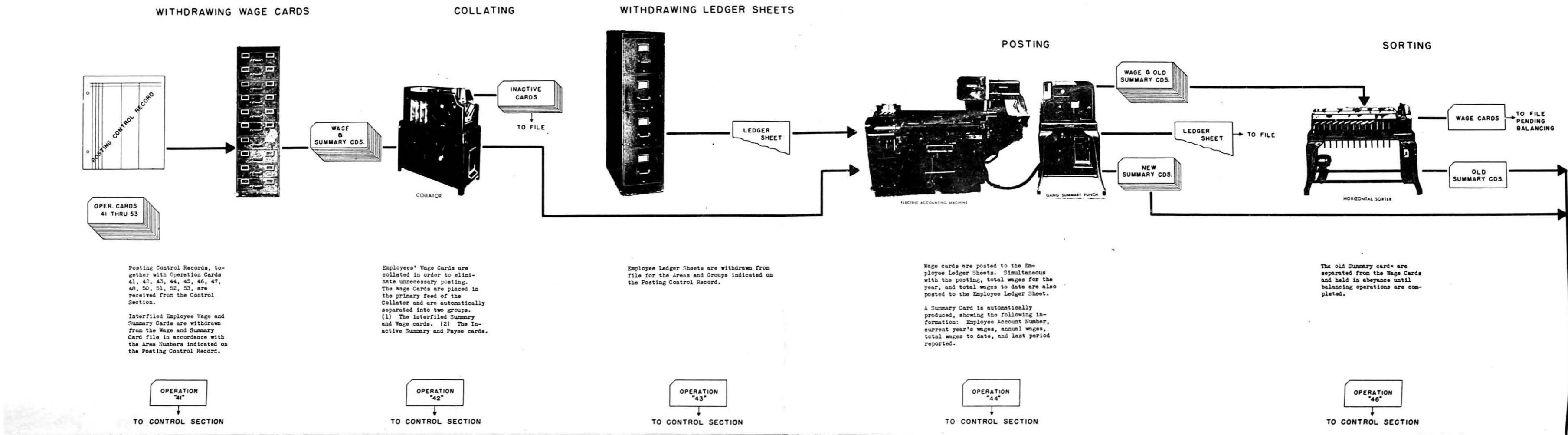
DECEMBER 1945  
CHART NO. 1



# MAINTENANCE OF WAGE RECORDS

## ANNUAL POSTING OF EMPLOYEE WAGE ITEMS

DECEMBER 1945  
CHART NO. 3



**COMPILATION**  
**OF THE**  
**SOCIAL SECURITY LAWS**

✦  
**INCLUDING THE SOCIAL SECURITY ACT, AS AMENDED**  
**AND RELATED ENACTMENTS THROUGH**  
**MAY 1, 1945**

✦  
**This material has been compiled by the Social**  
**Security Board solely for convenient**  
**reference purposes**

**FEDERAL SECURITY AGENCY**  
**SOCIAL SECURITY BOARD**

**WASHINGTON, D. C.**

**1945**

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# SOCIAL SECURITY ACT, AS AMENDED<sup>1</sup>

## AN ACT

To provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled,*

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#### APPROPRIATION

SECTION 1. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$49,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Social Security Board established by Title VII (hereinafter referred to as the "Board"), State plans for old-age assistance.

#### STATE OLD-AGE ASSISTANCE PLANS

SEC. 2. (a) A State plan for old-age assistance must (1) provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State

<sup>1</sup>The Social Security Act, originally enacted August 14, 1935, has been amended by various acts of Congress, one of the most important being the Act of August 10, 1939, cited as the Social Security Act Amendments of 1939. For provisions included in acts appropriating, for a particular fiscal year, funds for the purpose of carrying out the several titles of the Social Security Act, as amended, reference should be made to the acts carrying appropriations for the Federal Security Agency and the Department of Labor.



agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim for old-age assistance is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Board to be necessary for the proper and efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; (7) effective July 1, 1941, provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance;<sup>2</sup> and (8) effective July 1, 1941, provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of old-age assistance.

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes, as a condition of eligibility for old-age assistance under the plan—

(1) An age requirement of more than sixty-five years, except that the plan may impose, effective until January 1, 1940, an age requirement of as much as seventy years; or

(2) Any residence requirement which excludes any resident of the State who has resided therein five years during the nine years immediately preceding the application for old-age assistance and has resided therein continuously for one year immediately preceding the application; or

(3) Any citizenship requirement which excludes any citizen of the United States.

#### PAYMENT TO STATES

SEC. 8. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing January 1, 1940, (1) an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan with respect to each needy individual who at the time of such expenditure is sixty-five years of age or older and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds \$40,

<sup>2</sup> "See section 5 (f) of the Act of April 29, 1943 (57 Stat. 70, 72), as amended by the Act of June 9, 1943 (57 Stat. 125), section 5 (f) of the Act of February 14, 1944 (Public Law No. 229, 78th Cong., 2d sess.), and title I of the Act of April 25, 1945 (Public Law 40, 79th Cong., 1st sess.) permitting States, until the seventh month after the termination of hostilities in the present war, to continue to pay (with Federal participation) old-age assistance to recipients at rates paid in July 1943 without considering additional income derived from agricultural labor or nursing services as part of resources in determining need."

and (2) 5 per centum of such amount, which shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.

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

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

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, (A) reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State under clause (1) of subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to old-age assistance furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.

(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service<sup>3</sup> of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Board, the amount so certified, increased by 5 per centum.

#### OPERATION OF STATE PLANS

SEC. 4. In the case of any State plan for old-age assistance which has been approved by the Board, if the Board, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any age, residence, or citizenship requirement prohibited by section 2 (b),

<sup>3</sup> The Division of Disbursement was consolidated in the Fiscal Service of the Treasury Department by Reorganization Plan No. III, sec. 1 (a), effective June 30, 1940 (54 Stat. 1281).

or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 2 (a) to be included in the plan;

the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

#### ADMINISTRATION

SEC. 5. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$250,000, for all necessary expenses of the Board in administering the provisions of this title.

SEC. 6. When used in this title the term "old-age assistance" means money payments to needy aged individuals.

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FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

SECTION 201. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Old-Age and Survivors Insurance Trust Fund" (hereinafter in this title called the "Trust Fund"). The Trust Fund shall consist of the securities held by the Secretary of the Treasury for the Old-Age Reserve Account and the amount standing to the credit of the Old-Age Reserve Account on the books of the Treasury on January 1, 1940, which securities and amount the Secretary of the Treasury is authorized and directed to transfer to the Trust Fund, and, in addition, such amounts as may be appropriated to the Trust Fund as hereinafter provided. There is hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of the taxes (including interest, penalties, and additions to the taxes) received under the Federal Insurance Contributions Act and covered into the Treasury. There is also authorized to be appropriated to the Trust Fund such additional sums as may be required to finance the benefits and payments provided under this title.\*

(b) There is hereby created a body to be known as the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund (hereinafter in this title called the "Board of Trustees") which Board of Trustees shall be composed of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this title called the "Managing Trustee"). It shall be the duty of the Board of Trustees to—

- (1) Hold the Trust Fund;
- (2) Report to the Congress on the first day of each regular session of the Congress on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the next ensuing five fiscal years;
- (3) Report immediately to the Congress whenever the Board

\* The last sentence of subsection (a) was added by the Revenue Act of 1943.

of Trustees is of the opinion that during the ensuing five fiscal years the Trust Fund will exceed three times the highest annual expenditures anticipated during that five-fiscal-year period, and whenever the Board of Trustees is of the opinion that the amount of the Trust Fund is unduly small.

The report provided for in paragraph (2) above shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected future income to, and disbursements to be made from, the Trust Fund during each of the next ensuing five fiscal years, and a statement of the actuarial status of the Trust Fund.

(c) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Managing Trustee determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(d) Any obligations acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market price, and such special obligations may be redeemed at par plus accrued interest.

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

(f) The Managing Trustee is directed to pay from the Trust Fund into the Treasury the amount estimated by him and the Chairman of the Social Security Board which will be expended during a three-month period by the Social Security Board and the Treasury Department for the administration of Title II and Title VIII of this Act, and the Federal Insurance Contributions Act. Such payments shall be covered into the Treasury as repayments to the account for reimbursement of expenses incurred in connection with the administration of Titles II and VIII of this Act and the Federal Insurance Contributions Act. Such repayments shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appear that the estimates in any particular three-month

period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments.

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

### Old-Age and Survivors Insurance Benefit Payments

#### PRIMARY INSURANCE BENEFITS

SEC. 202. (a) Every individual who (1) is a fully insured individual (as defined in section 209 (g)) after December 31, 1939, (2) has attained the age of sixty-five, and (3) has filed application for primary insurance benefits, shall be entitled to receive a primary insurance benefit (as defined in section 209 (e)) for each month, beginning with the month in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies.

#### WIFE'S INSURANCE BENEFITS

(b) (1) Every wife (as defined in section 209 (i)) of an individual entitled to primary insurance benefits, if such wife (A) has attained the age of sixty-five, (B) has filed application for wife's insurance benefits, (C) was living with such individual at the time such application was filed, and (D) is not entitled to receive primary insurance benefits, or is entitled to receive primary insurance benefits each of which is less than one-half of a primary insurance benefit of her husband, shall be entitled to receive a wife's insurance benefit for each month, beginning with the month in which she becomes so entitled to such insurance benefits, and ending with the month immediately preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, or she becomes entitled to receive a primary insurance benefit equal to or exceeding one-half of a primary insurance benefit of her husband.

(2) Such wife's insurance benefit for each month shall be equal to one-half of a primary insurance benefit of her husband, except that, if she is entitled to receive a primary insurance benefit for any month, such wife's insurance benefit for such month shall be reduced by an amount equal to a primary insurance benefit of such wife.

#### CHILD'S INSURANCE BENEFITS

(c) (1) Every child (as defined in section 209 (k)) of an individual entitled to primary insurance benefits, or of an individual who died a fully or currently insured individual (as defined in section 209 (g) and (h)) after December 31, 1939, if such child (A) has filed application for child's insurance benefits, (B) at the time such application was filed was unmarried and had not attained the age of 18, and (C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death, shall be entitled to receive a child's insurance benefit for each month, beginning with the month in which such child becomes so entitled to such insurance benefits, and ending with the month immediately preceding the first month in

which any of the following occurs: such child dies, marries, is adopted, or attains the age of eighteen.

(2) Such child's insurance benefit for each month shall be equal to one-half of a primary insurance benefit of the individual with respect to whose wages the child is entitled to receive such benefit, except that, when there is more than one such individual such benefit shall be equal to one-half of whichever primary insurance benefit is greatest.

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

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

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

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

(4) A child shall be deemed dependent upon a mother, adopting mother, or stepparent, or to have been dependent upon such individual at the time of the death of such individual, only if, at the time of such death, or, if such individual was living, at the time such child's application for child's insurance benefits was filed, no parent other than such individual was contributing to the support of such child and such child was not living with its father or adopting father.

#### WIDOW'S INSURANCE BENEFITS

(d) (1) Every widow (as defined in section 209 (j)) of an individual who died a fully insured individual after December 31, 1939, if such widow (A) has not remarried, (B) has attained the age of sixty-five, (C) has filed application for widow's insurance benefits, (D) was living with such individual at the time of his death, and (E) is not entitled to receive primary insurance benefits, or is entitled to receive primary insurance benefits each of which is less than three-fourths of a primary insurance benefit of her husband, shall be entitled to receive a widow's insurance benefit for each month, beginning with the month in which she becomes so entitled to such insurance benefits and ending with the month immediately preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to receive a primary insurance benefit equal to or exceeding three-fourths of a primary insurance benefit of her husband.

(2) Such widow's insurance benefit for each month shall be equal to three-fourths of a primary insurance benefit of her deceased husband, except that, if she is entitled to receive a primary insurance benefit for any month, such widow's insurance benefit for such month shall be reduced by an amount equal to a primary insurance benefit of such widow.

## WIDOW'S CURRENT INSURANCE BENEFITS

(e) (1) Every widow (as defined in section 209 (j)) of an individual who died a fully or currently insured individual after December 31, 1939, if such widow (A) has not remarried, (B) is not entitled to receive a widow's insurance benefit, and is not entitled to receive primary insurance benefits, or is entitled to receive primary insurance benefits each of which is less than three-fourths of a primary insurance benefit of her husband, (C) was living with such individual at the time of his death, (D) has filed application for widow's current insurance benefits, and (E) at the time of filing such application has in her care a child of such deceased individual entitled to receive a child's insurance benefit, shall be entitled to receive a widow's current insurance benefit for each month, beginning with the month in which she becomes so entitled to such current insurance benefits and ending with the month immediately preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to receive a child's insurance benefit, she becomes entitled to receive a primary insurance benefit equal to or exceeding three-fourths of a primary insurance benefit of her deceased husband, she becomes entitled to receive a widow's insurance benefit, she remarries, she dies.

(2) Such widow's current insurance benefit for each month shall be equal to three-fourths of a primary insurance benefit of her deceased husband, except that, if she is entitled to receive a primary insurance benefit for any month, such widow's current insurance benefit for such month shall be reduced by an amount equal to a primary insurance benefit of such widow.

## PARENT'S INSURANCE BENEFITS

(f) (1) Every parent (as defined in this subsection) of an individual who died a fully insured individual after December 31, 1939, leaving no widow and no unmarried surviving child under the age of eighteen, if such parent (A) has attained the age of sixty-five, (B) was wholly dependent upon and supported by such individual at the time of such individual's death and filed proof of such dependency and support within two years of such date of death, (C) has not married since such individual's death, (D) is not entitled to receive any other insurance benefits under this section, or is entitled to receive one or more of such benefits for a month, but the total for such month is less than one-half of a primary insurance benefit of such deceased individual, and (E) has filed application for parent's insurance benefits, shall be entitled to receive a parent's insurance benefit for each month, beginning with the month in which such parent becomes so entitled to such parent's insurance benefits and ending with the month immediately preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to receive for any month an insurance benefit or benefits (other than a benefit under this subsection) in a total amount equal to or exceeding one-half of a primary insurance benefit of such deceased individual.



(2) Such parent's insurance benefit for each month shall be equal to one-half of a primary insurance benefit of such deceased individual, except that, if such parent is entitled to receive an insurance benefit or benefits for any month (other than a benefit under this subsection), such parent's insurance benefit for such month shall be reduced by an amount equal to the total of such other benefit or benefits for such month. When there is more than one such individual with respect to whose wages the parent is entitled to receive a parent's insurance benefit for a month, such benefit shall be equal to one-half of whichever primary insurance benefit is greatest.

(3) As used in this subsection, the term "parent" means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adopting parent by whom an individual was adopted before he attained the age of sixteen.

#### LUMP-SUM DEATH PAYMENTS

(g) Upon the death, after December 31, 1939,<sup>5</sup> of an individual who died a fully or currently insured individual leaving no surviving widow, child, or parent who would, on filing application in the month in which such individual died, be entitled to a benefit for such month under subsection (c), (d), (e), or (f) of this section, an amount equal to six times a primary insurance benefit of such individual shall be paid in a lump sum to the following person (or if more than one, shall be distributed among them) whose relationship to the deceased is determined by the Board, and who is living on the date of such determination: To the widow or widower of the deceased; or, if no such widow or widower be then living, to any child or children of the deceased and to any other person or persons who are, under the intestacy law of the State where the deceased was domiciled, entitled to share as distributees with such children of the deceased, in such proportions as is provided by such law; or, if no widow or widower and no such child and no such other person be then living, to the parent or to the parents of the deceased, in equal shares. A person who is entitled to share as distributee with an above-named relative of the deceased shall not be precluded from receiving a payment under this subsection by reason of the fact that no such named relative survived the deceased or of the fact that no such named relative of the deceased was living on the date of such determination. If none of the persons described in this subsection be living on the date of such determination, such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of the deceased. No payment shall be made to any person under this subsection, unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of two years after the date of death of such individual.

<sup>5</sup> For the law in cases of death prior to January 1, 1940, see secs. 208 (a) and 204 (b) of the Social Security Act of 1935, p. 93.

## APPLICATION

(h) An individual who would have been entitled to a benefit under subsection (b), (c), (d), (e), or (f) for any month had he filed application therefor prior to the end of such month, shall be entitled to such benefit for such month if he files application therefor prior to the end of the third month immediately succeeding such month.

## REDUCTION AND INCREASE OF INSURANCE BENEFITS

SEC. 203. (a) Whenever the total of benefits under section 202, payable for a month with respect to an individual's wages, is more than \$20, and exceeds (1) \$85, or (2) an amount equal to twice a primary insurance benefit of such individual, or (3) an amount equal to 80 per centum of his average monthly wage (as defined in section 209 (f)), whichever of such three amounts is least, such total of benefits shall, prior to any deductions under subsections (d), (e), or (h), be reduced to such least amount or to \$20, whichever is greater.

(b) Whenever the benefit or total of benefits under section 202, payable for a month with respect to an individual's wages, is less than \$10, such benefit or total of benefits shall, prior to any deductions under subsections (d), (e), or (h), be increased to \$10.

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

(d) Deductions, in such amounts and at such time or times as the Board shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits for any month in which such individual:

- (1) rendered services for wages of not less than \$15; or
- (2) if a child under eighteen and over sixteen years of age, failed to attend school regularly and the Board finds that attendance was feasible; or
- (3) if a widow entitled to a widow's current insurance benefit, did not have in her care a child of her deceased husband entitled to receive a child's insurance benefit.

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

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

(g) Any individual in receipt of benefits subject to deduction under subsection (d) or (e) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event enumerated therein, shall report such occurrence to the Board prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred. Any such

individual having knowledge thereof, who fails to report any such occurrence, shall suffer an additional deduction equal to that imposed under subsection (d) or (e).

(h) Deductions shall also be made from any primary insurance benefit to which an individual is entitled, or from any other insurance benefit payable with respect to such individual's wages, until such deductions total the amount of any lump sum paid to such individual under section 204 of the Social Security Act in force prior to the date of enactment of the Social Security Act Amendments of 1939.<sup>6</sup>

#### OVERPAYMENTS AND UNDERPAYMENTS

SEC. 204. (a) Whenever an error has been made with respect to payments to an individual under this title (including payments made prior to January 1, 1940), proper adjustment shall be made, under regulations prescribed by the Board, by increasing or decreasing subsequent payments to which such individual is entitled. If such individual dies before such adjustment has been completed, adjustment shall be made by increasing or decreasing subsequent benefits payable with respect to the wages which were the basis of benefits of such deceased individual.

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

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

#### EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT

SEC. 205. (a) The Board shall have full power and authority to make rules and regulations and to establish procedures, not inconsistent with the provisions of this title, which are necessary or appropriate to carry out such provisions, and shall adopt reasonable and proper rules and regulations to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits hereunder.

(b) The Board is directed to make findings of fact, and decisions as to the rights of any individual applying for a payment under this title. Whenever requested by any such individual or whenever requested by a wife, widow, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Board has rendered, it shall give such applicant and such other individual reasonable notice and opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse its findings of

<sup>6</sup> See also sec. 907 of the Soc. Sec. Act Amndts. of 1939, p. 78, for certain reductions on account of unpaid taxes on wages of individuals aged 65 or over for services performed during 1939.

fact and such decision. The Board is further authorized, on its own motion, to hold such hearings and to conduct such investigations and other proceedings as it may deem necessary or proper for the administration of this title. In the course of any hearing, investigation, or other proceedings, it may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Board even though inadmissible under rules of evidence applicable to court procedure.

(c) (1) On the basis of information obtained by or submitted to the Board, and after such verification thereof as it deems necessary, the Board shall establish and maintain records of the amounts of wages paid to each individual and of the periods in which such wages were paid and, upon request, shall inform any individual, or after his death shall inform the wife, child, or parent of such individual, of the amounts of wages of such individual and the periods of payments shown by such records at the time of such request. Such records shall be evidence, for the purpose of proceedings before the Board or any court, of the amounts of such wages and the periods in which they were paid, and the absence of an entry as to an individual's wages in such records for any period shall be evidence that no wages were paid such individual in such period.

(2) After the expiration of the fourth calendar year following any year in which wages were paid or are alleged to have been paid an individual, the records of the Board as to the wages of such individual for such year and the periods of payment shall be conclusive for the purposes of this title, except as hereafter provided.

(3) If, prior to the expiration of such fourth year, it is brought to the attention of the Board that any entry of such wages in such records is erroneous, or that any item of such wages has been omitted from the records, the Board may correct such entry or include such omitted item in its records, as the case may be. Written notice of any revision of any such entry, which is adverse to the interests of any individual, shall be given to such individual, in any case where such individual has previously been notified by the Board of the amount of wages and of the period of payments shown by such entry. Upon request in writing made prior to the expiration of such fourth year, or within sixty days thereafter, the Board shall afford any individual, or after his death shall afford the wife, child, or parent of such individual, reasonable notice and opportunity for hearing with respect to any entry or alleged omission of wages of such individual in such records, or any revision of any such entry. If a hearing is held, the Board shall make findings of fact and a decision based upon the evidence adduced at such hearing and shall revise its records as may be required by such findings and decision.

(4) After the expiration of such fourth year, the Board may revise any entry or include in its records any omitted item of wages to conform its records with tax returns or portions of tax returns (including information returns and other written statements) filed with the Commissioner of Internal Revenue under Title VIII of the Social Security Act or the Federal Insurance Contributions Act or under regulations made under authority thereof. Notice shall be given of such revision under such conditions and to such individuals as is provided for revisions under paragraph (3) of this subsection. Upon request,

notice and opportunity for hearing with respect to any such entry, omission, or revision shall be afforded under such conditions and to such individuals as is provided in paragraph (3) hereof, but no evidence shall be introduced at any such hearing except with respect to conformity of such records with such tax returns and such other data submitted under such Title VIII or the Federal Insurance Contributions Act or under such regulations.

(5) Decisions of the Board under this subsection shall be reviewable by commencing a civil action in the district court of the United States as provided in subsection (g) hereof.

(d) For the purpose of any hearing, investigation, or other proceeding authorized or directed under this title, or relative to any other matter within its jurisdiction hereunder, the Board shall have power to issue subpoenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter under investigation or in question before the Board. Such attendance of witnesses and production of evidence at the designated place of such hearing, investigation, or other proceeding may be required from any place in the United States or in any Territory or possession thereof. Subpoenas of the Board shall be served by anyone authorized by it (1) by delivering a copy thereof to the individual named therein, or (2) by registered mail addressed to such individual at his last dwelling place or principal place of business. A verified return by the individual so serving the subpoena setting forth the manner of service, or, in the case of service by registered mail, the return post-office receipt therefor signed by the individual so served, shall be proof of service. Witnesses so subpoenaed shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

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

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

(g) Any individual, after any final decision of the Board made after a hearing to which he was a party, irrespective of the amount in controversy, may obtain a review of such decision by a civil action commenced within sixty days after the mailing to him of notice of such decision or within such further time as the Board may allow.

Such action shall be brought in the district court of the United States for the judicial district in which the plaintiff resides, or has his principal place of business, or, if he does not reside or have his principal place of business within any such judicial district, in the District Court of the United States for the District of Columbia. As part of its answer the Board shall file a certified copy of the transcript of the record including the evidence upon which the findings and decision complained of are based. The court shall have power to enter, upon the pleadings and transcript of the record, a judgment affirming, modifying, or reversing the decision of the Board, with or without remanding the cause for a rehearing. The findings of the Board as to any fact, if supported by substantial evidence, shall be conclusive, and where a claim has been denied by the Board or a decision is rendered under subsection (b) hereof which is adverse to an individual who was a party to the hearing before the Board, because of failure of the claimant or such individual to submit proof in conformity with any regulation prescribed under subsection (a) hereof, the court shall review only the question of conformity with such regulations and the validity of such regulations. The court shall, on motion of the Board made before it files its answer, remand the case to the Board for further action by the Board, and may, at any time, on good cause shown, order additional evidence to be taken before the Board, and the Board shall, after the case is remanded, and after hearing such additional evidence if so ordered, modify or affirm its findings of fact or its decision, or both, and shall file with the court any such additional and modified findings of fact and decision, and a transcript of the additional record and testimony upon which its action in modifying or affirming was based. Such additional or modified findings of fact and decision shall be reviewable only to the extent provided for review of the original findings of fact and decision. The judgment of the court shall be final except that it shall be subject to review in the same manner as a judgment in other civil actions.

(h) The findings and decision of the Board after a hearing shall be binding upon all individuals who were parties to such hearing. No findings of fact or decision of the Board shall be reviewed by any person, tribunal, or governmental agency except as herein provided. No action against the United States, the Board, or any officer or employee thereof shall be brought under section 24 of the Judicial Code of the United States to recover on any claim arising under this title.

(i) Upon final decision of the Board, or upon final judgment of any court of competent jurisdiction, that any person is entitled to any payment or payments under this title, the Board shall certify to the Managing Trustee the name and address of the person so entitled to receive such payment or payments, the amount of such payment or payments, and the time at which such payment or payments should be made, and the Managing Trustee, through the Fiscal Service of the Treasury Department, and prior to any action thereon by the General Accounting Office, shall make payment in accordance with the certification of the Board: *Provided*, That where a review of the Board's decision is or may be sought under subsection (g) the Board may withhold certification of payment pending such

review. The Managing Trustee shall not be held personally liable for any payment or payments made in accordance with a certification by the Board.

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

(k) Any payment made after December 31, 1939, under conditions set forth in subsection (j), any payment made before January 1, 1940, to, or on behalf of, a legally incompetent individual, and any payment made after December 31, 1939, to a legally incompetent individual without knowledge by the Board of incompetency prior to certification of payment, if otherwise valid under this title, shall be a complete settlement and satisfaction of any claim, right, or interest in and to such payment.

(l) The Board is authorized to delegate to any member, officer, or employee of the Board designated by it any of the powers conferred upon it by this section, and is authorized to be represented by its own attorneys in any court in any case or proceeding arising under the provisions of subsection (e).

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

(n) The Board may, in its discretion, certify to the Managing Trustee any two or more individuals of the same family for joint payment of the total benefits payable to such individuals.

#### REPRESENTATION OF CLAIMANTS BEFORE THE BOARD

SEC. 206. The Board may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys as hereinafter provided, representing claimants before the Board, and may require of such agents or other persons, before being recognized as representatives of claimants that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Board upon filing with the Board a certificate of his right to so practice from the presiding judge or clerk of any such court. The Board may, after due notice and opportunity for hearing, suspend or prohibit from further practice before it any such person, agent, or attorney who refuses to comply with the Board's rules and regulations or who violates any provision of this section for which a penalty is prescribed. The Board may, by rule and regulation, prescribe the maximum fees which may be charged for services per-

formed in connection with any claim before the Board under this title, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this title by word, circular, letter or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Board shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding \$500 or by imprisonment not exceeding one year, or both.

#### ASSIGNMENT

SEC. 207. The right of any person to any future payment under this title shall not be transferable or assignable, at law or in equity, and none of the moneys paid or payable or rights existing under this title shall be subject to execution, levy, attachment, garnishment, or other legal process, or to the operation of any bankruptcy or insolvency law.

#### PENALTIES

SEC. 208. Whoever, for the purpose of causing an increase in any payment authorized to be made under this title, or for the purpose of causing any payment to be made where no payment is authorized under this title, shall make or cause to be made any false statement or representation (including any false statement or representation in connection with any matter arising under the Federal Insurance Contributions Act) as to the amount of any wages paid or received or the period during which earned or paid, or whoever makes or causes to be made any false statement of a material fact in any application for any payment under this title, or whoever makes or causes to be made any false statement, representation, affidavit, or document in connection with such an application, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

#### DEFINITIONS

SEC. 209. When used in this title—

(a) The term "wages"<sup>1</sup> means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year prior to 1940, is paid to such individual by such employer with respect to employment during such calendar year;

(2) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual with respect to

<sup>1</sup> For definition of the term "wages" effective prior to January 1, 1940, see sec. 210 (a) of the Social Security Act of 1935, p. 93.



employment during any calendar year after 1939, is paid to such individual with respect to employment during such calendar year;

(3) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability, or (D) death, provided the employee (i) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (ii) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(4) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400 of the Internal Revenue Code or (B) of any payment required from an employee under a State unemployment compensation law;

(5) Dismissal payments which the employer is not legally required to make; or

(6) Any remuneration paid to an individual prior to January 1, 1937.

(b) The term "employment" means any service performed after December 31, 1936, and prior to January 1, 1940, which was employment as defined in section 210 (b)<sup>8</sup> of the Social Security Act prior to January 1, 1940 (except service performed by an individual after he attained the age of sixty-five if performed prior to January 1, 1939), and any service, of whatever nature, performed after December 31, 1939, by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—

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

(2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority;

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

(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

<sup>8</sup> See p. 98.

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

(6) Service performed in the employ of the United States Government, or of an instrumentality of the United States which is (A) wholly owned by the United States, or (B) exempt from the tax imposed by section 1410 of the Internal Revenue Code<sup>9</sup> by virtue of any other provision of law;

(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions; and any service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1410 of the Internal Revenue Code;<sup>10</sup>

(8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

(9) Service performed by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;<sup>11</sup>

(10) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code,<sup>12</sup> if—

(i) the remuneration for such service does not exceed \$45, or  
(ii) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office, or is ritualistic service in connection with any such society, order, or association,  
or

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

(B) Service performed in the employ of an agricultural or horticultural organization exempt from income tax under section 101 (1) of the Internal Revenue Code;<sup>13</sup>

(C) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (i) no part of its net earnings inures (other than through such payments) to the benefit of any private shareholder or indi-

<sup>9</sup> See p. 50.

<sup>10</sup> See p. 50.

<sup>11</sup> See p. 58.

<sup>12</sup> See p. 45.

<sup>13</sup> See p. 45.

vidual, and (ii) 85 per centum or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses;

(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (i) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (ii) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual;

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

(11) Service<sup>14</sup> performed in the employ of a foreign government (including service as a consular or other officer or employee or a non-diplomatic representative);

(12) Service<sup>14</sup> performed in the employ of an instrumentality wholly owned by a foreign government—

(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

(14) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States); or

(15) Service performed by an individual under the age of eighteen

<sup>14</sup> Exemption from taxes of services described in pars. (11) and (12) was made retroactive to January 1, 1937. See sec. 902 (f) of Soc. Sec. Act Amndts. of 1939, p. 76.

in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution.

(c) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection the term "pay period" means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (9) of subsection (b).

(d) The term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

(e) The term "primary insurance benefit" means an amount equal to the sum of the following—

(1) (A) 40 per centum of the amount of an individual's average monthly wage if such average monthly wage does not exceed \$50, or (B) if such average monthly wage exceeds \$50, 40 per centum of \$50, plus 10 per centum of the amount by which such average monthly wage exceeds \$50 and does not exceed \$250, and

(2) an amount equal to 1 per centum of the amount computed under paragraph (1) multiplied by the number of years in which \$200 or more of wages were paid to such individual. Where the primary insurance benefit thus computed is less than \$10, such benefit shall be \$10.

(f) The term "average monthly wage" means the quotient obtained by dividing the total wages paid an individual before the quarter in which he died or became entitled to receive primary insurance benefits, whichever first occurred, by three times the number of quarters elapsing after 1936 and before such quarter in which he died or became so entitled, excluding any quarter prior to the quarter in which he attained the age of twenty-two during which he was paid less than \$50 of wages and any quarter, after the quarter in which he attained age sixty-five, occurring prior to 1939.

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

(1) He had not less than one quarter of coverage for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever quarter is later, and up to but excluding the quarter in which he attained the age of

sixty-five, or died, whichever first occurred, and in no case less than six quarters of coverage; or

(2) He had at least forty quarters of coverage.

As used in this subsection, and in subsection (h) of this section, the term "quarter" and the term "calendar quarter" means a period of three calendar months ending on March 31, June 30, September 30, or December 31; and the term "quarter of coverage" means a calendar quarter in which the individual has been paid not less than \$50 in wages. When the number of quarters specified in paragraph (1) of this subsection is an odd number, for purposes of such paragraph such number shall be reduced by one. In any case where an individual has been paid in a calendar year \$3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual dies or becomes entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled.

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

(i) The term "wife" means the wife of an individual who either (1) is the mother of such individual's son or daughter, or (2) was married to him prior to January 1, 1939, or if later, prior to the date upon which he attained the age of sixty.

(j) The term "widow" (except when used in section 202 (g)) means the surviving wife of an individual who either (1) is the mother of such individual's son or daughter, or (2) was married to him prior to the beginning of the twelfth month before the month in which he died.

(k) The term "child" (except when used in section 202 (g)) means the child of an individual, and the stepchild of an individual by a marriage contracted prior to the date upon which he attained the age of sixty and prior to the beginning of the twelfth month before the month in which he died, and a child legally adopted by an individual prior to the date upon which he attained the age of sixty and prior to the beginning of the twelfth month before the month in which he died.

(1) The term "agricultural labor" includes all service performed—

(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural

commodity in section 15 (g) of the Agricultural Marketing Act,<sup>16</sup> as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes.

(4) In handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(m) In determining whether an applicant is the wife, widow, child, or parent of a fully insured or currently insured individual for purposes of this title, the Board shall apply such law as would be applied in determining the devolution of intestate personal property by the courts of the State in which such insured individual is domiciled at the time such applicant files application, or, if such insured individual is dead, by the courts of the State in which he was domiciled at the the time of his death, or if such insured individual is or was not so domiciled in any State, by the courts of the District of Columbia. Applicants who according to such law would have the same status relative to taking intestate personal property as a wife, widow, child, or parent shall be deemed such.

(n) A wife shall be deemed to be living with her husband if they are both members of the same household, or she is receiving regular contributions from him toward her support, or he has been ordered by any court to contribute to her support; and a widow shall be deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by any court to contribute to her support.

(o) (1) OFFICERS AND MEMBERS OF CREWS EMPLOYED BY WAR SHIPPING ADMINISTRATION.—The term "employment" shall include such service as is determined by the Administrator, War Shipping Administration, to be performed after September 30, 1941, and prior to the termination of title I of the First War Powers Act, 1941, on or in connection with any vessel by an officer or member of the crew as an

<sup>16</sup> Sec. 15 (g) of the Agricultural Marketing Act defines "agricultural commodity" to include "In addition to other agricultural commodities, crude gum (oleoresin) from a living tree, and the following products as processed by the original producer of the crude gum (oleoresin) from which derived: Gum, spirits of turpentine, and gum rosin, \* \* \*".

employee of the United States employed through the War Shipping Administration or, in respect of such service performed before February 11, 1942, the United States Maritime Commission, *but shall not include any such service performed (1) under a contract entered into without the United States and during the performance of which the vessel does not touch at a port in the United States, or (2) on a vessel documented under the laws of any foreign country and bareboat chartered to the War Shipping Administration.*

(2) The Social Security Board shall not make determinations as to whether an individual has performed services which are employment by reason of this subsection, or the periods of such services, or the amounts of remuneration for such services, or the periods in which or for which such remuneration was paid, but shall accept the determinations with respect thereto of the Administrator, War Shipping Administration, and such agents as he may designate, as evidenced by returns filed by such Administrator as an employer pursuant to section 1426 (i) of the Internal Revenue Code and certifications made pursuant to this subsection. Such determinations shall be final and conclusive.

(3) The Administrator, War Shipping Administration, is authorized and directed, upon written request of the Social Security Board, to make certification to it with respect to any matter determinable for the Board by the War Shipping Administrator under this subsection, which the Board finds necessary in administering this title.

(4) This subsection shall be effective as of September 30, 1941.<sup>26</sup>

### TITLE III—GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION ADMINISTRATION <sup>27</sup>

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#### APPROPRIATION

SECTION 301. For the purpose of assisting the States in the administration of their unemployment compensation laws, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$4,000,000, for each fiscal year thereafter up to and including the fiscal year ending June 30, 1938, the sum of \$49,000,000, and for the fiscal year ending June 30, 1939, and for each fiscal year thereafter, the sum of \$80,000,000, to be used as hereinafter provided.

#### PAYMENTS TO STATES

SEC. 302. (a) The Board shall from time to time certify to the Secretary of the Treasury for payment to each State which has an

<sup>26</sup> Subsection (c) was added by the Act of March 24, 1943 (57 Stat. 45); the italicized matter was added by the Act of April 4, 1944 (58 Stat. 205). See also section 1 (a) of the Act of March 24, 1943, on p. 85.

<sup>27</sup> For modifications of this title with respect to certain payments to the railroad unemployment insurance account, see sec. 13 of the Railroad Unemp. Ins. Act (p. 78); and see also secs. 901 and 906 of Soc. Sec. Act Amdts. of 1939 (pp. 75 and 77, respectively).

unemployment compensation law approved by the Board under the Federal Unemployment Tax Act, such amounts as the Board determines to be necessary for the proper and efficient administration of such law during the fiscal year for which such payment is to be made. The Board's determination shall be based on (1) the population of the State; (2) an estimate of the number of persons covered by the State law and of the cost of proper and efficient administration of such law; and (3) such other factors as the Board finds relevant. The Board shall not certify for payment under this section in any fiscal year a total amount in excess of the amount appropriated therefor for such fiscal year.

(b) Out of the sums appropriated therefor, the Secretary of the Treasury shall, upon receiving a certification under subsection (a), pay, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, to the State agency charged with the administration of such law the amount so certified.

PROVISIONS OF STATE LAWS

SEC. 303. (a) The Board shall make no certification for payment to any State unless it finds that the law of such State, approved by the Board under the Federal Unemployment Tax Act,<sup>18</sup> includes provision for—

(1) Such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Board to be reasonably calculated to insure full payment of unemployment compensation when due; and

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

(3) Opportunity for a fair hearing, before an impartial tribunal, for all individuals whose claims for unemployment compensation are denied; and

(4) The payment of all money received in the unemployment fund of such State (except for refunds of sums erroneously paid into such fund and except for refunds paid in accordance with the provisions of section 1606 (b) of the Federal Unemployment Tax Act),<sup>19</sup> immediately upon such receipt, to the Secretary of the Treasury to the credit of the Unemployment Trust Fund established by section 904;<sup>20</sup> and

(5) Expenditure of all money withdrawn from an unemployment fund of such State, in the payment of unemployment compensation, exclusive of expenses of administration, and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 1606 (b) of the Federal Unemployment Tax Act;<sup>21</sup> and

<sup>18</sup> See p. 61.

<sup>19</sup> See p. 69.

<sup>20</sup> See p. 38.

<sup>21</sup> See p. 69.



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

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

(8) Effective July 1, 1941, the expenditure of all moneys received pursuant to section 302 of this title solely for the purposes and in the amounts found necessary by the Board for the proper and efficient administration of such State law; and

(9) Effective July 1, 1941, the replacement, within a reasonable time, of any moneys received pursuant to section 302 of this title, which, because of any action or contingency, have been lost or have been expended for purposes other than, or in amounts in excess of, those found necessary by the Board for the proper administration of such State law.

(b) Whenever the Board, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that in the administration of the law there is—

(1) a denial, in a substantial number of cases, of unemployment compensation to individuals entitled thereto under such law; or

(2) a failure to comply substantially with any provision specified in subsection (a);

the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that there is no longer any such denial or failure to comply. Until it is so satisfied, it shall make no further certification to the Secretary of the Treasury with respect to such State.

(c) The Board shall make no certification for payment to any State if it finds, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law—

(1) That such State does not make its records available to the Railroad Retirement Board, and furnish to the Railroad Retirement Board at the expense of the Railroad Retirement Board such copies thereof as the Railroad Retirement Board deems necessary for its purposes; or

(2) That such State is failing to afford reasonable cooperation with every agency of the United States charged with the administration of any unemployment insurance law.

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**APPROPRIATION**

**SECTION 401.** For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy dependent children, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$24,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Board, State plans for aid to dependent children.

**STATE PLANS FOR AID TO DEPENDENT CHILDREN**

**SEC. 402. (a)** A State plan for aid to dependent children must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim with respect to aid to a dependent child is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Board to be necessary for the proper and efficient operation of the plan; and (6) provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; (7)<sup>22</sup> provide that the State agency shall, in determining need, take into consideration any other income and resources of any child claiming aid to dependent children and (8)<sup>22</sup> provide safeguards which restrict the use or disclosure of infor-

<sup>22</sup> Clauses (7) and (8) became effective July 1, 1941.

mation concerning applicants and recipients to purposes directly connected with the administration of aid to dependent children.

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes as a condition of eligibility for aid to dependent children, a residence requirement which denies aid with respect to any child residing in the State (1) who has resided in the State for one year immediately preceding the application for such aid, or (2) who was born within the State within one year immediately preceding the application, if its mother has resided in the State for one year immediately preceding the birth.

#### PAYMENT TO STATES

SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total of the sums expended during such quarter under such plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$18, or if there is more than one dependent child in the same home, as exceeds \$18 for any month with respect to one such dependent child and \$12 for such month with respect to each of the other dependent children.

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

(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of dependent children in the State, and (C) such other investigation as the Board may find necessary.

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, (A) reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to aid to dependent children furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make

the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Board, the amount so certified.

#### OPERATION OF STATE PLANS

SEC. 404. In the case of any State plan for aid to dependent children which has been approved by the Board, if the Board, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any residence requirements prohibited by section 402 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 402 (a) to be included in the plan;

the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

#### ADMINISTRATION

SEC. 405. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$250,000 for all necessary expenses of the Board in administering the provisions of this title.

#### DEFINITIONS

SEC. 406. When used in this title—

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

(b) The term "aid to dependent children" means money payments with respect to a dependent child or dependent children.

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### PART 1—Maternal and Child Health Services

#### APPROPRIATION

**SECTION 501.** For the purpose of enabling each State to extend and improve, as far as practicable under the conditions in such State, services for promoting the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$5,820,000. The sums made available under this section shall be used

<sup>23</sup> The vocational rehabilitation provisions, formerly part of this title, have been superseded by the amendments of July 6, 1943, to the Vocational Rehabilitation Act, Public Law 113. An Office of Vocational Rehabilitation has been established in the Federal Security Agency.

for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for such services.

#### ALLOTMENTS TO STATES

SEC. 502. (a) Out of the sums appropriated pursuant to section 501 for each fiscal year the Secretary of Labor shall allot to each State \$20,000, and such part of \$2,800,000 as he finds that the number of live births in such State bore to the total number of live births in the United States, in the latest calendar year for which the Bureau of the Census has available statistics.

(b) Out of the sums appropriated pursuant to section 501 for each fiscal year the Secretary of Labor shall allot to the States \$1,980,000 (in addition to the allotments made under subsection (a)), according to the financial need of each State for assistance in carrying out its State plan, as determined by him after taking into consideration the number of live births in such State.

(c) The amount of any allotment to a State under subsection (a) for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under section 504 until the end of the second succeeding fiscal year. No payment to a State under section 504 shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

#### APPROVAL OF STATE PLANS

SEC. 503. (a) A State plan for maternal and child-health services must (1) provide for financial participation by the State; (2) provide for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency; (3) provide such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board<sup>24</sup> shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are necessary for the proper and efficient operation of the plan; (4) provide that the State health agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for the extension and improvement of local maternal and child-health services administered by local child-health units; (6) provide for cooperation with medical, nursing, and welfare groups and organizations; and (7) provide for the development of demonstration services in needy areas and among groups in special need.

(b) The Chief of the Children's Bureau shall approve any plan which fulfils the conditions specified in subsection (a) and shall

<sup>24</sup> This reference to "the Board" appears to have been made inadvertently, as uniform amendments to several titles of the Act were being considered by the Conference Committee of the two Houses of Congress. In Title V, secs. 503 (a) and 513 (a), it should be construed as if it read "the Chief of the Children's Bureau."

thereupon notify the Secretary of Labor and the State health agency of his approval.

PAYMENT TO STATES

SEC. 504. (a) From the sums appropriated therefor and the allotments available under section 502 (a), the Secretary of the Treasury shall pay to each State which has an approved plan for maternal and child-health services, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

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

(1) The Secretary of Labor shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such investigation as he may find necessary.

(2) The Secretary of Labor shall then certify the amount so estimated by him to the Secretary of the Treasury, reduced or increased, as the case may be, by any sum by which the Secretary of Labor finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Labor for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

(c) The Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States from the allotments available under section 502 (b), and the Secretary of the Treasury shall, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor.

OPERATIONS OF STATE PLANS

SEC. 505. In the case of any State plan for maternal and child-health services which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or super-

vising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 503 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

## Part 2—Services for Crippled Children

### APPROPRIATION

SEC. 511. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State, services for locating crippled children, and for providing medical, surgical, corrective, and other services and care, and facilities for diagnosis, hospitalization, and aftercare, for children who are crippled or who are suffering from conditions which lead to crippling, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$3,870,000. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for such services.

### ALLOTMENTS TO STATES

SEC. 512. (a) Out of the sums appropriated pursuant to section 511 for each fiscal year the Secretary of Labor shall allot to each State \$20,000, and \$1,830,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(b) Out of the sums appropriated pursuant to section 511 for each fiscal year the Secretary of Labor shall allot to the States \$1,000,000 (in addition to the allotments made under subsection (a)), according to the financial need of each State for assistance in carrying out its State plan, as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(c) The amount of any allotment to a State under subsection (a) for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under section 514 until the end of the second succeeding fiscal year. No payment to a State under section 514 shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

### APPROVAL OF STATE PLANS

SEC. 513. (a) A State plan for services for crippled children must (1) provide for financial participation by the State; (2) provide for the administration of the plan by a State agency or the supervision



of the administration of the plan by a State agency; (3) provide such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board <sup>25</sup> shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are necessary for the proper and efficient operation of the plan; (4) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for carrying out the purposes specified in section 511; and (6) provide for cooperation with medical, health, nursing, and welfare groups and organizations and with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children.

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a) and shall thereupon notify the Secretary of Labor and the State agency of his approval.

#### PAYMENT TO STATES

SEC. 514. (a) From the sums appropriated therefor and the allotments available under section 512 (a), the Secretary of the Treasury shall pay to each State which has an approved plan for services for crippled children, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

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

(1) The Secretary of Labor shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such investigation as he may find necessary.

(2) The Secretary of Labor shall then certify the amount so estimated by him to the Secretary of the Treasury, reduced or increased, as the case may be, by any sum by which the Secretary of Labor finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such

<sup>25</sup> This reference to "the Board" appears to have been made inadvertently, as uniform amendments to several titles of the Act were being considered by the Conference Committee of the two Houses of Congress. In Title V, secs. 503 (a) and 518 (a), it should be construed as if it read "the Chief of the Children's Bureau."

sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Labor for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

(c) The Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States from the allotment available under section 512 (b), and the Secretary of the Treasury shall, through the Fiscal Service of the Treasury Department, and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor.

#### OPERATION OF STATE PLANS

SEC. 515. In the case of any State plan for services for crippled children which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 513 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

#### Part 3—Child-Welfare Services

SEC. 521. (a) For the purpose of enabling the United States, through the Children's Bureau, to cooperate with State public-welfare agencies in establishing, extending, and strengthening, especially in predominantly rural areas, public-welfare services (hereinafter in this section referred to as "child-welfare services") for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$1,510,000. Such amount shall be allotted by the Secretary of Labor for use by cooperating State public-welfare agencies on the basis of plans developed jointly by the State agency and the Children's Bureau, to each State, \$10,000, and the remainder to each State on the basis of such plans, not to exceed such part of the remainder as the rural population of such State bears to the total rural population of the United States. The amount so allotted shall be expended for payment of part of the cost of district, county or other local child-welfare services in areas predominantly rural, and for developing State services for the encouragement and assistance of adequate methods of community child-welfare organization in areas predominantly rural and other areas of special need. The amount of any allotment to a State under this

section for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under this section until the end of the second succeeding fiscal year. No payment to a State under this section shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

(b) From the sums appropriated therefor and the allotments available under subsection (a) the Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States, and the Secretary of the Treasury shall, through the Fiscal Service of the Treasury Department, and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor.

#### Part 4—Vocational Rehabilitation

[Note.—This part has been supplanted by the Vocational Rehabilitation Act amendments of 1943, approved July 6, 1943 (Public Law 113, 78th Cong., 1st sess.; 57 Stat. 374; 29 U. S. C. 31-41). See section 9 of that Act for the new provisions on the subject matter formerly included in this part.]

#### Part 5—Administration

SEC. 541. (a) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$425,000, for all necessary expenses of the Children's Bureau in administering the provisions of this title.

(b) The Children's Bureau shall make such studies and investigations as will promote the efficient administration of this title.

(c) The Secretary of Labor shall include in his annual report to Congress a full account of the administration of this title.

### TITLE VI—PUBLIC HEALTH WORK

[Note.—This title has been repealed by the Public Health Service Act, approved July 1, 1944 (Public Law 410, 78th Cong., 2d sess.). See section 314 of that Act for the new provisions on the subject matter formerly included under this title.]

### TITLE VII—SOCIAL SECURITY BOARD

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#### ESTABLISHMENT

SECTION 701. There is hereby established a Social Security Board<sup>26</sup> (in this Act referred to as the "Board") to be composed of three members to be appointed by the President, by and with the advice and consent of the Senate. During his term of membership on the Board, no member shall engage in any other business, vocation, or employment. Not more than two of the members of the Board shall be members of the same political party. Each member shall receive a salary at the rate of \$10,000 a year and shall hold office for

<sup>26</sup> Under the President's Reorganization Plan No. 1, Part 2, made effective July 1, 1939 (53 Stat. 1423, 1424), the Social Security Board became a part of the Federal Security Agency. Sec. 908 of Soc. Sec. Act Amndts. of 1939 provides: "All functions of the Social Security Board shall be administered by the Social Security Board under the direction and supervision of the Federal Security Administrator." See p. 78.

a term of six years, except that: (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of the enactment of this Act shall expire, as designated by the President at the time of appointment, one at the end of two years, one at the end of four years, and one at the end of six years, after the date of the enactment of this Act. The President shall designate one of the members as the chairman of the Board.

**DUTIES OF SOCIAL SECURITY BOARD**

SEC. 702. The Board shall perform the duties imposed upon it by this Act and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy concerning old-age pensions, unemployment compensation, accident compensation, and related subjects.

**EXPENSES OF THE BOARD**

SEC. 703. The Board is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out its functions under this Act. Appointments of attorneys and experts may be made without regard to the civil-service laws.<sup>27</sup>

**REPORTS**

SEC. 704. The Board shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which it is charged.

**TITLE VIII—TAXES WITH RESPECT TO EMPLOYMENT**

[Note.—The provisions of this title are now contained in and are superseded by subchapter A of chapter 9 of the Internal Revenue Code. See page 47.]

**TITLE IX—TAX ON EMPLOYERS OF EIGHT OR MORE**

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[Note.—The provisions of this title, except section 904, are now contained in and are superseded by subchapter C of chapter 9 of the Internal Revenue Code. See page 60.]

<sup>27</sup> Under the President's Reorganization Plan No. I, referred to in footnote 26, p. 36, the functions placed in the Board by this section were transferred to the Federal Security Administrator.

## UNEMPLOYMENT TRUST FUND

Sec. 904. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the "Unemployment Trust Fund," hereinafter in this title called the "Fund." The Secretary of the Treasury is authorized and directed to receive and hold in the Fund all moneys deposited therein by a State agency from a State unemployment fund, or by the Railroad Retirement Board to the credit of the railroad unemployment insurance account, or deposited pursuant to appropriations to the Federal unemployment account. Such deposit may be made directly with the Secretary of the Treasury or with any Federal Reserve bank or member bank of the Federal Reserve System designated by him for such purpose.<sup>27a</sup>

(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Obligations other than such special obligations may be acquired for the Fund only on such terms as to provide an investment yield not less than the yield which would be required in the case of special obligations if issued to the Fund upon the date of such acquisition.

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

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

(e) The Fund shall be invested as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each State agency, the Federal unemployment account, and the railroad unemployment insurance account and shall credit quarterly on March 31, June 30, September 30, and December 31, of each year, to each account on the basis of the average daily balance of such account, a proportionate part of the earnings of the Fund for the quarter ending on such date.<sup>27a</sup>

(f) The Secretary of the Treasury is authorized and directed to pay out of the Fund to any State agency such amount as it may duly requisition, not exceeding the amount standing to the account of such State agency at the time of such payment. The Secretary of the

Treasury is authorized and directed to make such payments out of the fund as the Railroad Retirement Board may duly certify, not exceeding the amount standing to the railroad unemployment insurance account at the time of such payment.

(g) The Secretary of the Treasury is authorized and directed, prior to audit or settlement by the General Accounting Office, to make transfers from the Federal unemployment account to the account of any State in the Unemployment Trust Fund in accordance with certification made by the Board pursuant to section 1201, not exceeding the amount on deposit in the Federal unemployment account at the time of such transfer.

(h) There is hereby established in the Unemployment Trust Fund a Federal unemployment account. There is hereby authorized to be appropriated to such Federal unemployment account a sum equal to the excess of taxes collected prior to July 1, 1943, under title IX of this Act and under the Federal Unemployment Tax Act, over the total unemployment administrative expenditures made prior to July 1, 1943; and there is hereby authorized to be appropriated to such account for the fiscal year 1945 and for each fiscal year thereafter (1) a sum equal to any excess of taxes collected in the preceding fiscal year under the Federal Unemployment Tax Act over the unemployment administrative expenditures made in such year, and (2) such further sums, if any, as may be necessary to carry out the purposes of title XII. Any amounts in the Federal unemployment account on October 1, 1947, and any amounts repaid to such account after such date, shall be covered into the general fund of the Treasury. As used in this subsection, the term "unemployment administrative expenditures" means expenditures for grants under title III of this Act, for the administration of that title by the Board, and for the administration of title IX of this Act and of the Federal Unemployment Tax Act by the Department of the Treasury and the Board. For the purposes of this subsection there shall be deducted from the total amount of taxes collected prior to July 1, 1943, under title IX of this Act, the sum of \$40,561,886.43 which was authorized to be appropriated by the Act of August 24, 1937 (50 Stat. 754).<sup>27a</sup>

#### TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

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#### APPROPRIATION

SECTION 1001. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such

<sup>27a</sup> Subsections (g) and (h), and the italicized portions of subsections (a) and (c), were added by the War Mobilization and Reconversion Act of 1944 (Public Law No. 458, 78th Cong., 2d sess.). See p. 44 for other additions by this Act.

State, to needy individuals who are blind, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$3,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Social Security Board, State plans for aid to the blind.

STATE PLANS FOR AID TO THE BLIND

SEC. 1002. (a) A State plan for aid to the blind must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim for aid is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Board to be necessary for the proper and efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; and (7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act; (8)<sup>28</sup> provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the blind; and (9)<sup>28</sup> provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to the blind.

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes, as a condition of eligibility for aid to the blind under the plan—

(1) Any residence requirement which excludes any resident of the State who has resided therein five years during the nine years immediately preceding the application for aid and has resided therein continuously for one year immediately preceding the application; or

(2) Any citizenship requirement which excludes any citizen of the United States.

PAYMENT TO STATES

SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved

<sup>28</sup> Clauses (8) and (9) became effective July 1, 1941.

plan for aid to the blind, for each quarter, beginning with the quarter commencing January 1, 1940, (1) an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan with respect to each needy individual who is blind and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds \$40, and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Board for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.

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

(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of blind individuals in the State, and (C) such other investigation as the Board may find necessary.

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, (A) reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered during a prior quarter by the State or any political subdivision thereof with respect to aid to the blind furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.

(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Board, the amount so certified.

#### OPERATION OF STATE PLANS

Sec. 1004. In the case of any State plan for aid to the blind which has been approved by the Board, if the Board, after reasonable notice



and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any residence or citizenship requirement prohibited by section 1002 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 1002 (a) to be included in the plan;

the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

#### ADMINISTRATION

SEC. 1005. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$30,000, for all necessary expenses of the Board in administering the provisions of this title.

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

### TITLE XI—GENERAL PROVISIONS

#### DEFINITIONS

SECTION 1101. (a). When used in this Act—

(1) The term "State" includes Alaska, Hawaii, and the District of Columbia, and when used in Titles V and VI of such Act includes Puerto Rico.

(2) The term "United States" when used in a geographical sense means the States, Alaska, Hawaii, and the District of Columbia.

(3) The term "person" means an individual, a trust or estate, a partnership, or a corporation.

(4) The term "corporation" includes associations, joint-stock companies, and insurance companies.

(5) The term "shareholder" includes a member in an association, joint-stock company, or insurance company.

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

(b) The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

(c) Whenever under this Act or any Act of Congress, or under the law of any State, an employer is required or permitted to deduct any amount from the remuneration of an employee and to pay the amount deducted to the United States, a State, or any political subdivision thereof, then for the purposes of this Act the amount so deducted shall be considered to have been paid to the employee at the time of such deduction.

(d) Nothing in this Act shall be construed as authorizing any Federal official, agent, or representative, in carrying out any of the provisions of this Act, to take charge of any child over the objection

of either of the parents of such child, or of the person standing in loco parentis to such child.

#### RULES AND REGULATIONS

SEC. 1102. The Secretary of the Treasury, the Secretary of Labor, and the Social Security Board, respectively, shall make and publish such rules and regulations, not inconsistent with this Act, as may be necessary to the efficient administration of the functions with which each is charged under this Act.

#### SEPARABILITY

SEC. 1103. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be affected thereby.

#### RESERVATION OF POWER

SEC. 1104. The right to alter, amend, or repeal any provision of this Act is hereby reserved to the Congress.

#### SHORT TITLE

SEC. 1105. This Act may be cited as the "Social Security Act."

#### DISCLOSURE OF INFORMATION IN POSSESSION OF BOARD

SEC. 1106. No disclosure of any return or portion of a return (including information returns and other written statements) filed with the Commissioner of Internal Revenue under Title VIII of the Social Security Act or the Federal Insurance Contributions Act or under regulations made under authority thereof, which has been transmitted to the Board by the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any time by the Board or by any officer or employee of the Board in the course of discharging the duties of the Board, and no disclosure of any such file, record, report, or other paper, or information, obtained at any time by any person from the Board or from any officer or employee of the Board, shall be made except as the Board may by regulations prescribe. Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding \$1,000, or by imprisonment not exceeding one year, or both.

#### PENALTY FOR FRAUD

SEC. 1107. (a) Whoever, with the intent to defraud any person, shall make or cause to be made any false representation concerning the requirements of this Act, the Federal Insurance Contributions Act, or the Federal Unemployment Tax Act, or of any rules or regulations issued thereunder, knowing such representations to be false, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine not exceeding \$1,000, or by imprisonment not exceeding one year, or both.

(b) Whoever, with the intent to elicit information as to the date of birth, employment, wages, or benefits of any individual (1) falsely represents to the Board that he is such individual, or the wife, parent,

or child of such individual, or the duly authorized agent of such individual, or of the wife, parent, or child of such individual, or (2) falsely represents to any person that he is an employee or agent of the United States, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine not exceeding \$1,000, or by imprisonment not exceeding one year, or both.

#### TITLE XII—ADVANCES TO STATE UNEMPLOYMENT FUNDS

SEC. 1201. (a) In the event that the balance in a State's account in the Unemployment Trust Fund on June 30, 1945, or on the last day in any ensuing calendar quarter which ends prior to July 1, 1947, does not exceed a sum equal to the total contributions deposited in the Unemployment Trust Fund under the unemployment compensation law of the State during that one of the two calendar years next preceding such day in which such deposits were higher, the State shall be entitled, subject to the provisions of subsections (b) and (c) hereof, to have transferred from the Federal unemployment account to its account in the Unemployment Trust Fund an amount equal to the amount by which the unemployment compensation paid out by it in the calendar quarter ending on such day exceeded 2.7 per centum of the total remuneration which was paid during such quarter and was subject to the State unemployment compensation law.

(b) The Social Security Board is authorized and directed, on application of a State unemployment compensation agency, to make findings as to whether the conditions for the transfer of moneys provided for in subsection (a) hereof have been met; and if such conditions exist, the Board is directed to certify, to the Secretary of the Treasury, from time to time, the amounts for transfer in order to carry out the purposes of this title, reduced or increased, as the case may be, by any sum by which the Board finds that the amounts transferred for any prior quarter were greater or less than the amounts to which the State was entitled for such quarter. The application of a State agency shall be made on such forms, and contain such information and data, fiscal and otherwise, concerning the operation and administration of the State law, as the Board deems necessary or relevant to the performance of its duties hereunder.

(c) Any amount transferred to the account of any State under this section shall be treated as an advance, without interest, to the unemployment fund of such State and shall be repaid to the Federal unemployment account from the unemployment fund of that State to the extent that the balance in the State's account in the Unemployment Trust Fund, at the end of any calendar quarter, exceeds a sum equal to the total contributions deposited in the Unemployment Trust Fund under the unemployment compensation law of the State during that one of the two calendar years next preceding such day in which such deposits were higher. The Secretary of the Treasury shall, after the end of each calendar quarter, transfer from the unemployment account of each State in the Unemployment Trust Fund to the Federal unemployment account the amount required to be repaid from the unemployment fund of such State at the end of such quarter under this subsection.<sup>25a</sup>

<sup>25a</sup> This title was added by the War Mobilization and Reconversion Act of 1944 (Public Law No. 458, 78th Cong., 2d sess.). See pp. 38 and 39 for other additions by this Act.

# PROVISIONS OF INTERNAL REVENUE CODE, AS AMENDED

## CHAPTER I—INCOME TAX

### SEC. 101. EXEMPTIONS FROM TAX ON CORPORATIONS.

The following organizations shall be exempt from taxation under this chapter—

- (1) Labor, agricultural, or horticultural organizations;
- (2) Mutual savings banks not having a capital stock represented by shares;
- (3) Fraternal beneficiary societies, orders, or associations, (A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and (B) providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents;
- (4) Domestic building and loan associations substantially all the business of which is confined to making loans to members; and cooperative banks without capital stock organized and operated for mutual purposes and without profit;
- (5) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual;
- (6) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;
- (7) Business leagues, chambers of commerce, real-estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual;
- (8) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes;
- (9) Clubs organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder;
- (10) Benevolent life-insurance associations of a purely local char-

acter, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if 85 per centum or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses;

(11) Mutual insurance companies or associations other than life or marine (including interinsurers and reciprocal underwriters) if the gross amount received during the taxable year from interest, dividends, rents, and premiums (including deposits and assessments) does not exceed \$75,000;<sup>29</sup>

(12) Farmers', fruit growers', or like associations organized and operated on a cooperative basis (a) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, on the basis of either the quantity or the value of the products furnished by them, or (b) for the purpose of purchasing supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses. Exemption shall not be denied any such association because it has capital stock, if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the State of incorporation or 8 per centum per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than nonvoting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the association, upon dissolution or otherwise, beyond the fixed dividends) is owned by producers who market their products or purchase their supplies and equipment through the association; nor shall exemption be denied any such association because there is accumulated and maintained by it a reserve required by State law or a reasonable reserve for any necessary purpose. Such an association may market the products of nonmembers in an amount the value of which does not exceed the value of the products marketed for members, and may purchase supplies and equipment for nonmembers in an amount the value of which does not exceed the value of the supplies and equipment purchased for members, provided the value of the purchases made for persons who are neither members nor producers does not exceed 15 per centum of the value of all its purchases. Business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this paragraph;

(13) Corporations organized by an association exempt under the provisions of paragraph (12), or members thereof, for the purpose of financing the ordinary crop operations of such members or other producers, and operated in conjunction with such association. Exemption shall not be denied any such corporation because it has capital stock, if the dividend rate of such stock is fixed at not to

<sup>29</sup> Subsection (11) as set forth above was enacted by the Act of October 21, 1942 (56 Stat. 981), applicable to taxable years beginning after December 31, 1941. Prior to this enactment the section read as follows:

"(11) Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations including interinsurers and reciprocal underwriters) the income of which is used or held for the purpose of paying losses or expenses;"

exceed the legal rate of interest in the State of incorporation, or 8 per centum per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than nonvoting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the corporation, upon dissolution or otherwise, beyond the fixed dividends) is owned by such association, or members thereof; nor shall exemption be denied any such corporation because there is accumulated and maintained by it a reserve required by State law or a reasonable reserve for any necessary purpose;

(14) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt from the tax imposed by this chapter;

(15) Corporations organized under Act of Congress, if such corporations are instrumentalities of the United States and if, under such Act, as amended and supplemented, such corporations are exempt from Federal income taxes;

(16) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (A) no part of their net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (B) 85 per centum or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses;<sup>30</sup>

(17) Teachers' retirement fund associations of a purely local character, if (A) no part of their net earnings inures (other than through payment of retirement benefits) to the benefit of any private shareholder or individual, and (B) the income consists solely of amounts received from public taxation, amounts received from assessments upon the teaching salaries of members, and income in respect of investments;

(18) Religious or apostolic associations or corporations, if such associations or corporations have a common treasury or community treasury, even if such associations or corporations engage in business for the common benefit of the members, but only if the members thereof include (at the time of filing their returns) in their gross income their entire pro rata shares, whether distributed or not, of net income of the association or corporation for such year. Any amount so included in the gross income of a member shall be treated as a dividend received.

(19) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries,

<sup>30</sup> The Act of October 21, 1942 (56 Stat. 981) amended subsection (16) retroactively to the effective date of the Revenue Act of 1928, but provided that the amendment should not apply to employment taxes imposed by subchapters A and C of chapter 9 of the Internal Revenue Code or the corresponding provisions of a prior law. The subsection as amended reads as follows: "(16) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (A) no part of their net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (B) 85 per centum or more of the income consists of amounts collected from members and amounts contributed to the association by the employer of the members for the sole purpose of making such payments and meeting expenses;"

if (A) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (B) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

## CHAPTER 9—EMPLOYMENT TAXES

### SUBCHAPTER A<sup>a</sup> (FEDERAL INSURANCE CONTRIBUTIONS ACT)— EMPLOYMENT BY OTHERS THAN CARRIERS

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<sup>a</sup> Subchapter A, effective April 1, 1939, superseded Title VIII of the Social Security Act.

**Part I—Tax on Employees****SEC. 1400. RATE OF TAX.**

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

- (1) With respect to wages received during the calendar years 1939, 1940, 1941, 1942, 1943, 1944, and 1945, the rate shall be 1 per centum.
- (2) With respect to wages received during the calendar years 1946, 1947, and 1948, the rate shall be 2½ per centum.
- (3) With respect to wages received after December 31, 1948, the rate shall be 3 per centum.<sup>32</sup>

**SEC. 1401. DEDUCTION OF TAX FROM WAGES.**

(a) **REQUIREMENT.**—The tax imposed by section 1400 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid.

(b) **INDEMNIFICATION OF EMPLOYER.**—Every employer required so to deduct the tax shall be liable for the payment of such tax, and shall be indemnified against the claims and demands of any person for the amount of any such payment made by such employer.

(c) **ADJUSTMENTS.**—If more or less than the correct amount of tax imposed by section 1400 is paid with respect to any payment of remuneration, proper adjustments, with respect both to the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as may be prescribed by regulations made under this subchapter.

(d) **SPECIAL REFUND.**—If by reason of an employee rendering service for more than one employer during any calendar year after the calendar year 1939, the wages of the employee with respect to employment during such year exceed \$3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400, deducted from such wages and paid to the collector, which exceeds the tax with respect to the first \$3,000 of such wages paid. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (1) the employee makes a claim, establishing his right thereto, after the calendar year in which the employment was performed with respect to which refund of tax is claimed, and (2) such claim is made within two years after the calendar year in which the wages are paid with respect to which refund of tax is claimed. No interest shall be allowed or paid with respect to any such refund.

<sup>32</sup> Clause (1) of this section was amended by the Revenue Act of 1942, the Act of December 22, 1943 (57 Stat. 607), and the Revenue Act of 1948. A further amendment to this section, to clauses (1), (2), and (3), was made by the Act of December 16, 1944 (58 Stat. 812). The original schedule in Title VIII of the Social Security Act provided for a 1½ per centum tax beginning with the calendar year 1940, a 2 per centum tax beginning with the calendar year 1943, a 2½ per centum tax beginning with the calendar year 1946, and a 3 per centum tax beginning with the calendar year 1949.



**SEC. 1402. NON-DEDUCTIBILITY OF TAX FROM NET INCOME.**

For the purposes of the income tax imposed by chapter 1 or by any Act of Congress in substitution therefor, the tax imposed by section 1400 shall not be allowed as a deduction to the taxpayer in computing his net income for the year in which such tax is deducted from his wages.

**SEC. 1403. RECEIPTS FOR EMPLOYEES.**

(a) **REQUIREMENT.**—Every employer shall furnish to each of his employees a written statement or statements, in a form suitable for retention by the employee, showing the wages paid by him to the employee after December 31, 1939. Each statement shall cover a calendar year, or one, two, three, or four calendar quarters, whether or not within the same calendar year, and shall show the name of the employer, the name of the employee, the period covered by the statement, the total amount of wages paid within such period, and the amount of the tax imposed by section 1400 with respect to such wages. Each statement shall be furnished to the employee not later than the last day of the second calendar month following the period covered by the statement, except that, if the employee leaves the employ of the employer, the final statement shall be furnished on the day on which the last payment of wages is made to the employee. The employer may, at his option, furnish such a statement to any employee at the time of each payment of wages to the employee during any calendar quarter, in lieu of a statement covering such quarter; and, in such case, the statement may show the date of payment of the wages, in lieu of the period covered by the statement.

(b) **PENALTY FOR FAILURE TO FURNISH.**—Any employer who wilfully fails to furnish a statement to an employee in the manner, at the time, and showing the information, required under subsection (a), shall for each such failure be subject to a civil penalty of not more than \$5.

**Part II—Tax on Employers****SEC. 1410. RATE OF TAX.**

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

(1) With respect to wages paid during the calendar years 1939, 1940, 1941, 1942, 1943, 1944, and 1945, the rate shall be 1 per centum.

(2) With respect to wages paid during the calendar years 1946, 1947, and 1948, the rate shall be 2½ per centum.

(3) With respect to wages paid after December 31, 1948, the rate shall be 3 per centum.<sup>83</sup>

**SEC. 1411. ADJUSTMENT OF TAX.**

If more or less than the correct amount of tax imposed by section 1410 is paid with respect to any payment of remuneration, proper adjustments with respect to the tax shall be made, without interest, in such manner and at such times as may be prescribed by regulations made under this subchapter.

<sup>83</sup> See footnote 32, p. 49.

**Part III—General Provisions****SEC. 1420. COLLECTION AND PAYMENT OF TAXES.**

(a) **ADMINISTRATION.**—The taxes imposed by this subchapter shall be collected by the Bureau of Internal Revenue under the direction of the Secretary and shall be paid into the Treasury of the United States as internal-revenue collections.

(b) **ADDITION TO TAX IN CASE OF DELINQUENCY.**—If the tax is not paid when due, there shall be added as part of the tax interest (except in the case of adjustments made in accordance with the provisions of sections 1401 (c) and 1411) at the rate of 6 per centum per annum from the date the tax became due until paid.

(c) **METHOD OF COLLECTION AND PAYMENT.**—Such taxes shall be collected and paid in such manner, at such times, and under such conditions, not inconsistent with this subchapter (either by making and filing returns, or by stamps, coupons, tickets, books, or other reasonable devices or methods necessary or helpful in securing a complete and proper collection and payment of the tax or in securing proper identification of the taxpayer), as may be prescribed by the Commissioner, with the approval of the Secretary.

(d) **FRACTIONAL PARTS OF A CENT.**—In the payment of any tax under this subchapter a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

**SEC. 1421. OVERPAYMENTS AND UNDERPAYMENTS.**

If more or less than the correct amount of tax imposed by section 1400 or 1410 is paid or deducted with respect to any wage payment and the overpayment or underpayment of tax cannot be adjusted under section 1401 (c) or 1411 the amount of the overpayment shall be refunded and the amount of the underpayment shall be collected, in such manner and at such times (subject to the statutes of limitations properly applicable thereto) as may be prescribed by regulations made under this subchapter.

**SEC. 1422. ERRONEOUS PAYMENTS.**

Any tax paid under this subchapter by a taxpayer with respect to any period with respect to which he is not liable to tax under this subchapter shall be credited against the tax, if any, imposed by subchapter B upon such taxpayer, and the balance, if any, shall be refunded.

**SEC. 1423. SALE OF STAMPS BY POSTMASTERS.**

(a) **SUPPLY.**—The Commissioner shall furnish to the Postmaster General without prepayment a suitable quantity of stamps, coupons, tickets, books, or other devices prescribed by the Commissioner under section 1420 (c) for the collection or payment of any tax imposed by this subchapter, to be distributed to, and kept on sale by, all post offices of the first and second classes, and such post offices of the third and fourth classes as (1) are located in county seats, or (2) are certified by the Secretary to the Postmaster General as necessary to the proper administration of this subchapter.

(b) **BOND AND ACCOUNTING.**—The Postmaster General may require each such postmaster to furnish bond in such increased amount as he may from time to time determine, and each such postmaster shall

deposit the receipts from the sale of such stamps, coupons, tickets, books, or other devices, to the credit of, and render accounts to, the Postmaster General at such times and in such form as the Postmaster General may by regulations prescribe.

(c) **DEPOSIT OF RECEIPTS.**—The Postmaster General shall at least once a month transfer to the Treasury as internal-revenue collections all receipts so deposited.

**SEC. 1424. EXPENDITURES INCURRED BY THE POST OFFICE DEPARTMENT.**

The Postmaster General shall at least once a month transfer to the Treasury, together with the receipts required to be deposited under section 1423, a statement of the additional expenditures in the District of Columbia and elsewhere incurred by the Post Office Department in performing the duties imposed upon said Department by this subchapter, and the Secretary shall be authorized and directed to advance from time to time to the credit of the Post Office Department from appropriations made for the collection of the taxes imposed by this subchapter, such sums as may be required for such additional expenditures incurred by the Post Office Department.

**SEC. 1425. PENALTIES RELATING TO STAMPS AND OTHER COLLECTION DEVICES.**

(a) **UNAUTHORIZED USE, SALE, ETC.**—Whoever buys, sells, offers for sale, uses, transfers, takes or gives in exchange, or pledges or gives in pledge, except as authorized in this subchapter or in regulations made pursuant thereto, any stamp, coupon, ticket, book, or other device, prescribed by the Commissioner under section 1420 (c) for the collection or payment of any tax imposed by this subchapter, shall be fined not more than \$1,000 or imprisoned for not more than six months, or both.

(b) **COUNTERFEITING, ETC.**—Whoever, with intent to defraud, alters, forges, makes, or counterfeits any stamp, coupon, ticket, book, or other device prescribed by the Commissioner under section 1420 (c) for the collection or payment of any tax imposed by this subchapter, or uses, sells, lends, or has in his possession any such altered, forged, or counterfeited stamp, coupon, ticket, book, or other device, or makes, uses, sells, or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book, or other device, shall be fined not more than \$5,000 or imprisoned not more than five years, or both.

**SEC. 1426. DEFINITIONS.**

When used in this subchapter—

(a) **WAGES.**—The term “wages” means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year;

(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class

or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability, or (D) death, provided the employee (i) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (ii) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(3) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400 or (B) of any payment required from an employee under a State unemployment compensation law; or

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

(b) **EMPLOYMENT.**—The term “employment” means any service performed prior to January 1, 1940,<sup>34</sup> which was employment as defined in this section prior to such date, and any service, of whatever nature, performed after December 31, 1939, by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—

(1) Agricultural labor (as defined in subsection (h) of this section);

(2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority;

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

(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

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

(6) Service performed in the employ of the United States Government, or of an instrumentality of the United States which is (A) wholly owned by the United States, or (B) exempt from

<sup>34</sup> For definition of “employment” prior to January 1, 1940, see sec. 210 (b) of the Social Security Act of 1935, p. 93, which is substantially the same as this section prior to amendment approved August 10, 1939.

the tax imposed by section 1410 by virtue of any other provision of law;

(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions; and any service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1410;

(8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

(9) Service performed by an individual as an employee or employee representative as defined in section 1532:

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

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

(ii) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office, or is ritualistic service in connection with any such society, order, or association, or

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

(B) Service performed in the employ of an agricultural or horticultural organization exempt from income tax under section 101 (1);

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

(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (i) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (ii) no part of the net earnings of such asso-

ciation inures (other than through such payments) to the benefit of any private shareholder or individual;

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

(11) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);<sup>25</sup>

(12) Service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;<sup>25</sup>

(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

(14) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States); or

(15) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution.

(c) INCLUDED AND EXCLUDED SERVICE.—If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment;

<sup>25</sup> Exemption from taxes of services described in pars. (11) and (12) was made retroactive to January 1, 1937. See sec. 902 (f) of Soc. Sec. Act Amndts. of 1939, p. 76.

but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection the term "pay period" means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (9) of subsection (b).

(d) **EMPLOYEE.**—The term "employee" includes an officer of a corporation.

(e) **STATE.**—The term "State" includes Alaska, Hawaii, and the District of Columbia.

(f) **PERSON.**—The term "person" means an individual, a trust or estate, a partnership, or a corporation.

(g) **AMERICAN VESSEL.**—The term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

(h) **AGRICULTURAL LABOR.**—The term "agricultural labor" includes all services performed—

(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act,<sup>86</sup> as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes.

(4) In handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to

<sup>86</sup>Sec. 15 (g) of the Agricultural Marketing Act defines "agricultural commodity" to include "in addition to other agricultural commodities, crude gum (oleoresin) from a living tree, and the following products as processed by the original producer of the crude gum (oleoresin) from which derived: Gum, spirits of turpentine, and gum rosin, • • •."

market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(i) OFFICERS AND MEMBERS OF CREWS EMPLOYED BY WAR SHIPPING ADMINISTRATION.—The term "employment" shall include such service as is determined by the Administrator, War Shipping Administration, to be performed after September 30, 1941, and prior to the termination of title I of the First War Powers Act, 1941, on or in connection with any vessel by an officer or member of the crew as an employee of the United States employed through the War Shipping Administration, or, in respect of such service performed before February 11, 1942, the United States Maritime Commission, *but shall not include any such service performed (1) under a contract entered into without the United States and during the performance of which the vessel does not touch at a port in the United States, or (2) on a vessel documented under the laws of any foreign country and bareboat chartered to the War Shipping Administration.* The term "wages" means, with respect to service which constitutes employment by reason of this subsection, such amount of remuneration as is determined (subject to the provisions of this section) by the Administrator, War Shipping Administration, to be paid for such service. The Administrator and such agents as he may designate for the purpose are authorized and directed to comply with the provisions of the internal revenue laws on behalf of the United States as the employer of individuals whose service constitutes employment by reason of this subsection, but the Administrator and his agents shall not be liable for the tax on any employee imposed by section 1400 (unless the Administrator or his agent collects such tax from the employee) with respect to service performed before the date of enactment of this subsection which constitutes employment by reason of the enactment of this subsection. The Administrator, War Shipping Administration, and the United States Maritime Commission, and their agents or persons acting on their behalf or for their account, may, for convenience of administration, make payments of the tax imposed under section 1410 without regard to the \$3,000 limitation in section 1426 (a) (1), but they shall not be required to obtain a refund of the tax paid under section 1410 of the Internal Revenue Code on that part of the remuneration of seamen in their employ not included in wages by reason of section 1426 (a) (1) of the Internal Revenue Code.<sup>27</sup>

<sup>27</sup> Subsection (i) was added by the Act of March 24, 1943 (57 Stat. 45); the italicized matter was added by the Act of April 4, 1944 (58 Stat. 205); and the last sentence of subsection (i) was added by the Act of March 24, 1945 (59 Stat. 38), which latter amendment is expressly made effective as if made by the Act of March 24, 1943.



**SEC. 1427. DEDUCTIONS AS CONSTRUCTIVE PAYMENTS.**

Whenever under this subchapter or any Act of Congress, or under the law of any State, an employer is required or permitted to deduct any amount from the remuneration of an employee and to pay the amount deducted to the United States, a State, or any political subdivision thereof, then for the purposes of this subchapter the amount so deducted shall be considered to have been paid to the employee at the time of such deduction.

**SEC. 1428. ESTIMATE OF REVENUE REDUCTION.**

The Secretary at intervals of not longer than three years shall estimate the reduction in the amount of taxes collected under this subchapter by reason of the operation of paragraph (9) of subsection (b) of section 1426 and shall include such estimate in his annual report.

**SEC. 1429. RULES AND REGULATIONS.**

The Secretary shall make and publish such rules and regulations, not inconsistent with this subchapter, as may be necessary to the efficient administration of the functions with which he is charged under this subchapter. The Commissioner, with the approval of the Secretary, shall make and publish rules and regulations for the enforcement of this subchapter.

**SEC. 1430. OTHER LAWS APPLICABLE.**

All provisions of law, including penalties, applicable with respect to any tax imposed by section 2700 or section 1800, and the provisions of section 3661, shall, insofar as applicable and not inconsistent with the provisions of this subchapter, be applicable with respect to the taxes imposed by this subchapter.

**SEC. 1431. EFFECTIVE DATE OF SUBCHAPTER.**

This subchapter shall take effect on the first day of that quarter of the calendar year occurring next after the enactment of this title. [Enacted Feb. 10, 1939.]

**SEC. 1432. SHORT TITLE.**

This subchapter may be cited as the "Federal Insurance Contributions Act."

**SUBCHAPTER B—EMPLOYMENT BY CARRIERS \***

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**SEC. 1532. DEFINITIONS.**

As used in this subchapter—

(a) **EMPLOYER.**—The term "employer" means any carrier (as defined in subsection (h) of this section), and any company which is directly or indirectly owned or controlled by one or more such carriers or under common control therewith, and which operates any equipment or facility or performs any service (except trucking service, casual service, and the casual operation of equipment or facil-

\* Only Sec. 1532 is reprinted here. For other sections of subchapter B see the Internal Revenue Code.

ities) in connection with the transportation of passengers or property by railroad, or the receipt, delivery, elevation, transfer in transit, refrigeration or icing, storage, or handling of property transported by railroad, and any receiver, trustee, or other individual or body, judicial or otherwise, when in the possession of the property or operating all or any part of the business of any such employer: *Provided, however,* That the term "employer" shall not include any street, interurban, or suburban electric railway, unless such railway is operating as a part of a general steam-railroad system of transportation, but shall not exclude any part of the general steam-railroad system of transportation now or hereafter operated by any other motive power. The Interstate Commerce Commission is hereby authorized and directed upon request of the Commissioner of Internal Revenue, or upon complaint of any party interested, to determine after hearing whether any line operated by electric power falls within the terms of this proviso. The term "employer" shall also include railroad associations, traffic associations, tariff bureaus, demurrage bureaus, weighing and inspection bureaus, collection agencies, and other associations, bureaus, agencies, or organizations controlled and maintained wholly or principally by two or more employers as hereinbefore defined and engaged in the performance of services in connection with or incidental to railroad transportation; and railway labor organizations, national in scope, which have been or may be organized in accordance with the provisions of the Railway Labor Act, as amended, and their State and national legislative committees and their general committees and their insurance departments and their local lodges and divisions, established pursuant to the constitution and bylaws of such organization. The term "employer" shall not include any company by reason of its being engaged in the mining of coal, the supplying of coal to an employer where delivery is not beyond the mine tipple, and the operation of equipment or facilities therefor, or in any of such activities.<sup>29</sup>

(b) **EMPLOYEE.**—The term "employee" means any person in the service of one or more employers for compensation; *Provided, however,* That the term "employee" shall include an employee of a local lodge or division defined as an employer in subsection (a) only if he was in the service of or in the employment relation to a carrier on or after August 29, 1935. An individual is in the employment relation to a carrier if he is on furlough, subject to call for service within or outside the United States and ready and willing to serve, or on leave of absence, or absent on account of sickness or disability; all in accordance with the established rules and practices in effect on the carrier; *Provided, however,* That an individual shall not be deemed to be in the employment relation to a carrier unless during the last pay-roll period in which he rendered service to it he was with respect to that service in the service of an employer in accordance with subsection (d) of this section.

The term "employee" includes an officer of an employer.

The term "employee" shall not include any individual while such individual is engaged in the physical operations consisting of the mining of coal, the preparation of coal, the handling (other than movement by rail with standard railroad locomotives) of coal not beyond the mine tipple, or the loading of coal at the tipple.

<sup>29</sup> The last sentence of this subsection was added by Act of August 13, 1940, Public, 764, 76th Cong. For full text, see p. 82.

(c) **EMPLOYEE REPRESENTATIVE.**—The term “employee representative” means any officer or official representative of a railway labor organization other than a labor organization included in the term “employer” as defined in subsection (a), who before or after June 29, 1937, was in the service of an employer as defined in subsection (a) and who is duly authorized and designated to represent employees in accordance with the Railway Labor Act, 44 Stat. 577 (U. S. C., Title 45, c. 18), as amended, and any individual who is regularly assigned to or regularly employed by such officer or official representative in connection with the duties of his office.

(d) **SERVICE.**—An individual is in the service of an employer whether his service is rendered within or without the United States if he is subject to the continuing authority of the employer to supervise and direct the manner of rendition of his service, which service he renders for compensation: *Provided, however,* That an individual shall be deemed to be in the service of an employer, other than a local lodge or division or a general committee of a railway-labor-organization employer, not conducting the principal part of its business in the United States only when he is rendering service to it in the United States; and an individual shall be deemed to be in the service of such a local lodge or division only if (1) all, or substantially all, the individuals constituting its membership are employees of an employer conducting the principal part of its business in the United States; or (2) the headquarters of such local lodge or division is located in the United States; and an individual shall be deemed to be in the service of such a general committee only if (1) he is representing a local lodge or division described in clauses (1) or (2) immediately above; or (2) all, or substantially all, the individuals represented by it are employees of an employer conducting the principal part of its business in the United States; or (3) he acts in the capacity of a general chairman or an assistant general chairman of a general committee which represents individuals rendering service in the United States to an employer, but in such case if his office or headquarters is not located in the United States and the individuals represented by such general committee are employees of an employer not conducting the principal part of its business in the United States, only such proportion of the remuneration for such service shall be regarded as compensation as the proportion which the mileage in the United States under the jurisdiction of such general committee bears to the total mileage under its jurisdiction, unless such mileage formula is inapplicable, in which case such other formula as the Railroad Retirement Board may have prescribed pursuant to subsection (c) of section 1 of the Railroad Retirement Act of 1937 shall be applicable: *Provided further,* That an individual not a citizen or resident of the United States shall not be deemed to be in the service of an employer when rendering service outside the United States to an employer who is required under the laws applicable in the place where the service is rendered to employ therein, in whole or in part, citizens or residents thereof; and the laws applicable on August 29, 1935, in the place where the service is rendered shall be deemed to have been applicable there at all times prior to that date.

(e) **COMPENSATION.**—The term “compensation” means any form of money remuneration earned by an individual for services rendered as

an employee to one or more employers, or as an employee representative, including remuneration paid for time lost as an employee, but remuneration paid for time lost shall be deemed earned in the month in which such time is lost. Such term does not include tips, or the voluntary payment by an employer, without deduction from the remuneration of the employee, of the tax imposed on such employee by section 1500. Compensation which is earned during the period for which the Commissioner shall require a return of taxes under this subchapter to be made and which is payable during the calendar month following such period shall be deemed to have been paid during such period only. For the purpose of determining the amount of taxes under sections 1500 and 1520, compensation earned in the service of a local lodge or division of a railway-labor-organization employer shall be disregarded with respect to any calendar month if the amount thereof is less than \$3 and (1) such compensation is earned before April 1, 1940, and the taxes thereon under such sections are not paid before July 1, 1940, or (2) such compensation is earned after March 31, 1940.<sup>40</sup>

(f) UNITED STATES.—The term "United States" when used in a geographical sense means the States, Alaska, Hawaii, and the District of Columbia.

(g) COMPANY.—The term "company" includes corporations, associations, and joint-stock companies.

(h) CARRIER.—The term "carrier" means an express company, sleeping-car company, or carrier by railroad, subject to part I of the Interstate Commerce Act.

(i) PERSON.—The term "person" means an individual, a partnership, an association, a joint-stock company, or a corporation.

#### SUBCHAPTER C<sup>41</sup> (FEDERAL UNEMPLOYMENT TAX ACT)—TAX ON EMPLOYERS OF EIGHT OR MORE

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<sup>40</sup> The last sentence in subsection (a) was added by the Act of August 13, 1940 (54 Stat. 785). The second proviso in subsection (b) was amended by the Act of June 11, 1940 (54 Stat. 264); the last sentence was added by the Act of August 13, 1940. Subsection (d) was amended by the Acts of June 11, 1940, and April 8, 1942 (56 Stat. 204). The last sentence of subsection (e) was added by the Act of October 10, 1940 (54 Stat. 1101). The Acts of June 11, 1940, August 13, 1940, and April 8, 1942, are made retroactive to the effective date of the Carriers Taxing Act of 1937, and modify the Social Security Act accordingly, except as provided in section 4 (c) of the Act of August 13, 1940 (see p. 84).

<sup>41</sup> Subchapter C superseded Title IX of the Social Security Act, except sec. 904, with respect to the tax for the calendar year 1939 and subsequent years. For sec. 904, see p. 38.

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#### SEC. 1600. RATE OF TAX.

Every employer (as defined in section 1607 (a)) shall pay for the calendar year 1939 and for each calendar year thereafter an excise tax, with respect to having individuals in his employ, equal to 3 per centum of the total wages (as defined in section 1607 (b)) paid by him during the calendar year with respect to employment (as defined in section 1607 (c)) after December 31, 1938.

#### SEC. 1601. CREDITS AGAINST TAX.

##### (a) CONTRIBUTIONS TO STATE UNEMPLOYMENT FUNDS.<sup>42</sup>—

(1) The taxpayer may, to the extent provided in this subsection and subsection (c), credit against the tax imposed by section 1600 the amount of contributions paid by him into an unemployment fund maintained during the taxable year under the unemployment compensation law of a State which is certified for the taxable year as provided in section 1603.

<sup>42</sup> With respect to certain carry-over credits against the tax for 1940, 1941, and 1942, see, however, sec. 902 (e) of Soc. Sec. Act Amndts. of 1939, p. 76.

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

(3) The credit against the tax for any taxable year shall be permitted only for contributions paid on or before the last day upon which the taxpayer is required under section 1604 to file a return for such year;<sup>43</sup> except that credit shall be permitted for contributions paid after such last day, but such credit shall not exceed 90 per centum of the amount which would have been allowable as credit on account of such contributions had they been paid on or before such last day.

(4) Upon the payment of contributions into the unemployment fund of a State which are required under the unemployment compensation law of that State with respect to remuneration on the basis of which, prior to such payment into the proper fund, the taxpayer erroneously paid an amount as contributions under another unemployment compensation law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made at the time of the erroneous payment. If, by reason of such other law, the taxpayer was entitled to cease paying contributions with respect to services subject to such other law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made on the date the return for the taxable year was filed under section 1604.

(b) **ADDITIONAL CREDIT.**—In addition to the credit allowed under subsection (a), a taxpayer may credit against the tax imposed by section 1600 for any taxable year an amount, with respect to the unemployment compensation law of each State certified for the taxable year as provided in section 1602 (or with respect to any provisions thereof so certified), equal to the amount, if any, by which the contributions required to be paid by him with respect to the taxable year were less than the contributions such taxpayer would have been required to pay if throughout the taxable year he had been subject under such State law to the highest rate applied thereunder in the taxable year to any person having individuals in his employ, or to a rate of 2.7 per centum, whichever rate is lower.

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

(d) **REFUND OR CREDIT.**—Refund or credit of the tax (including penalty and interest collected with respect thereto, if any), based on any credit allowable under this section, may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such credit or refund.

#### SEC. 1602. CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE.

(a) **STATE STANDARDS.**—A taxpayer shall be allowed an additional credit under section 1601 (b) with respect to any reduced rate of contributions permitted by a State law, only if the Board finds that under such law—

<sup>43</sup> For certain special provisions applicable to the years 1936 through 1942, see section 602 of the Revenue Act of 1943, p. 86.

(1) No reduced rate of contributions to a pooled fund or to a partially pooled account, is permitted to a person (or group of persons) having individuals in his (or their) employ except on the basis of his (or their) experience with respect to unemployment or other factors bearing a direct relation to unemployment risk during not less than the three consecutive years immediately preceding the computation date;

(2) No reduced rate of contributions to a guaranteed employment account is permitted to a person (or a group of persons) having individuals in his (or their) employ unless (A) the guaranty of remuneration was fulfilled in the year preceding the computation date; and (B) the balance of such account amounts to not less than  $2\frac{1}{2}$  per centum of that part of the pay roll or pay rolls for the three years preceding the computation date by which contributions to such account were measured; and (C) such contributions were payable to such account with respect to three years preceding the computation date;

(3) Such lower rate, with respect to contributions to a separate reserve account, is permitted only when (A) compensation has been payable from such account throughout the preceding calendar year, and (B) such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the three preceding calendar years, and (C) such account amounts to not less than  $7\frac{1}{2}$  per centum of the total wages payable by him (plus the total wages payable by any other employers who may be contributing to such account) with respect to employment in such State in the preceding calendar year.

(4) Effective January 1, 1942, paragraph (3) of this subsection is amended to read as follows:

“(3) No reduced rate of contributions to a reserve account is permitted to a person (or group of persons) having individuals in his (or their) employ unless (A) compensation has been payable from such account throughout the year preceding the computation date, and (B) the balance of such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the three years preceding such date, and (C) the balance of such account amounts to not less than  $2\frac{1}{2}$  per centum of that part of the pay roll or pay rolls for the three years preceding such date by which contributions to such account were measured, and (D) such contributions were payable to such account with respect to the three years preceding the computation date.”

**(b) CERTIFICATION BY THE BOARD WITH RESPECT TO ADDITIONAL CREDIT ALLOWANCE—**

(1) On December 31 in each taxable year, the Board shall certify to the Secretary of the Treasury the law of each State (certified with respect to such year by the Board as provided in section 1603) with respect to which it finds that reduced rates of contributions were allowable with respect to such taxable year only in accordance with the provisions of subsection (a) of this section.

(2) If the Board finds that under the law of a single State (certified by the Board as provided in section 1603) more than one type of fund or amount is maintained, and reduced rates of contributions to more than one type of fund or account were allowable with respect to any taxable year, and one or more of such reduced rates were allowable under conditions not fulfilling the requirements of subsection (a) of this section, the Board shall, on December 31 of such taxable year, certify to the Secretary of the Treasury only those provisions of the State law pursuant to which reduced rates of contributions were allowable with respect to such taxable year under conditions fulfilling the requirements of subsection (a) of this section, and shall, in connection therewith, designate the kind of fund or account, as defined in subsection (c) of this section, established by the provisions so certified. If the Board finds that a part of any reduced rate of contributions payable under such law or under such provisions is required to be paid into one fund or account and a part into another fund or account, the Board shall make such certifications pursuant to this paragraph as it finds will assure the allowance of additional credits only with respect to that part of the reduced rate of contributions which is allowed under provisions which do fulfill the requirements of subsection (a) of this section.

(3) The Board shall, within thirty days after any State law is submitted to it for such purpose, certify to the State agency its findings with respect to reduced rates of contributions to a type of fund or account, as defined in subsection (c) of this section, which are allowable under such State law only in accordance with the provisions of subsection (a) of this section. After making such findings, the Board shall not withhold its certification to the Secretary of the Treasury of such State law, or of the provisions thereof with respect to which such findings were made, for any taxable year pursuant to paragraph (1) or (2) of this subsection unless, after reasonable notice and opportunity for hearing to the State agency, the Board finds the State law no longer contains the provisions specified in subsection (a) of this section or the State has, with respect to such taxable year, failed to comply substantially with any such provision.

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

(1) RESERVE ACCOUNT.—The term “reserve account” means a separate account in an unemployment fund, maintained with respect to a person (or group of persons) having individuals in his (or their) employ, from which account, unless such account is exhausted, is paid all and only compensation payable on the basis of services performed for such person (or for one or more of the persons comprising the group).

(2) POOLED FUND.—The term “pooled fund” means an unemployment fund or any part thereof (other than a reserve account or a guaranteed employment account) into which the total contributions of persons contributing thereto are payable, in which all contributions are mingled and undivided, and from which compensation is payable to all individuals eligible for compensation from such fund.

(3) PARTIALLY POOLED ACCOUNT.—The term “partially pooled ac-



count" means a part of an unemployment fund in which part of the fund all contributions thereto are mingled and undivided, and from which part of the fund compensation is payable only to individuals to whom compensation would be payable from a reserve account or from a guaranteed employment account but for the exhaustion or termination of such reserve account or of such guaranteed employment account. Payments from a reserve account or guaranteed employment account into a partially pooled account shall not be construed to be inconsistent with the provisions of paragraph (1) or (4) of this subsection.

(4) **GUARANTEED EMPLOYMENT ACCOUNT.**—The term "guaranteed employment account" means a separate account, in an unemployment fund, maintained with respect to a person (or group of persons) having individuals in his (or their) employ who, in accordance with the provisions of the State law or of a plan thereunder approved by the State agency,

(A) guarantees in advance at least thirty hours of work, for which remuneration will be paid at not less than stated rates, for each of forty weeks (or if more, one weekly hour may be deducted for each added week guaranteed) in a year, to all the individuals who are in his (or their) employ in, and who continue to be available for suitable work in, one or more distinct establishments, except that any such individual's guaranty may commence after a probationary period (included within the eleven or less consecutive weeks immediately following the first week in which the individual renders services), and

(B) gives security or assurance, satisfactory to the State agency, for the fulfillment of such guaranties, from which account, unless such account is exhausted or terminated, is paid all and only compensation, payable on the basis of services performed for such person (or for one or more of the persons comprising the group), to any such individual whose guaranteed remuneration has not been paid (either pursuant to the guaranty or from the security or assurance provided for the fulfillment of the guaranty), or whose guaranty is not renewed and who is otherwise eligible for compensation under the State law.

(5) **YEAR.**—The term "year" means any twelve consecutive calendar months.

(6) **BALANCE.**—The term "balance," with respect to a reserve account or a guaranteed employment account, means the amount standing to the credit of the account as of the computation date; except that, if subsequent to January 1, 1940, any moneys have been paid into or credited to such account other than payments thereto by persons having individuals in their employ, such term shall mean the amount in such account as of the computation date less the total of such other moneys paid into or credited to such account subsequent to January 1, 1940.

(7) **COMPUTATION DATE.**—The term "computation date" means the date, occurring at least once in each calendar year and within twenty-seven weeks prior to the effective date of new rates of contributions, as of which such rates are computed.

(8) **REDUCED RATE.**—The term "reduced rate" means a rate of contributions lower than the standard rate applicable under the State

law, and the term "standard rate" means the rate on the basis of which variations therefrom are computed.

**SEC. 1603. APPROVAL OF STATE LAWS.**

(a) **REQUIREMENTS.**—The Social Security Board shall approve any State law submitted to it, within thirty days of such submission, which it finds provides that—

(1) All compensation is to be paid through public employment offices or such other agencies as the Board may approve;

(2) No compensation shall be payable with respect to any day of unemployment occurring within two years after the first day of the first period with respect to which contributions are required;

(3) All money received in the unemployment fund shall (except for refunds of sums erroneously paid into such fund and except for refunds paid in accordance with the provisions of section 1606 (b)) immediately upon such receipt be paid over to the Secretary of the Treasury to the credit of the Unemployment Trust Fund established by section 904 of the Social Security Act;

(4) All money withdrawn from the unemployment fund of the State shall be used solely in the payment of unemployment compensation, exclusive of expenses of administration, and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 1606 (b);

(5) Compensation shall not be denied in such State to any otherwise eligible individual for refusing to accept new work under any of the following conditions: (A) If the position offered is vacant due directly to a strike, lockout, or other labor dispute; (B) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality; (C) if as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization;

(6) All the rights, privileges, or immunities conferred by such law or by acts done pursuant thereto shall exist subject to the power of the legislature to amend or repeal such law at any time.

(b) **NOTIFICATION.**—The Board shall, upon approving such law, notify the Governor of the State of its approval.

(c) **CERTIFICATION.**—On December 31 of each taxable year the Board shall certify to the Secretary each State whose law it has previously approved, except that it shall not certify any State which, after reasonable notice and opportunity for hearing to the State agency, the Board finds has changed its law so that it no longer contains the provisions specified in subsection (a) or has with respect to such taxable year failed to comply substantially with any such provision.

(d) **NOTICE OF NON-CERTIFICATION.**—If, at any time during the taxable year, the Board has reason to believe that a State whose law it has previously approved, may not be certified under subsection (c), it shall promptly so notify the Governor of such State.

**SEC. 1604. RETURNS.**

(a) **REQUIREMENT.**—Not later than January 31, next following the close of the taxable year, each employer shall make a return of the

tax under this subchapter for such taxable year. Each such return shall be made under oath, shall be filed with the collector for the district in which is located the principal place of business of the employer, or, if he has no principal place of business in the United States, then with the collector at Baltimore, Maryland, and shall contain such information and be made in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

(b) **EXTENSION OF TIME FOR FILING.**—The Commissioner may extend the time for filing the return of the tax imposed by this subchapter, under such rules and regulations as he may prescribe with the approval of the Secretary, but no such extension shall be for more than ninety days.

(c) **PUBLICITY.**—Returns filed under this subchapter shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under chapter 1, except that paragraph (2) of subsections (a), (b), and (f) of section 55 shall not apply.

#### SEC. 1605. PAYMENT OF TAXES.

(a) **ADMINISTRATION.**—The tax imposed by this subchapter shall be collected by the Bureau of Internal Revenue under the direction of the Secretary and shall be paid into the Treasury as internal-revenue collections.

(b) **ADDITION TO TAX IN CASE OF DELINQUENCY.**—If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 6 per centum per annum from the date the tax became due until paid.

(c) **INSTALLMENT PAYMENTS.**—The taxpayer may elect to pay the tax in four equal installments instead of in a single payment, in which case the first installment shall be paid not later than the last day prescribed for the filing of returns, the second installment shall be paid on or before the last day of the third month, the third installment on or before the last day of the sixth month, and the fourth installment on or before the last day of the ninth month after such last day. If the tax or any installment thereof is not paid on or before the last day of the period fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.

(d) **EXTENSION OF TIME FOR PAYMENT.**—At the request of the taxpayer the time for payment of the tax or any installment thereof may be extended under regulations prescribed by the Commissioner with the approval of the Secretary, for a period not to exceed six months from the last day of the period prescribed for the payment of the tax or any installment thereof. The amount of the tax in respect of which any extension is granted shall be paid (with interest at the rate of one-half of 1 per centum per month) on or before the date of the expiration of the period of the extension.

(e) **FRACTIONAL PARTS OF A CENT.**—In the payment of any tax under this subchapter a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

**SEC. 1606. INTERSTATE COMMERCE AND FEDERAL INSTRUMENTALITIES.**

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

(b) The legislature of any State may require any instrumentality of the United States (except such as are (A) wholly owned by the United States, or (B) exempt from the tax imposed by section 1600 by virtue of any other provision of law), and the individuals in its employ, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Board under section 1603 and (except as provided in section 5240 of the Revised Statutes, as amended, and as modified by subsection (c) of this section) to comply otherwise with such law. The permission granted in this subsection shall apply (1) only to the extent that no discrimination is made against such instrumentality, so that if the rate of contribution is uniform upon all other persons subject to such law on account of having individuals in their employ, and upon all employees of such persons, respectively, the contributions required of such instrumentality or the individuals in its employ shall not be at a greater rate than is required of such other persons and such employees, and if the rates are determined separately for different persons or classes of persons having individuals in their employ or for different classes of employees, the determination shall be based solely upon unemployment experience and other factors bearing a direct relation to unemployment risk, and (2) only if such State law makes provision for the refund of any contributions required under such law from an instrumentality of the United States or its employees for any year in the event said State is not certified by the Board under section 1603 with respect to such year.

(c) Nothing contained in section 5240 of the Revised Statutes, as amended, shall prevent any State from requiring any national banking association to render returns and reports relative to the association's employees, their remuneration and services, to the same extent that other persons are required to render like returns and reports under a State law requiring contributions to an unemployment fund. The Comptroller of the Currency shall, upon receipt of a copy of any such return or report of a national banking association from, and upon request of, any duly authorized official, body, or commission of a State, cause an examination of the correctness of such return or report to be made at the time of the next succeeding examination of such association, and shall thereupon transmit to such official, body, or commission a complete statement of his findings respecting the accuracy of such returns or reports.

(d) No person shall be relieved from compliance with a State unemployment compensation law on the ground that services were performed on land or premises owned, held, or possessed by the United States, and any State shall have full jurisdiction and power to enforce the provisions of such law to the same extent and with the same effect as though such place were not owned, held, or possessed by the United States.

**SEC. 1607. DEFINITIONS.**

When used in this subchapter—

(a) **EMPLOYER.**—The term “employer” does not include any person unless on each of some twenty days during the taxable year, each day being in a different calendar week, the total number of individuals who were employed by him in employment for some portion of the day (whether or not at the same moment of time) was eight or more.

(b) **WAGES.**—The term “wages” means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year;

(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability, or (D) death, provided the employee (i) has not the option to receive, instead of provision for such death benefit, any part of such payment or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer and (ii) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(3) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400 or (B) of any payment required from an employee under a State unemployment compensation law; or

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

(c) **EMPLOYMENT.**—The term “employment” means any service performed prior to January 1, 1940, which was employment as defined in this section prior to such date, and any service, of whatever nature, performed after December 31, 1939, within the United States by an employee for the person employing him, irrespective of the citizenship or residence of either, except—

- (1) Agricultural labor (as defined in subsection (1));
- (2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority;
- (3) Casual labor not in the course of the employer's trade or business;

(4) Service performed as an officer or member of the crew of a vessel on the navigable waters of the United States;

(5) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

(6) Service performed in the employ of the United States Government or of an instrumentality of the United States which is (A) wholly owned by the United States, or (B) exempt from the tax imposed by section 1600 by virtue of any other provision of law;

(7) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions; and any service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1600;

(8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

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

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

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

(ii) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office, or is ritualistic service in connection with any such society, order, or association, or

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

(B) Service performed in the employ of an agricultural or horticultural organization exempt from income tax under section 101 (1);

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

(D) Service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (i) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (ii) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual;

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

(11) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);<sup>44</sup>

(12) Service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;<sup>44</sup>

(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

(14) Service performed by an individual for a person as an insurance agent or as an insurance solicitor, if all such service performed by such individual for such person is performed for remuneration solely by way of commission; or

(15) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution.

(d) INCLUDED AND EXCLUDED SERVICE.—If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such

<sup>44</sup> Exemption from taxes of services described in pars. (11) and (12) was made retroactive to January 1, 1937. See sec. 902 (f) of Soc. Act Amndts. of 1939, p. 70.

period shall be deemed to be employment. As used in this subsection the term "pay period" means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (9) of subsection (c).

(e) **STATE AGENCY.**—The term "State agency" means any State officer, board, or other authority, designated under a State law to administer the unemployment fund in such State.

(f) **UNEMPLOYMENT FUND.**—The term "unemployment fund" means a special fund, established under a State law and administered by a State agency, for the payment of compensation. Any sums standing to the account of the State agency in the Unemployment Trust Fund established by section 904 of the Social Security Act, as amended, shall be deemed to be a part of the unemployment fund of the State, and no sums paid out of the Unemployment Trust Fund to such State agency shall cease to be a part of the unemployment fund of the State until expended by such State agency. An unemployment fund shall be deemed to be maintained during a taxable year only if throughout such year, or such portion of the year as the unemployment fund was in existence, no part of the moneys of such fund was expended for any purpose other than the payment of compensation (exclusive of expenses of administration) and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 1606 (b).

(g) **CONTRIBUTIONS.**—The term "contributions" means payments required by a State law to be made into an unemployment fund by any person on account of having individuals in his employ, to the extent that such payments are made by him without being deducted or deductible from the remuneration of individuals in his employ.

(h) **COMPENSATION.**—The term "compensation" means cash benefits payable to individuals with respect to their unemployment.

(i) **EMPLOYEE.**—The term "employee" includes an officer of a corporation.

(j) **STATE.**—The term "State" includes Alaska, Hawaii, and the District of Columbia.

(k) **PERSON.**—The term "person" means an individual, a trust or estate, a partnership, or a corporation.

(l) **AGRICULTURAL LABOR.**—The term "agricultural labor" includes all service performed—

(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

(3) In connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural



commodity in section 15 (g) of the Agricultural Marketing Act,<sup>46</sup> as amended, or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes.

(4) In handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

#### SEC. 1608. DEDUCTIONS AS CONSTRUCTIVE PAYMENTS.

Whenever under this subchapter or any Act of Congress, or under the law of any State, an employer is required or permitted to deduct any amount from the remuneration of an employee and to pay the amount deducted to the United States, a State, or any political subdivision thereof, then for the purposes of this subchapter the amount so deducted shall be considered to have been paid to the employee at the time of such deduction.

#### SEC. 1609. RULES AND REGULATIONS.

The Secretary and the Social Security Board, respectively, shall make and publish such rules and regulations, not inconsistent with this subchapter, as may be necessary to the efficient administration of the functions with which each is charged under this subchapter. The Commissioner, with the approval of the Secretary, shall make and publish rules and regulations for the enforcement of this subchapter, except sections 1602 and 1603.

#### SEC. 1610. OTHER LAWS APPLICABLE.

All provisions of law (including penalties) applicable in respect of the taxes imposed by section 2700 shall, insofar as not inconsistent with this subchapter, be applicable in respect of the tax imposed by this subchapter.

#### SEC. 1611. SHORT TITLE.

This subchapter may be cited as the "Federal Unemployment Tax Act."

<sup>46</sup> Sec. 15 (g) of the Agricultural Marketing Act defines "agricultural commodity" to include "in addition to other agricultural commodities, crude gum (oleoresin) from a living tree, and the following products as processed by the original producer of the crude gum (oleoresin) from which derived: Gum, spirits of turpentine, and gum rosin."

**MISCELLANEOUS PROVISIONS OF LAW  
RELATING TO SOCIAL SECURITY  
SOCIAL SECURITY ACT AMENDMENTS OF 1939  
TITLE IX—MISCELLANEOUS PROVISIONS**

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SECTION 901. Except as provided in section 906, no provision of this Act shall be construed as amending or altering the effect of section 13 (b), (c), (d), (e), or (f) of the Railroad Unemployment Insurance Act.

SEC. 902.<sup>46</sup> (a) Against the tax imposed by section 901 of the Social Security Act for the calendar year 1936, 1937, or 1938, any taxpayer shall be allowed credit for the amount of contributions, with respect to employment during such year, paid by him into an unemployment fund under a State law—

- (1) Before the sixtieth day after the date of the enactment of this Act;
- (2) On or after such sixtieth day, with respect to wages paid after the fortieth day after such date of enactment;
- (3) Without regard to the date of payment, if the assets of the taxpayer are, at any time during the fifty-nine-day period following such date of enactment, in the custody or control of a receiver, trustee, or other fiduciary appointed by, or under the control of, a court of competent jurisdiction.

(b) Upon the payment of contributions into the unemployment fund of a State which are required under the unemployment compensation law of that State with respect to remuneration on the basis of which, prior to such payment into the proper fund, the taxpayer erroneously paid an amount as contributions under another unemployment compensation law, the payment into the proper fund shall,

<sup>46</sup> The provisions of this section are superseded in part by sec. 602 of the Revenue Act of 1943. See p. 86.

for purposes of credit against the tax imposed by section 901 of the Social Security Act for the calendar years 1936, 1937, and 1938, respectively, be deemed to have been made at the time of the erroneous payment. If by reason of such other law, the taxpayer was entitled to cease paying contributions with respect to services subject to such other law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made on the date the return for the taxable year was filed under section 905 of the Social Security Act.

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

(d) Refund of the tax (including penalty and interest collected with respect thereto, if any), based on any credit allowable under subsections (a), (b), and (h), may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund.

(e) Notwithstanding the provisions of Section 1601 (a) (2) of the Internal Revenue Code, as amended, credit shall be permitted under such section 1601, against the tax for the taxable year in which remuneration is paid for services rendered during a prior year, for the amounts of contributions with respect to such remuneration which have not been credited against the tax for any prior taxable year. Credits shall be permitted under this subsection only against the tax for the years 1940, 1941, and 1942, and only for contributions with respect to remuneration for services rendered after December 31, 1938.

(f) No tax shall be collected under Title VIII or IX of the Social Security Act or under the Federal Insurance Contributions Act or the Federal Unemployment Tax Act, with respect to services rendered prior to January 1, 1940, which are described in subparagraphs (11)<sup>47</sup> and (12)<sup>47</sup> of sections 1426 (b) and 1607 (c)<sup>47</sup> of the Internal Revenue Code, as amended, and any such tax heretofore collected (including penalty and interest with respect thereto, if any), shall be refunded in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund. No payment shall be made under Title II of the Social Security Act with respect to services rendered prior to January 1, 1940, which are described in subparagraphs (11)<sup>48</sup> and (12)<sup>48</sup> of section 209 (b) of such Act, as amended.

(g) No lump-sum payment shall be made under the provisions of section 204 of the Social Security Act<sup>49</sup> after the date of enactment of this Act, except to the estate of an individual who dies prior to January 1, 1940.

<sup>47</sup> See pp. 55 and 72, respectively, herein.

<sup>48</sup> See p. 20 herein.

<sup>49</sup> See p. 93.

(h) Notwithstanding the provision of section 907 (f) of the Social Security Act limiting the term "contributions" to payments required by a State law, credit shall be permitted against the tax imposed by section 901 of such Act for the calendar year 1936 or 1937, for so much of any payments made as contributions for such year into the unemployment fund of a State which are held by the highest court of such State not to be required payments under the unemployment compensation law of such State if they are not returned to the taxpayer. So much of such payments as are not so returned shall be considered to be "contributions" for the purposes of section 903 of such Act. The periods of limitations prescribed by section 3312 (a) of the Internal Revenue Code shall not begin to run, in the case of the tax for such year of any taxpayer to whom any such payment is returned, until the last such payment is returned to the taxpayer.

(i) No part of the tax imposed by the Federal Unemployment Tax Act or by Title IX of the Social Security Act, whether or not the taxpayer is entitled to a credit against such tax, shall be deemed to be a penalty or forfeiture within the meaning of section 57j of the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1938, as amended.

SEC. 906.<sup>50</sup> If the Social Security Board finds with respect to any State that the first regular session of such State's legislature which began after June 25, 1938, and adjourned prior to thirty days after the enactment of this Act (1) had not made provision to authorize and direct the Secretary of the Treasury, prior to thirty days after the close of such session or July 1, 1939, whichever date is later, to transfer from its account in the Unemployment Trust Fund to the railroad unemployment insurance account in the Unemployment Trust Fund an amount equal to such State's "preliminary amount," or to authorize and direct the Secretary of the Treasury, prior to thirty days after the close of such session or January 1, 1940, whichever date is later, to transfer from its account in the Unemployment Trust Fund to the railroad unemployment insurance account in the Unemployment Trust Fund an amount equal to such State's "liquidating amount," or both; and (2) had not made provision for financing the administration of its unemployment compensation law during the period with respect to which grants therefor under section 302 of the Social Security Act are required under section 13 of the Railroad Unemployment Insurance Act to be withheld by the Social Security Board, notwithstanding the provisions of section 13 (d) of the Railroad Unemployment Insurance Act the Social Security Board shall not begin to withhold from certification to the Secretary of the Treasury for payment to such State the amounts determined by it pursuant to section 302 of the Social Security Act and to certify to the Secretary of the Treasury for payment into the railroad unemployment insurance account the amount so withheld from such State, as provided in section 13 of the Railroad Unemployment Insurance Act, until after the thirtieth day after the close of such State's first regular or special session of its legislature which begins after the date of enactment of this Act and after the Social Security Board finds that such State had not, by the thirtieth day after the close of such legislative session, authorized and

<sup>50</sup> For provisions of the Railroad Unemp. Ins. Act to which this section relates, see p. 78.

directed the Secretary of the Treasury to transfer from such State's account in the Unemployment Trust Fund to the railroad unemployment insurance account in the Unemployment Trust Fund such State's "preliminary amount" plus interest thereon at 2½ per centum per annum from the date the amount thereof is determined by the Social Security Board, and such State's "liquidating amount" plus interest thereon at 2½ per centum per annum from the date the amount thereof is determined by the Social Security Board. Notwithstanding the provisions of section 13 (e) of the Railroad Unemployment Insurance Act, any withdrawal by such State from its account in the Unemployment Trust Fund for purposes other than the payment of compensation of the whole or any part of amounts so withheld from certification with respect to such State pursuant to this Act shall be deemed to constitute a breach of the conditions set forth in sections 303 (a) (5) of the Social Security Act and 1603 (a) (4) of the Internal Revenue Code. The terms "preliminary amount" and "liquidating amount," as used herein, shall have the meanings defined in section 13 of the Railroad Unemployment Insurance Act.

SEC. 907. In addition to any other deductions made under section 203<sup>51</sup> of the Social Security Act, as amended, deductions shall be made from any primary insurance benefit or benefits to which an individual is entitled or from any other insurance benefit payable with respect to such individual's wages, until such deductions total 1 per centum of any wages paid him for services performed in 1939, and subsequent to his attaining age sixty-five, and 1 per centum of any wages paid him for services which constitute employment by virtue of subsection (o) of section 209 of the Social Security Act, as amended,<sup>52</sup> with respect to which the taxes imposed by section 1400 of the Internal Revenue Code have not been deducted by his employer from his wages or paid by such employer.

SEC. 908. All functions of the Social Security Board<sup>53</sup> shall be administered by the Social Security Board under the direction and supervision of the Federal Security Administrator.

## RAILROAD UNEMPLOYMENT INSURANCE ACT

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### Section 13 \* \* \*

(b) By enactment of this Act of Congress makes exclusive provision for the payment of unemployment benefits for unemployment

<sup>51</sup> See p. 11.

<sup>52</sup> This clause (relating to subsection (o)) was added by section 1 (b) (3) of the Act of March 24, 1943 (57 Stat. 45, 47), as amended by the Act of April 4, 1944 (Public Law 285, 78th Cong., 2d Sess.).

<sup>53</sup> See p. 36.

occurring after June 30, 1939, based upon employment (as defined in this Act). No employee shall have or assert any right to unemployment benefits under an unemployment compensation law of any State with respect to unemployment occurring after June 30, 1939, based upon employment (as defined in this Act). The Congress finds and declares that by virtue of the enactment of this Act, the application of State unemployment compensation laws after June 30, 1939, to such employment, except pursuant to section 12 (g) of this Act, would constitute an undue burden upon, and an undue interference with the effective regulation of, interstate commerce. In furtherance of such determination, after June 30, 1939, the term "person" as used in section 906 of the Social Security Act shall not be construed to include any employer (as defined in this Act) or any person in its employ: *Provided*, That no provision of this Act shall be construed to affect the payment of unemployment benefits with respect to any period prior to July 1, 1939, under an unemployment compensation law of any State based upon employment performed prior to July 1, 1939, and prior to such date employment as defined in this Act shall not constitute "Service with respect to which unemployment compensation is payable under an [or "service under any"] unemployment compensation system [or "plan"] established by an Act of Congress" [or "a law of the United States"] or "employment in interstate commerce, of an individual who is covered by an unemployment compensation system established directly by an Act of Congress," or any term of similar import, used in any unemployment compensation law of any State.

(c) The Social Security Board is hereby directed to determine for each State, after agreement with the Railroad Retirement Board, and after consultation with such State, the total (hereinafter referred to as the "preliminary amount") of (i) the amount remaining as the balances of reserve accounts of employers as of June 30, 1939, if the unemployment compensation law of such State provides for a type of fund known as "Reserve Accounts," plus (ii) if the unemployment compensation law of such State provides for a type of fund known as "Pooled Fund" or "Pooled Account," that proportion of the balance of such fund or account of such State as of June 30, 1939, as the amount of taxes or contributions collected from employers and their employees prior to July 1, 1939, pursuant to its unemployment compensation law and credited to such fund or account bears to all such taxes or contributions theretofore collected from all persons subject to its unemployment compensation law and credited to such fund or account; and the additional amounts (hereinafter referred to as the "liquidating amount") of taxes or contributions collected from employers and their employees from July 1, 1939, to December 31, 1939, pursuant to its unemployment compensation law.

(d) The Social Security Board shall withhold from certification to the Secretary of the Treasury for payment the amounts determined by it pursuant to section 302 (a) of the Social Security Act to be necessary for the proper administration of each State's unemployment compensation law, until an amount equal to its "preliminary amount" plus interest from July 1, 1939, at 2½ per centum per annum on such portion thereof as has not been used as the measure for withholding certification for payment, has been so withheld from certification pursuant to this paragraph: *Provided, however*,

That if a State shall, prior to whichever is the later of (i) thirty days after the close of the first regular session of its legislature which begins after the approval of this Act, and (ii) July 1, 1939, authorize and direct the Secretary of the Treasury to transfer from its account in the Unemployment Trust Fund to the railroad unemployment insurance account in the Unemployment Trust Fund an amount equal to its "preliminary amount," no amount shall be withheld from certification for payment to such State pursuant to this paragraph.

The Social Security Board shall withhold from certification to the Secretary of the Treasury for payment the amounts determined by it pursuant to section 302 (a) of the Social Security Act to be necessary for the proper administration of each State's unemployment compensation law, until an amount equal to its "liquidating amount" plus interest from January 1, 1940, at 2½ per centum per annum on such portion thereof as has not been used as the measure for withholding certification for payment has been so withheld from certification pursuant to this paragraph: *Provided, however,* That if a State shall, prior to whichever is the later of (i) thirty days after the close of the first regular session of its legislature which begins after the approval of this Act, and (ii) January 1, 1940, authorize and direct the Secretary of the Treasury to transfer from its account in the Unemployment Trust Fund to the railroad unemployment insurance account in the Unemployment Trust Fund an amount equal to its "liquidating amount," no amount shall be withheld from certification for payment to such State pursuant to this paragraph.<sup>64</sup>

The withholdings from certification directed in each of the foregoing paragraphs of this subsection shall begin with respect to each State when the Social Security Board finds that such State is unable to avail itself of the condition set forth in the proviso contained in such paragraph: *Provided, however,* That if the Social Security Board finds with respect to any State that such State (1) is unable to avail itself of such conditions solely by reason of prohibitions contained in the constitution of such State, as determined by a decision of the highest court of such State declaring invalid in whole or in part the action of the legislature of the State purporting to provide for transfers from the State's account in the Unemployment Trust Fund to the railroad unemployment insurance account, and (2) for similar reasons is unable to use amounts withdrawn from its account in the Unemployment Trust Fund for the payment of expenses incurred in the administration of its State unemployment compensation law, the Social Security Board shall not begin to withhold from certification to the Secretary of the Treasury for payment to such State the amounts determined by it pursuant to section 302 of the Social Security Act and to certify to the Secretary of the Treasury for payment into the railroad unemployment insurance account the amount so withheld from such State until July 1, 1944, or until a date one hundred and eighty days after the adjournment of the first session of the legislature of such State beginning after July 1, 1942, whichever date is the earlier, and then only if the Social Security Board finds that such State had not prior thereto effectively au-

<sup>64</sup> See sec. 906 of Soc. Sec. Act Amndts. of 1939, p. 77, for delayed withholding in certain situations.

thorized and directed the Secretary of the Treasury to transfer from such State's account in the Unemployment Trust Fund to the railroad unemployment insurance account amounts equal to such State's "preliminary amount" and "liquidating amount" less such parts thereof, if any, as the State may have, within the periods set forth in the provisos contained in the first two paragraphs of this subsection, effectively authorized and directed the Secretary of the Treasury so to transfer, plus interest on such difference, if any, with respect to each amount at 2½ per centum per annum from the date the State's "preliminary amount" or "liquidating amount," as the case may be, is determined by the Social Security Board; and with respect to any such State the amount withheld shall equal the State's "preliminary amount" and "liquidating amount" less such parts thereof, if any, as the State may have, within the periods set forth in the provisos contained in the first two paragraphs of this subsection effectively authorized and directed the Secretary of the Treasury to transfer, plus interest from July 1, 1939, at 2½ per centum per annum on so much of the "preliminary amount" and "liquidating amount," as the case may be, as has not been so transferred or has not been used as the measure for withholding.

An enactment of any State legislature providing for the transfer (from the State's account in the Unemployment Trust Fund to the railroad unemployment insurance account) of all interest earned upon contributions which are collected with respect to employment occurring after such enactment by such State pursuant to its unemployment compensation law and credited to its account in the Unemployment Trust Fund (until the total of such transfers equals the amounts which otherwise would be required to be withheld from certification under this subsection), shall be deemed an effective authorization and direction to the Secretary of the Treasury as required by this subsection; and for purposes of computing the interest to be so transferred, amounts withdrawn by such State from its account in the Unemployment Trust Fund after the date of such State enactment shall be considered to be first charged against the amounts credited to such State's account prior to the date of such State enactment: *Provided, however,* That if at any time after such enactment the provision for transfer therein contained for any reason fails to be operative to effect the transfers of interest as therein prescribed, and such State has not otherwise made an effective authorization and direction to the Secretary of the Treasury as required by this subsection, the Social Security Board shall immediately after such failure or, on the date otherwise provided in this subsection for the beginning of withholdings from certification, whichever is later, begin to make the withholdings from certification provided for in this subsection in the same manner and to the same extent as if such enactment by such State had not been enacted, except that the amounts of the certifications withheld shall be reduced by the total amount, if any, which has been transferred from interest pursuant to such enactment.<sup>55</sup>

(e) The transfers described in the provisos contained in the several paragraphs of subsection (d) of this section shall not be deemed to

<sup>55</sup> Subsection (d) was amended by the Act of July 2, 1940 (54 Stat. 741) which added the proviso in the third sentence and by the Act of June 30, 1942 (56 Stat. 465), which affected the proviso in the third sentence and added the fourth sentence.



constitute a breach of the conditions set forth in sections 303 (a) (5) and 903 (a) (4) of the Social Security Act; nor shall the withdrawal by a State from its account in the Unemployment Trust Fund of amounts, but not to exceed the total amount the Social Security Board shall have withheld from certification with respect to such State pursuant to subsection (d) of this section, be deemed to constitute a breach of the conditions set forth in sections 303 (a) (5) and 903 (a) (4) of the Social Security Act, provided the moneys so withdrawn are expended solely for expenses which the Social Security Board determines to be necessary for the proper administration of such State's unemployment compensation law.

(f) The Social Security Board is authorized and directed to certify to the Secretary of the Treasury for payment, and the Secretary shall pay, into the railroad unemployment insurance account, such amounts as the Social Security Board withholds from certification pursuant to subsection (d) of this section and the appropriations authorized in section 301 of the Social Security Act shall be available for payments authorized by this subsection. The Secretary shall transfer from the account of a State in the Unemployment Trust Fund to the railroad unemployment insurance account in the Unemployment Trust Fund such amounts as the State authorizes and directs him so to transfer pursuant to subsection (d) of this section. \* \* \*

#### ACT OF AUGUST 11, 1939

Section 2 of the Act of August 11, 1939, Pub., No. 400, 76th Congress:  
 SEC. 2. No tax shall be collected under Title VIII or IX of the Social Security Act or under the Federal Insurance Contributions Act or the Federal Unemployment Tax Act, with respect to services rendered prior to January 1, 1940, in the employ of the owner or tenant of land, in salvaging timber on such land or clearing such land of brush and other debris left by a hurricane; and any such tax heretofore collected (including penalty and interest with respect thereto, if any), shall be refunded in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund. No payment shall be made under Title II of the Social Security Act with respect to such services rendered prior to January 1, 1940.<sup>68</sup>

#### ACT OF AUGUST 13, 1940

##### AN ACT

To provide for more uniform coverage of certain persons employed in coal-mining operations with respect to insurance benefits provided for by certain Federal Acts, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 1 (a) of the Railroad Retirement Act of 1937, section 1 (a) of the Carriers Taxing Act of 1937, section 1532 (a) of the Internal Revenue Code, and section 1 (a) of the Railroad Unemployment Insurance Act are

<sup>68</sup> See sec. 209 (1) (2) of the Social Security Act, as amended (p. 22) and secs. 1426 (h) (2) and 1607 (1) (2) of the Internal Revenue Code (pp. 56 and 73) with respect to exemption of similar services after December 31, 1939.

amended, effective in the case of each such Act as of the date of its enactment, by adding at the end of each such section the following new sentence: "The term 'employer' shall not include any company by reason of its being engaged in the mining of coal, the supplying of coal to an employer where delivery is not beyond the mine tipple, and the operation of equipment or facilities therefor, or in any of such activities."

SEC. 2. Section 1 (a) of the Railroad Retirement Act of 1935 and paragraph First of section 1 of the Railway Labor Act, as amended, are amended, effective in the case of each such Act as of the date of its enactment, by adding at the end of each such section and paragraph the following new sentence: "The term 'carrier' shall not include any company by reason of its being engaged in the mining of coal, the supplying of coal to a carrier where delivery is not beyond the mine tipple, and the operation of equipment or facilities therefor, or in any of such activities."

SEC. 3. Section 1 (b) of the Railroad Retirement Act of 1937, section 1 (b) of the Carriers Taxing Act of 1937, section 1532 (b) of the Internal Revenue Code, the first paragraph of section 1 (d) of the Railroad Unemployment Insurance Act, section 1 (b) of the Railroad Retirement Act of 1935, and paragraph Fifth of section 1 of the Railway Labor Act, as amended, are amended, in the case of each such Act as of the date of its enactment, by adding at the end of each such section and paragraph the following new paragraph:

"The term 'employee' shall not include any individual while such individual is engaged in the physical operations consisting of the mining of coal, the preparation of coal, the handling (other than movement by rail with standard railroad locomotives) of coal not beyond the mine tipple, or the loading of coal at the tipple."

SEC. 4. (a) The laws hereby expressly amended, the Social Security Act, approved August 14, 1935, and all amendments thereto, shall operate as if each amendment herein contained had been enacted as a part of the law it amends, at the time of the original enactment of such law.

(b) No person (as defined in the Carriers Taxing Act of 1937) shall be entitled, by reason of the provisions of this Act, to a refund of, or relief from liability for, any income or excise taxes paid or accrued, pursuant to the provisions of the Carriers Taxing Act of 1937 or subchapter B of chapter 9 of the Internal Revenue Code, prior to the date of the enactment of this Act by reason of employment in the service of any carrier by railroad subject to part I of the Interstate Commerce Act, but any individual who has been employed in such service of any carrier by railroad subject to part I of the Interstate Commerce Act as is excluded by the amendments made by this Act from coverage under the Carriers Taxing Act of 1937 and subchapter B of chapter 9 of the Internal Revenue Code, and who has paid income taxes under the provisions of such Act or subchapter, and any carrier by railroad subject to part I of the Interstate Commerce Act which has paid excise taxes under the provisions of the Carriers Taxing Act of 1937 or subchapter B of chapter 9 of the Internal Revenue Code, may, upon making proper application therefor to the Bureau of Internal Revenue, have the amount of

taxes so paid applied in reduction of such tax liability with respect to employment, as may, by reason of the amendments made by this Act, accrue against them under the provisions of Title VIII of the Social Security Act or the Federal Insurance Contributions Act (subchapter A of chapter 9 of the Internal Revenue Code).

(c) Nothing contained in this Act shall operate (1) to affect any annuity, pension, or death benefit granted under the Railroad Retirement Act of 1935 or the Railroad Retirement Act of 1937, prior to the date of enactment of this Act, or (2) to include any of the services on the basis of which any such annuity or pension was granted, as employment within the meaning of section 210 (b) of the Social Security Act or section 209 (b) of such Act, as amended. In any case in which a death benefit alone has been granted, the amount of such death benefit attributable to services, coverage of which is affected by this Act, shall be deemed to have been paid to the deceased under section 204 of the Social Security Act in effect prior to January 1, 1940, and deductions shall be made from any insurance benefit or benefits payable under the Social Security Act, as amended, with respect to wages paid to an individual for such services until such deductions total the amount of such death benefit attributable to such services.

(d) Nothing contained in this Act shall operate to affect the benefit rights of any individual under the Railroad Unemployment Insurance Act for any day of unemployment (as defined in section 1 (k) of such Act) occurring prior to the date of enactment of this Act.

Sec. 5. Any application for payment filed with the Railroad Retirement Board prior to, or within sixty days after, the enactment of this Act shall, under such regulations as the Social Security Board may prescribe, be deemed to be an application filed with the Social Security Board by such individual or by any person claiming any payment with respect to the wages of such individual, under any provision of section 202 of the Social Security Act, as amended.

Sec. 6. Nothing contained in this Act, nor the action of Congress in adopting it, shall be taken or considered as affecting the question of what carriers, companies, or individuals, other than those in this Act specifically provided for, are included in or excluded from the provisions of the various laws to which this Act is an amendment.

Sec. 7. (a) Notwithstanding the provisions of section 1605 (b) of the Internal Revenue Code, no interest shall, during the period February 1, 1940, to the eighty-ninth day after the date of enactment of this Act, inclusive, accrue by reason of delinquency in the payment of the tax imposed by section 1600 with respect to services affected by this Act performed during the period July 1, 1939, to December 31, 1939, inclusive, with respect to which services amounts have been paid as contributions under the Railroad Unemployment Insurance Act prior to the date of enactment of this Act.

(b) Notwithstanding the provisions of section 1601 (a) (3) of the Internal Revenue Code, the credit allowable under section 1601 (a) against the tax imposed by section 1600 for the calendar year 1939 shall not be disallowed or reduced by reason of the payment into a State unemployment fund after January 31, 1940, of contributions with respect to services affected by this Act performed during the period July 1, 1939, to December 31, 1939, inclusive, with respect

to which services amounts have been paid as contributions under the Railroad Unemployment Insurance Act prior to the date of enactment of this Act: *Provided*, That this subsection shall be applicable only if the contributions with respect to such services are paid into the State unemployment fund before the ninetieth day after the date of enactment of this Act.

Approved, August 13, 1940.

### ACT OF MARCH 24, 1943

#### AN ACT

To amend and clarify certain provisions of law relating to functions of the War Shipping Administration, and for other purposes

Section 1 (a) of the Act of March 24, 1943, Public, No. 17, 78th Congress (57 Stat. 45):

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That (a) officers and members of crews (hereinafter referred to as "seamen") employed on United States or foreign flag vessels as employees of the United States through the War Shipping Administration shall, with respect to (1) laws administered by the Public Health Service and the Social Security Act, as amended by subsection (b) (2) and (3) of this section; (2) death, injuries, illness, maintenance and cure, loss of effects detention or repatriation, or claims arising therefrom not covered by the foregoing clause (1); and (3) collection of wages and bonuses and making of allotments, have all of the rights, benefits, exemptions, privileges, and liabilities, under law applicable to citizens of the United States employed as seamen on privately owned and operated American vessels. Such seamen, because of the temporary wartime character of their employment by the War Shipping Administration, shall not be considered as officers or employees of the United States for the purposes of the United States Employees Compensation Act, as amended; the Civil Service Retirement Act, as amended; the Act of Congress approved March 7, 1942 (Public Law 490, Seventy-seventh Congress); or the Act entitled "An Act to provide benefits for the injury, disability, death, or detention of employees of contractors with the United States and certain other persons or reimbursement therefor," approved December 2, 1942 (Public Law 784, Seventy-seventh Congress). Claims arising under clause (1) hereof shall be enforced in the same manner as such claims would be enforced if the seaman were employed on a privately owned and operated American vessel. Any claim referred to in clause (2) or (3) hereof shall, if administratively disallowed in whole or in part, be enforced pursuant to the provisions of the Suits in Admiralty Act, notwithstanding the vessel on which the seaman is employed is not a merchant vessel within the meaning of such Act. Any claim, right, or cause of action of or in respect of any such seaman accruing on or after October 1, 1941, and prior to the date of enactment of this section may be enforced, and upon the election of the seaman or his surviving dependent or beneficiary, or his legal representative

to do so shall be governed, as if this section had been in effect when such claim, right, or cause of action accrued, such election to be made in accordance with rules and regulations prescribed by the Administrator, War Shipping Administration. Rights of any seaman under the Social Security Act as amended by subsection (b) (2) and (3), and claims therefor shall be governed solely by the provisions of such Act, so amended. When used in this subsection the term "administratively disallowed" means a denial of a written claim in accordance with rules or regulations prescribed by the Administrator, War Shipping Administration. When used in this subsection the terms "War Shipping Administration" and "Administrator, War Shipping Administration" shall be deemed to include the United States Maritime Commission with respect to the period beginning October 1, 1941, and ending February 11, 1942, and the term "seaman" shall be deemed to include any seaman employed as an employee of the United States through the War Shipping Administration on vessels made available to or subchartered to other agencies or departments of the United States.<sup>57</sup>

### REVENUE ACT OF 1943

#### SEC. 602. CREDIT AGAINST FEDERAL UNEMPLOYMENT TAXES FOR YEARS 1936 TO 1942.

(a) Allowance of Credit against Tax for 1936, 1937, and 1938. Against the tax imposed by section 901 of the Social Security Act for the calendar year 1936, 1937, or 1938, any taxpayer shall be allowed credit (if credit is not allowable under section 902 of such Act) for the amount of contributions paid by him into an unemployment fund under a State law—

- (1) Without regard to the date of payment, to the extent hereinafter provided in this subsection;
- (2) Without regard to the date of payment, with respect to wages paid after September 19, 1939;
- (3) Without regard to the date of payment, if the assets of the taxpayer were, at any time during the period August 11, 1939, to October 8, 1939, inclusive, or the period October 9, 1940, to December 6, 1940, inclusive, or the period September 21, 1941, to November 18, 1941, inclusive, in the custody or control of a receiver, trustee, or other fiduciary appointed by, or under the control of, a court of competent jurisdiction.

The provisions of the Social Security Act in force prior to February 11, 1939 (except the provision limiting the credit to amounts paid before the date of filing returns), shall apply to allowance of credit under this subsection; except that the amount of credit against the tax for the calendar year 1936, 1937, or 1938, for contributions paid after December 6, 1940, shall not (unless the credit is allowable on account of paragraph (2) or (3)) exceed 90 percentum of the amount which would have been allowable as credit on account of such contributions had they been paid before the last day upon which the taxpayer was required under section 905 of such Act to file a return for such year. The terms

<sup>57</sup> Subsection (b) (2) referred to above adds section 209 (c) to the Social Security Act (see p. 23); subsection (b) (3) amends section 907 of the Social Security Act Amendments of 1939 (see p. 78).

used in this subsection shall have the same meaning as when used in title IX of such Act prior to February 11, 1939. The total credit allowable against the tax imposed by section 901 of such Act for the calendar year 1936, 1937, or 1938 shall not exceed 90 per centum of such tax.

(b) Allowance of Credit against Tax for 1939, 1940, 1941, and 1942 where Assets in Control of Court. Against the tax imposed by the Federal Unemployment Tax Act for the calendar year 1939, 1940, 1941, or 1942, any taxpayer shall be allowed credit for the amount of contributions paid by him into an unemployment fund under a State law, without regard to the date of payment, if the assets of the taxpayer were, at any time during the period from the last day upon which the taxpayer was required under section 1604 of the Federal Unemployment Tax Act to file a return of the tax against which credit is claimed to June 30 next following such last day, inclusive, or (in the case of credit against the tax for the calendar year 1939) the period October 9, 1940, to December 6, 1940, inclusive, or the period September 21, 1941, to November 18, 1941, inclusive, or (in the case of credit against the tax for the calendar year 1940) the period September 21, 1941, to November 18, 1941, inclusive, in the custody or control of a receiver, trustee, or other fiduciary appointed by, or under the control of, a court of competent jurisdiction. The provisions of the Federal Unemployment Tax Act (except section 1601 (a) (3)), including such provisions as modified by section 902 (e) of the Social Security Act Amendments of 1939, shall apply to allowance of credit under this subsection. The terms used in this subsection shall have the same meaning as when used in the Federal Unemployment Tax Act. The total credit allowable against the tax imposed by such Act for the calendar year 1939, 1940, 1941, or 1942 shall not exceed 90 per centum of such tax.

(c) Refund, Credit, or Abatement.

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

(2) Any claim for refund or credit, with respect to the tax (including penalty and interest collected with respect thereto, if any) imposed by section 901 of the Social Security Act or section 1600 of the Federal Unemployment Tax Act, based on credit for contributions, which has been disallowed prior to the date of enactment of this Act, the allowance of which would be considered erroneous under section 3774 (b) or section 3775 (b) of the Internal Revenue Code, shall nevertheless be allowable if otherwise allowable under this section or section 1601 of the Federal Unemployment Tax Act.

(3) Notwithstanding the acceptance of an offer in compromise prior to the date of enactment of this Act with respect to any tax (or penalty or interest in connection therewith) imposed by section 901 of the Social Security Act or section 1600 of the Federal Unemployment Tax Act, any claim for refund, credit, or abatement with respect to the tax (including penalty and interest col-

lected with respect thereto, if any) imposed by either of such Acts, based on credit for contributions, shall be allowable if otherwise allowable under this section or section 1601 of the Federal Unemployment Tax Act.

(4) On and after the date of the enactment of this Act no refund, credit, or abatement shall be allowed based on any credit allowable under section 701 of the Revenue Act of 1941.

## WAGNER-PEYSER ACT (48 STAT. 113) AS AMENDED \*

### AN ACT

To provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

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*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) in order to promote the establishment and maintenance of a national system of public employment offices there is hereby created in the Department of Labor a bureau to be known as the United States Employment Service, at the head of which shall be a director. The director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$8,500 per annum.

(b) Upon the expiration of three months after the enactment of this Act the employment service now existing in the Department of Labor shall be abolished; and all records, files, and property (including office equipment) of the existing employment service shall thereupon be transferred to the United States Employment Service; and all the officers and employees of such service shall thereupon be transferred to the United States Employment Service created by this Act without change in classification or compensation.

SEC. 2. The Secretary of Labor is authorized, without regard to the civil service laws, to appoint and, without regard to the Classification Act of 1923, as amended, to fix the compensation of one or more assistant directors and such other officers, employees, and assistants, and to

\* For provisions of the President's Reorganization Plan No. 1, and Executive Order 9247, relating to the administration of this Act, see note at end of text.

make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for lawbooks, books of reference, and periodicals) as may be necessary to carry out the provisions of this Act. In case of appointments for service in the veterans' employment service provided for in section 3 of this Act, the Secretary shall appoint only veterans of wars of the United States.

SEC. 3. (a) It shall be the province and duty of the bureau to promote and develop a national system of employment offices for men, women, and juniors who are legally qualified to engage in gainful occupations, to maintain a veterans' service to be devoted to securing employment for veterans, to maintain a farm placement service, to maintain a public employment service for the District of Columbia and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof in which there shall be located a veterans' employment service. The bureau shall also assist in coordinating the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the several States.

(b) Whenever in this Act the word "State" or "States" is used it shall be understood to include the Territories of Hawaii and Alaska.

SEC. 4. In order to obtain the benefits of appropriations apportioned under section 5, a State shall, through its legislature, accept the provisions of this Act and designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the United States Employment Service under this Act.

SEC. 5 (a) For the purpose of carrying out the provisions of this Act there is hereby authorized to be appropriated (1) the sum of \$1,500,000 for the fiscal year ending June 30, 1934, (2) \$4,000,000 for each fiscal year thereafter up to and including the fiscal year ending June 30, 1938, (3) and thereafter such sums annually as the Congress may deem necessary. The annual appropriation under this Act shall designate the amount to be apportioned by the Director among the several States in the proportion which their population bears to the total population of the States of the United States according to the next preceding United States census, to be available for the purpose of establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof in accordance with the provisions of this Act: *Provided, however,* That in apportioning the said amount among the several States, the Director shall apportion not less than \$10,000 to each State. No payment shall be made in any year out of the amount of such appropriations apportioned to any State until an equal sum has been appropriated or otherwise made available for that year by the State, or by any agency thereof, including appropriations made by local subdivisions, for the purpose of maintaining public employment offices as a part of a State-controlled system of public employment offices; except that the amounts so appropriated by the States shall not be less than 25 per



centum of the apportionment according to population made by the director for such State for the current year, and in no event less than \$5,000. The balance of the amounts appropriated under this Act shall be available for all the purposes of this Act other than for apportionment among the several States as herein provided.

(b) The amounts apportioned to any State for any fiscal year shall be available for payment to and expenditure by such State, for the purposes of this Act, until the close of the next succeeding fiscal year; except that amounts apportioned to any State for any fiscal year preceding the fiscal year during which is commenced the first regular session of the legislature of such State held after the enactment of this Act shall remain available for payment to and expenditure by such State until the close of the fiscal year next succeeding that in which such session is commenced. Subject to the foregoing limitations, any amount so apportioned unexpended at the end of the period during which it is available for expenditure under this Act shall, within sixty days thereafter, be reapportioned for the current fiscal year among all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury and treasurers of the States in the same manner, as if it were being apportioned under this Act for the first time.

SEC. 6. Within sixty days after any appropriation has been made under authority of this Act the director shall make the apportionment thereof as provided in section 5 and shall certify to the Secretary of the Treasury and to the treasurers of the several States the amount apportioned to each State for the fiscal year for which the appropriation has been made.

SEC. 7. Within sixty days after any appropriation has been made under the authority of this Act, and as often thereafter while such appropriation remains available as he deems advisable, the Director shall ascertain as to each of the several States (1) whether the State has, through its legislature or its Governor, as the case may be, accepted the provisions of this Act and designated or authorized the creation of an agency to cooperate with the United States Employment Service in the administration of this Act in compliance with the provisions of section 4 of this Act; and (2) the amounts, if any, which have been appropriated or otherwise made available by such State and by any agency thereof, including appropriations made by local subdivisions, in compliance with the provisions of section 5 of this Act. If the Director finds that a State has complied with the requirements of such sections, and if plans have been submitted and approved in compliance with the provisions of section 8 of this Act, the Director shall determine the amount of the payments, if any, to which the State is entitled under the provisions of section 5, and certify such amount to the Secretary of the Treasury. Such certificate shall be sufficient authority to the Secretary of the Treasury to make payments to the State in accordance therewith.

SEC. 8. Any State desiring to receive the benefits of this Act shall, by the agency designated to cooperate with the United States Employment Service, submit to the Director detailed plans for carrying out the provisions of this Act within such State. In those States where a State board, department, or agency exists which is charged with the administration of State laws for vocational rehabilitation

of physically handicapped persons, such plans shall include provision for cooperation between such board, department, or agency and the agency designated to cooperate with the United States Employment Service under this Act. If such plans are in conformity with the provisions of this Act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the Director and due notice of such approval shall be given to the State agency.

SEC. 9. Each State agency cooperating with the United States Employment Service under this Act shall make such reports concerning its operations and expenditures as shall be prescribed by the Director. It shall be the duty of the Director to ascertain whether the system of public employment offices maintained in each State is conducted in accordance with the rules and regulations and the standards of efficiency prescribed by the Director in accordance with the provisions of this Act. The Director may revoke any existing certificates or withhold any further certificate provided for in section 7, whenever he shall determine, as to any State, that the cooperating State agency has not properly expended the money paid to it or the moneys herein required to be appropriated by such State, in accordance with plans approved under this Act. Before any such certificate shall be revoked or withheld from any State, the Director shall give notice in writing to the State agency stating specifically wherein the State has failed to comply with such plans. The State agency may appeal to the Secretary of Labor from the action of the Director in any such case, and the Secretary of Labor may either affirm or reverse the action of the Director with such direction as he shall consider proper.

SEC. 10. During the current fiscal year and the two succeeding fiscal years the Director is authorized to expend in any State so much of the sum apportioned to such State according to population, and so much of the unapportioned balance of the appropriation made under the provisions of section 5 as he may deem necessary, as follows:

(a) In States where there is no State system of public employment offices, in establishing and maintaining a system of public employment offices under the control of the Director.

(b) In States where there is a State system of public employment offices, but where the State has not complied with the provisions of section 4, in establishing a cooperative Federal and State system of public employment offices to be maintained by such officer or board and in such manner as may be agreed upon by and between the Governor of the State and the Director.

The authority contained in this section shall terminate at the expiration of the period specified in the first paragraph of this section, and thereafter no assistance shall be rendered such States until the legislatures thereof provide for cooperation with the United States Employment Service as provided in section 4 of this Act.

SEC. 11. (a) The Director shall establish a Federal Advisory Council composed of men and women representing employers and employees in equal numbers and the public for the purpose of formulating policies and discussing problems relating to employment and insuring impartiality, neutrality, and freedom from political influence in the solution of such problems. Members of such council shall be selected from time to time in such manner as the Director shall

prescribe and shall serve without compensation, but when attending meetings of the council they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The council shall have access to all files and records of the United States Employment Service. The Director shall also require the organization of similar State advisory councils composed of men and women representing employers and employees in equal numbers and the public.

(b) In carrying out the provisions of this Act the Director is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants before they are referred to employment.

SEC. 12. The Director, with the approval of the Secretary of Labor, is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act.

SEC. 13. The Postmaster General is hereby authorized and directed to extend to the United States Employment Service and to the system of employment offices operated by it in conformity with the provisions of this Act, and to all State employment systems which receive funds appropriated under authority of this Act, the privilege of free transmission of official mail matter.

Approved June 6, 1933.

[Note.—Section 201 (a) of the President's Reorganization Plan No. I, made effective July 1, 1939, by Pub. Res. No. 20, 76th Cong., approved June 7, 1939, transferred the United States Employment Service and its functions from the Department of Labor and consolidated that agency and its functions, together with certain other agencies (including the Social Security Board) and their functions under the Federal Security Agency. Section 203 of the Plan reads as follows:

"Sec. 203. United States Employment Service.—(a) The functions of the United States Employment Service shall be consolidated with the unemployment compensation functions of the Social Security Board and shall be administered in the Social Security Board in connection with such unemployment compensation functions under the direction and supervision of the Federal Security Administrator.

"(b) The office of the Director of the United States Employment Service is hereby abolished, and all of the functions of such office are transferred to, and shall be exercised by, the Social Security Board.

"(c) All functions of the Secretary of Labor relating to the administration of the United States Employment Service are hereby transferred to, and shall be exercised by, the Federal Security Administrator."

By Executive Order 9247, September 17, 1942, the United States Employment Service and the functions of the Federal Security Administrator with respect thereto, were transferred to the War Manpower Commission and to the Chairman of such Commission, respectively. Paragraph number 4 of that order follows:

"4. In order to maintain, to the maximum extent consistent with the effective prosecution of the war, the essential coordination and integration of public employment service and unemployment compensation functions, and to avoid any necessity for establishing duplicate public employment office facilities, the Chairman of the War Manpower Commission is directed to provide for making available to agencies charged with the administration of unemployment compensation laws, such services, information, and facilities by the United States Employment Service and its public employment offices as the Chairman of the War Manpower Commission finds will not be inconsistent with the effective prosecution of the war and as the Social Security Board finds necessary for the proper and efficient administration of such unemployment compensation laws."]

## SOCIAL SECURITY ACT OF 1935

[Note.—The following sections of the original Social Security Act remain effective as indicated in footnotes to the text. Other sections remaining appear in the Social Security Act, as amended, beginning at page 1.]

TITLE II—FEDERAL OLD-AGE BENEFITS <sup>59</sup>PAYMENTS UPON DEATH <sup>60</sup>

SEC. 203. (a) If any individual dies before attaining the age of sixty-five, there shall be paid to his estate an amount equal to 3½ per centum of the total wages determined by the Board to have been paid to him, with respect to employment after December 31, 1936.

PAYMENTS TO AGED INDIVIDUALS NOT QUALIFIED FOR BENEFITS <sup>61</sup>

SEC. 204. (b) After any individual becomes entitled to any payment under subsection (a), no other payment shall be made under this title in any manner measured by wages paid to him, except that any part of any payment under subsection (a) which is not paid to him before his death shall be paid to his estate.

## AMOUNTS OF \$500 OR LESS PAYABLE TO ESTATES

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

DEFINITIONS <sup>62</sup>

SEC. 210. When used in this title—

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include that part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

(b) The term "employment" <sup>63</sup> means any service, of whatever

<sup>59</sup> This title as amended is shown beginning at p. 4.

<sup>60</sup> Amounts remain payable under this section in case of death prior to 1940.

<sup>61</sup> Sec. 204 (a) of the Social Security Act of 1935 provided for a lump-sum payment to any individual attaining age 65 who had engaged in covered employment but was not entitled to monthly benefits. This provision was repealed by sec. 902 (g) of the Amendments of 1939; see p. 76. However, amounts remain payable under sec. 204 (b) in case of death prior to 1940.

<sup>62</sup> These definitions of "wages" and "employment" remain effective as to services performed in 1937, 1938, or 1939. See sec. 209 of the Social Security Act, as amended, p. 17.

<sup>63</sup> Sec. sec. 209 (b) (11) and (12) of the Social Security Act, as amended, p. 20, and sec. 902 (f) of Soc. Sec. Act Amndts. of 1939, p. 76, with respect to exemption of service performed prior to Jan. 1, 1940, in the employ of foreign governments and their wholly owned instrumentalities.

Sec. 17 of the Railroad Retirement Act of 1937 modified the term "employment" as used above as follows:

"The term 'employment,' as defined in subsection (b) of section 210 of Title II of the Social Security Act, shall not include service performed by an individual as an employee as defined in section 1 (b)."

nature, performed within the United States by an employee for his employer, except—

- (1) Agricultural labor; <sup>64</sup>
- (2) Domestic service in a private home;
- (3) Casual labor not in the course of the employer's trade or business;
- (4) Service performed as an officer or member of the crew of a vessel documented under the laws of the United States or of any foreign country;
- (5) Service performed in the employ of the United States Government or of an instrumentality of the United States;
- (6) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;
- (7) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

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<sup>64</sup> See sec. 2 of the Act of Aug. 11, 1939, p. 82, with respect to exemption of service performed prior to Jan. 1, 1940, in clearing land after a hurricane.

[PUBLIC LAW 719—79TH CONGRESS]

[CHAPTER 951—2D SESSION]

[H. R. 7037]

AN ACT

To amend the Social Security Act and the Internal Revenue Code, and for other purposes.

*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 "Social Security Act Amendments of 1946".*

## TITLE I—SOCIAL SECURITY TAXES

### SEC. 101. RATES OF TAX ON EMPLOYEES.

Clauses (1) and (2) of section 1400 of the Federal Insurance Contributions Act (Internal Revenue Code, sec. 1400), as amended, are amended to read as follows:

"(1) With respect to wages received during the calendar years 1939 to 1947, both inclusive, the rate shall be 1 per centum.

"(2) With respect to wages received during the calendar year 1948, the rate shall be 2½ per centum."

### SEC. 102. RATES OF TAX ON EMPLOYERS.

Clauses (1) and (2) of section 1410 of such Act (Internal Revenue Code, sec. 1410), as amended, are amended to read as follows:

"(1) With respect to wages paid during the calendar years 1939 to 1947, both inclusive, the rate shall be 1 per centum.

"(2) With respect to wages paid during the calendar year 1948, the rate shall be 2½ per centum."

## TITLE II—BENEFITS IN CASE OF DECEASED WORLD WAR II VETERANS

SEC. 201. The Social Security Act, as amended, is amended by adding after subsection (r) of section 209 of Title II (added to such section by section 411 of this Act) a new section to read as follows:

### "BENEFITS IN CASE OF DECEASED WORLD WAR II VETERANS

"SEC. 210. (a) Any individual who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to the date of the termination of World War II, and who has been discharged or released therefrom under conditions other than dishonorable after active service of ninety days or more, or by reason of a disability or injury incurred or aggravated in service in line of duty, shall in the event of his death during the period of three years immediately following separation from the active military or naval service, whether his death occurs

on, before, or after the date of the enactment of this section, be deemed—

“(1) to have died a fully insured individual;

“(2) to have an average monthly wage of not less than \$160;

and

“(3) for the purposes of section 209 (e) (2), to have been paid not less than \$200 of wages in each calendar year in which he had thirty days or more of active service after September 16, 1940.

This section shall not apply in the case of the death of any individual occurring (either on, before, or after the date of the enactment of this section) while he is in the active military or naval service, or in the case of the death of any individual who has been discharged or released from the active military or naval service of the United States subsequent to the expiration of four years and one day after the date of the termination of World War II.

“(b) (1) If any pension or compensation is determined by the Veterans' Administration to be payable on the basis of the death of, any individual referred to in subsection (a) of this section, any monthly benefits or lump-sum death payment payable under this title with respect to the wages of such individual shall be determined without regard to such subsection (a).

“(2) Upon an application for benefits or a lump-sum death payment with respect to the death of any individual referred to in subsection (a), the Federal Security Administrator shall make a decision without regard to paragraph (1) of this subsection unless he has been notified by the Veterans' Administration that pension or compensation is determined to be payable by the Veterans' Administration by reason of the death of such individual. The Federal Security Administrator shall notify the Veterans' Administration of any decision made by him authorizing payment, pursuant to subsection (a), of monthly benefits or of a lump-sum death payment. If the Veterans' Administration in any such case has made an adjudication or thereafter makes an adjudication that any pension or compensation is payable under any law administered by it, by reason of the death of any such individual, it shall notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment, or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection. Any payments theretofore certified by the Federal Security Administrator pursuant to subsection (a) to any individual, not exceeding the amount of any accrued pension or compensation payable to him by the Veterans' Administration, shall (notwithstanding the provisions of sec. 3 of the Act of August 12, 1935, as amended (U. S. C., 1940 edition, title 38, sec. 454a)) be deemed to have been paid to him by the Veterans' Administration on account of such accrued pension or compensation. No such payment certified by the Federal Security Administrator, and no payment certified by him for any month prior to the first month for which any pension or compensation is paid by the Veterans' Administration, shall be deemed by reason of this subsection to have been an erroneous payment.

“(c) In the event any individual referred to in subsection (a) has died during such three-year period but before the date of the enactment of this section—

“(1) upon application filed within six months after the date of the enactment of this section, any monthly benefits payable with respect to the wages of such individual (including benefits for months before such date) shall be computed or recomputed and shall be paid in accordance with subsection (a), in the same manner as though such application had been filed in the first month in which all conditions of entitlement to such benefits, other than the filing of an application, were met;

“(2) if any individual who upon filing application would have been entitled to benefits or to a recomputation of benefits under paragraph (1) has died before the expiration of six months after the date of the enactment of this section, the application may be filed within the same period by any other individual entitled to benefits with respect to the same wages, and the nonpayment or underpayment to the deceased individual shall be treated as erroneous within the meaning of section 204;

“(3) the time within which proof of dependency under section 202 (f) or any application under 202 (g) may be filed shall be not less than six months after the date of the enactment of this section; and

“(4) application for a lump-sum death payment or recomputation, pursuant to this section, of a lump-sum death payment certified by the Board or the Federal Security Administrator, prior to the date of the enactment of this section, for payment with respect to the wages of any such individual may be filed within a period not less than six months from the date of the enactment of this section or a period of two years after the date of the death of any individual specified in subsection (a), whichever is the later, and any additional payment shall be made to the same individual or individuals as though the application were an original application for a lump-sum death payment with respect to such wages.

No lump-sum death payment shall be made or recomputed with respect to the wages of an individual if any monthly benefit with respect to his wages is, or upon filing application would be, payable for the month in which he died; but except as otherwise specifically provided in this section no payment heretofore made shall be rendered erroneous by the enactment of this section.

“(d) There are hereby authorized to be appropriated to the Trust Fund from time to time such sums as may be necessary to meet the additional cost, resulting from this section, of the benefits (including lump-sum death payments) payable under this title.

“(e) For the purposes of this section the term ‘date of the termination of World War II’ means the date proclaimed by the President as the date of such termination, or the date specified in a concurrent resolution of the two Houses of Congress as the date of such termination, whichever is the earlier.”

SEC. 202. When used in the Social Security Act, as amended by this Act, the term “Administrator”, except where the context otherwise requires, means the Federal Security Administrator.



### TITLE III—UNEMPLOYMENT COMPENSATION FOR MARITIME WORKERS

#### SEC. 301. STATE COVERAGE OF MARITIME WORKERS.

(a) The Internal Revenue Code, as amended, is amended by adding after section 1606 (e) a new subsection to read as follows:

"(f) The legislature of any State in which a person maintains the operating office, from which the operations of an American vessel operating on navigable waters within or within and without the United States are ordinarily and regularly supervised, managed, directed and controlled, may require such person and the officers and members of the crew of such vessel to make contributions to its unemployment fund under its State unemployment compensation law approved by the Federal Security Administrator (or approved by the Social Security Board prior to July 16, 1946) under section 1603 and otherwise to comply with its unemployment compensation law with respect to the service performed by an officer or member of the crew on or in connection with such vessel to the same extent and with the same effect as though such service was performed entirely within such State. Such person and the officers and members of the crew of such vessel shall not be required to make contributions, with respect to such service, to the unemployment fund of any other State. The permission granted by this subsection is subject to the condition that such service shall be treated, for purposes of wage credits given employees, like other service subject to such State unemployment compensation law performed for such person in such State, and also subject to the same limitation, with respect to contributions required from such person and from the officers and members of the crew of such vessel, as is imposed by the second sentence (other than clause (2) thereof) of subsection (b) of this section with respect to contributions required from instrumentalities of the United States and from individuals in their employ."

(b) The amendment effected by subsection (a) shall not operate, prior to January 1, 1948, to invalidate any provision, in effect on the date of enactment of this Act, in any State unemployment compensation law.

#### SEC. 302. DEFINITION OF EMPLOYMENT.

That part of section 1607 (c) of the Internal Revenue Code, as amended, which reads as follows:

"(c) EMPLOYMENT.—The term 'employment' means any service performed prior to January 1, 1940, which was employment as defined in this section prior to such date, and any service, of whatever nature, performed after December 31, 1939, within the United States by an employee for the person employing him, irrespective of the citizenship or residence of either, except—"

is amended, effective July 1, 1946, to read as follows:

"(c) EMPLOYMENT.—The term 'employment' means any service performed prior to July 1, 1946, which was employment as defined in this section as in effect at the time the service was performed; and any service, of whatever nature, performed after June 30, 1946, by an

employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—”.

#### SEC. 303. SERVICE ON FOREIGN VESSELS.

Section 1607 (c) (4) of the Internal Revenue Code, as amended, is amended, effective July 1, 1946, to read as follows:

“(4) Service performed on or in connection with a vessel not an American vessel by an employee, if the employee is employed on and in connection with such vessel when outside the United States;”.

#### SEC. 304. CERTAIN FISHING SERVICES.

(a) Section 1607 (c) (15) of such Code is amended by striking out “or” at the end thereof.

(b) Section 1607 (c) (16) of such Code is amended by striking out the period and inserting in lieu thereof the following: “; or”.

(c) Section 1607 (c) of such Code is further amended by adding after paragraph (16) a new paragraph to read as follows:

“(17) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States).”

(d) The amendments made by this section shall take effect July 1, 1946.

#### SEC. 305. DEFINITION OF AMERICAN VESSEL.

Section 1607 of such Code, as amended, is further amended, effective July 1, 1946, by adding after subsection (m) a new subsection to read as follows:

“(n) AMERICAN VESSEL.—The term ‘American vessel’ means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.”

#### SEC. 306. RECONVERSION UNEMPLOYMENT BENEFITS FOR SEAMEN.

The Social Security Act, as amended, is amended by adding after section 1201 (c) a new title to read as follows:

**"TITLE XIII—RECONVERSION UNEMPLOYMENT BENEFITS FOR SEAMEN**

**"SEC. 1301.** This title shall be administered by the Federal Security Administrator.

**"DEFINITIONS**

**"SEC. 1302.** When used in this title—

**"(a)** The term 'reconversion period' means the period (1) beginning with the fifth Sunday after the date of the enactment of this title, and (2) ending June 30, 1949.

**"(b)** The term 'compensation' means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

**"(c)** The term 'Federal maritime service' means service determined to be employment pursuant to section 209 (o).

**"(d)** The term 'Federal maritime wages' means remuneration determined pursuant to section 209 (o) to be remuneration for service referred to in section 209 (o) (1).

**"COMPENSATION FOR SEAMEN**

**"SEC. 1303. (a)** The Administrator is authorized on behalf of the United States to enter into an agreement with any State, or with the unemployment compensation agency of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b), to individuals who have performed Federal maritime service, and (2) will otherwise cooperate with the Administrator and with other State unemployment compensation agencies in making payments of compensation authorized by this title.

**"(b)** Any such agreement shall provide that compensation will be paid to such individuals, with respect to unemployment occurring in the reconversion period, in the same amounts, on the same terms, and subject to the same conditions as the compensation which would be payable to such individuals under the State unemployment compensation law if such individuals' Federal maritime service and Federal maritime wages had (subject to regulations of the Administrator concerning the allocation of such service and wages among the several States) been included as employment and wages under such law; except that the compensation to which an individual is entitled under such an agreement for any week shall be reduced by 15 per centum of the amount of any annuity or retirement pay which such individual is entitled to receive, under any law of the United States relating to the retirement of officers or employees of the United States, for the month in which such week begins, unless a deduction from such compensation on account of such annuity or retirement pay is otherwise provided for by the applicable State law.

**"(c)** If in the case of any State an agreement is not entered into under this section or the unemployment compensation agency of such State fails to make payments in accordance with such an agreement, the Administrator, in accordance with regulations prescribed by him, shall make payments of compensation to individuals who file a claim for compensation which is payable under such agreement, or would be payable if such agreement were entered into, on a basis which will provide that they will be paid compensation in the same amounts, on

substantially the same terms, and subject to substantially the same conditions as though such agreement had been entered into and such agency made such payments. Final determinations by the Administrator of entitlement to such payments shall be subject to review by the courts in the same manner and to the same extent as is provided in Title II with respect to decisions by the Administrator under such title.

“(d) Operators of vessels who are or were general agents of the War Shipping Administration or of the United States Maritime Commission shall furnish to individuals who have been in Federal maritime service, to the appropriate State agency, and to the Administrator such information with respect to wages and salaries as the Administrator may determine to be practicable and necessary to carry out the purposes of this title.

“(e) Pursuant to regulations prescribed by the Administrator, he, and any State agency making payments of compensation pursuant to an agreement under this section, may—

“(1) to the extent that the Administrator finds that it is not feasible for Federal agencies or operators of vessels to furnish information necessary to permit exact and reasonably prompt determinations of the wages or salaries of individuals who have performed Federal maritime service, determine the amount of and pay compensation to any individual under this section, or an agreement thereunder, as if the wages or salary paid such individual for each week of such service were in an amount equal to his average weekly wages or salary for the last pay period of such service occurring prior to the time he files his initial claim for compensation; and

“(2) to the extent that information is inadequate to assure the prompt payment of compensation authorized by this section (either on the basis of the exact wages or salaries of the individuals concerned or on the basis prescribed in clause (1) of this subsection), accept certification under oath by individuals of facts relating to their Federal maritime service and to wages and salaries paid them with respect to such service.

#### “ADMINISTRATION

“SEC. 1304. (a) Determinations of entitlement to payments of compensation by a State unemployment compensation agency under an agreement under this title shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

“(b) For the purpose of payments made to a State under Title III administration by the unemployment compensation agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

“(c) The State unemployment compensation agency of each State shall furnish to the Administrator such information as the Administrator may find necessary in carrying out the provisions of this title, and such information shall be deemed reports required by the Administrator for the purposes of section 303 (a) (6).

**"PAYMENTS TO STATES**

**"SEC. 1305. (a)** Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title, which would not have been incurred by the State but for the agreement.

**"(b)** In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Administrator, such sum as the Administrator estimates the State will be entitled to receive under this title for each calendar quarter; reduced or increased, as the case may be, by any sum by which the Administrator finds that his estimates for any prior calendar quarter were greater or less than the amounts which should have been paid to the State. The amount of such payments may be determined by such statistical, sampling, or other method as may be agreed upon by the Administrator and the State agency.

**"(c)** The Administrator shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment, at the time or times fixed by the Administrator, in accordance with certification, from the funds for carrying out the purposes of this title. Notwithstanding any other provision of this title, no compensation shall be paid to any individual pursuant to this title with respect to unemployment occurring prior to the date when funds are made available for such payments.

**"(d)** All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury upon termination of the agreement or termination of the reconversion period, whichever first occurs.

**"(e)** An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Administrator may deem necessary, and may provide for the payment of the cost of such bond from appropriations for carrying out the purposes of this title.

**"(f)** No person designated by the Administrator, or designated pursuant to an agreement under this title, as a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

**"(g)** No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f).

**"PENALTIES**

**"SEC. 1306. (a)** Whoever, for the purpose of causing any compensation to be paid under this title or under an agreement thereunder where none is authorized to be so paid, shall make or cause to be

made any false statement or representation as to any wages paid or received, or whoever makes or causes to be made any false statement of a material fact in any claim for any compensation authorized to be paid under this title or under an agreement thereunder, or whoever makes or causes to be made any false statement, representation, affidavit, or document in connection with such claim, shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned for not more than one year, or both.

“(b) Whoever shall obtain or receive any money, check or compensation under this title or an agreement thereunder, without being entitled thereto and with intent to defraud the United States, shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned for not more than one year, or both.

“(c) Whoever willfully fails or refuses to furnish information which the Administrator requires him to furnish pursuant to authority of section 1303 (d), or willfully furnishes false information pursuant to a requirement of the Administrator under such subsection, shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned for not more than six months, or both.”

#### TITLE IV—TECHNICAL AND MISCELLANEOUS PROVISIONS

##### SEC. 401. AMENDMENTS OF TITLE V OF SOCIAL SECURITY ACT.

(a) Effective January 1, 1947, section 1101 (a) (1) of the Social Security Act, as amended, is amended to read as follows:

“(1) The term ‘State’ includes Alaska, Hawaii, and the District of Columbia, and when used in Title V includes Puerto Rico and the Virgin Islands.”

(b) Effective with respect to the fiscal year ending June 30, 1947, and subsequent fiscal years, title V of the Social Security Act, as amended, is amended as follows:

(1) Section 501 is amended by striking out “\$5,820,000” and inserting in lieu thereof “\$11,000,000”.

(2) Section 502 (a) is amended to read as follows:

“SEC. 502. (a) Out of the sums appropriated pursuant to section 501 for each fiscal year the Federal Security Administrator shall allot \$5,500,000 as follows: He shall allot to each State \$35,000, and shall allot to each State such part of the remainder of the \$5,500,000 as he finds that the number of live births in such State bore to the total number of live births in the United States, in the latest calendar year for which the Administrator has available statistics.”

(3) Section 502 (b) is amended by striking out “\$1,980,000” and inserting in lieu thereof “\$5,500,000”.

(4) Section 511 is amended by striking out “\$3,870,000” and inserting in lieu thereof “\$7,500,000”.

(5) Section 512 (a) is amended to read as follows:

“SEC. 512. (a) Out of the sums appropriated pursuant to section 511 for each fiscal year the Federal Security Administrator shall allot \$3,750,000 as follows: He shall allot to each State \$30,000, and shall allot the remainder of the \$3,750,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the

services referred to in section 511 and the cost of furnishing such services to them."

(6) Section 512 (b) is amended by striking out "\$1,000,000" and inserting in lieu thereof "\$3,750,000".

(7) Section 521 (a) is amended by striking out "\$1,510,000" and inserting in lieu thereof "\$3,500,000" and is further amended by striking out "\$10,000" and inserting in lieu thereof "\$20,000".

(8) Section 541 (a) is amended to read as follows:

"SEC. 541. (a) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1947, the sum of \$1,000,000 for all necessary expenses of the Federal Security Agency in administering the provisions of this title."

(c) The amendments made by subsection (b) shall not require amended allotments for the fiscal year 1947 until sufficient appropriations have been made to carry out such amendments, and allotments from such appropriations shall be made in amounts not exceeding the amounts authorized by the amendments made by this section.

#### SEC. 402. CHILD'S INSURANCE BENEFITS.

(a) Section 202 (c) (1) of such Act is amended by striking out the word "adopted" and substituting in lieu thereof the following: "adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual)".

(b) Section 202 (c) (3) (C) is amended to read as follows:

"(C) such child was living with and was chiefly supported by such child's stepfather."

#### SEC. 403. PARENT'S INSURANCE BENEFITS.

(a) Section 202 (f) (1) of such Act is amended by striking out "leaving no widow and no unmarried surviving child under the age of eighteen" and inserting in lieu thereof "if such individual did not leave a widow who meets the conditions in subsection (d) (1) (D) and (E) or an unmarried child under the age of eighteen deemed dependent on such individual under subsection (c) (3) or (4), and"; and by striking out in clause (B) thereof the word "wholly" and inserting in lieu thereof the word "chiefly".

(b) The amendment made by subsection (a) of this section shall be applicable only in cases of applications for benefits under this Act filed after December 31, 1946.

#### SEC. 404. LUMP-SUM DEATH PAYMENTS.

(a) Section 202 (g) of such Act is amended to read as follows:

##### "LUMP-SUM DEATH PAYMENTS

"(g) Upon the death, after December 31, 1939, of an individual who died a fully or currently insured individual leaving no surviving widow, child, or parent who would, on filing application in the month in which such individual died, be entitled to a benefit for such month under subsection (c), (d), (e), or (f) of this section, an amount equal to six times a primary insurance benefit of such individual shall be paid in a lump sum to the person, if any, determined by the

Administrator to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of such insured individual. No payment shall be made to any person under this subsection, unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual."

(b) The amendment made by subsection (a) of this section shall be applicable only in cases where the death of the insured individual occurs after December 31, 1946.

(c) In the case of any individual who, after December 6, 1941, and before the date of the enactment of this Act, died outside the United States (as defined in section 1101 (a) (2) of the Social Security Act, as amended), the two-year period prescribed by section 202 (g) of such Act for the filing of application for a lump-sum death payment shall not be deemed to have commenced until the date of enactment of this Act.

#### SEC. 405. APPLICATION FOR PRIMARY INSURANCE BENEFITS.

(a) Section 202 (h) of such Act is amended to read as follows:

"(h) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), or (f) for any month had he filed application therefor prior to the end of such month, shall be entitled to such benefit for such month if he files application therefor prior to the end of the third month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Administrator has certified for payment for such prior month."

(b) The amendment made by subsection (a) of this section shall be applicable only in cases of applications for benefits under this title filed after December 31, 1946.

#### SEC. 406. DEDUCTIONS FROM INSURANCE BENEFITS.

(a) Section 203 (d) (2) of such Act (relating to deductions for failure to attend school) is repealed.

(b) Section 203 (g) of such Act (relating to failure to make certain reports) is amended by inserting before the period at the end thereof a comma and the following: "except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month".

#### SEC. 407. DEFINITION OF "CURRENTLY INSURED INDIVIDUAL".

(a) Section 209 (h) of such Act is amended to read as follows:

"(h) The term 'currently insured individual' means any individual with respect to whom it appears to the satisfaction of the Administrator that he had not less than six quarters of coverage during the



period consisting of the quarter in which he died and the twelve quarters immediately preceding such quarter."

(b) The amendment made by subsection (a) of this section shall be applicable only in cases of applications for benefits under this title filed after December 31, 1946.

#### SEC. 408. DEFINITION OF WIFE.

(a) Section 209 (i) of such Act is amended to read as follows:

"(i) The term 'wife' means the wife of an individual who either (1) is the mother of such individual's son or daughter, or (2) was married to him for a period of not less than thirty-six months immediately preceding the month in which her application is filed."

(b) The amendment made by subsection (a) of this section shall be applicable only in cases of applications for benefits under this title filed after December 31, 1946.

#### SEC. 409. DEFINITION OF CHILD.

(a) Section 209 (k) of such Act is amended to read as follows:

"(k) The term 'child' means (1) the child of an individual, and (2) in the case of a living individual, a stepchild or adopted child who has been such stepchild or adopted child for thirty-six months immediately preceding the month in which application for child's benefits is filed, and (3) in the case of a deceased individual, a stepchild or adopted child who was such stepchild or adopted child for twelve months immediately preceding the month in which such individual died."

(b) The amendment made by subsection (a) of this section shall be applicable only in cases of applications for benefits under this title filed after December 31, 1946.

#### SEC. 410. AUTHORIZATION FOR RECOMPUTATION OF BENEFITS.

Section 209 of such Act is amended by adding after subsection (p) a new subsection to read as follows:

"(q) Subject to such limitation as may be prescribed by regulation, the Administrator shall determine (or upon application shall recompute) the amount of any monthly benefit as though application for such benefit (or for recomputation) had been filed in the calendar quarter in which, all other conditions of entitlement being met, an application for such benefit would have yielded the highest monthly rate of benefit. This subsection shall not authorize the payment of a benefit for any month for which no benefit would, apart from this subsection, be payable, or, in the case of recomputation of a benefit, of the recomputed benefit for any month prior to the month for which application for recomputation is filed."

#### SEC. 411. ALLOCATION OF 1937 WAGES.

Section 209 of such Act is amended by adding after subsection (q) a new subsection to read as follows:

"(r) With respect to wages paid to an individual in the six-month periods commencing either January 1, 1937, or July 1, 1937; (A) if wages of not less than \$100 were paid in any such period, one-half

of the total amount thereof shall be deemed to have been paid in each of the calendar quarters in such period; and (B) if wages of less than \$100 were paid in any such period, the total amount thereof shall be deemed to have been paid in the latter quarter of such period, except that if in any such period, the individual attained age sixty-five, all of the wages paid in such period shall be deemed to have been paid before such age was attained."

#### SEC. 412. DEFINITION OF WAGES—INTERNAL REVENUE CODE.

(a) FEDERAL INSURANCE CONTRIBUTIONS ACT.—Section 1426 (a) (1) of the Federal Insurance Contributions Act (Internal Revenue Code, sec. 1426 (a) (1)) is amended to read as follows:

"(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid, prior to January 1, 1947, to such individual by such employer with respect to employment during such calendar year; or that part of the remuneration which, after remuneration equal to \$3,000 with respect to employment after 1936 has been paid to an individual by an employer during any calendar year after 1946, is paid to such individual by such employer during such calendar year;"

(b) FEDERAL UNEMPLOYMENT TAX ACT.—Section 1607 (b) (1) of the Federal Unemployment Tax Act (Internal Revenue Code, sec. 1607 (b) (1)) is amended to read as follows:

"(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid after December 31, 1939, and prior to January 1, 1947, to such individual by such employer with respect to employment during such calendar year; or that part of the remuneration which, after remuneration equal to \$3,000 with respect to employment after 1938 has been paid to an individual by an employer during any calendar year after 1946, is paid to such individual by such employer during such calendar year;"

#### SEC. 413. SPECIAL REFUNDS TO EMPLOYEES.

Section 1401 (d) of the Federal Insurance Contributions Act (Internal Revenue Code, sec. 1401 (d)) is amended to read as follows:

"(d) SPECIAL REFUNDS.—

"(1) WAGES RECEIVED BEFORE 1947.—If by reason of an employee rendering service for more than one employer during any calendar year after the calendar year 1939, the wages of the employee with respect to employment during such year exceed \$3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400, deducted from such wages and paid to the collector, which exceeds the tax with respect to the first \$3,000 of such wages received. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar

year in which the employment was performed with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which the wages are received with respect to which refund of tax is claimed. No interest shall be allowed or paid with respect to any such refund. No refund shall be made under this paragraph with respect to wages received after December 31, 1946.

“(2) WAGES RECEIVED AFTER 1946.—If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1946, the wages received by him during such year exceed \$3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee’s wages (whether or not paid to the collector), which exceeds the tax with respect to the first \$3,000 of such wages received. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the wages were received with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which such wages were received. No interest shall be allowed or paid with respect to any such refund.”

**SEC. 414. DEFINITION OF WAGES UNDER TITLE II OF SOCIAL SECURITY ACT.**

(a) So much of section 209 (a) of the Social Security Act, as amended, as precedes paragraph (3) thereof is amended to read as follows:

“(a) The term ‘wages’ means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

“(1) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year prior to 1940, is paid, prior to January 1, 1947, to such individual by such employer with respect to employment during such calendar year;

“(2) That part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual with respect to employment during any calendar year after 1939, is paid to such individual, prior to January 1, 1947, with respect to employment during such calendar year;

“(3) That part of the remuneration which, after remuneration equal to \$3,000 with respect to employment has been paid to an individual during any calendar year after 1946, is paid to such individual during such calendar year;”

(b) The paragraphs of section 209 (a) of such Act heretofore designated “(3)”, “(4)”, “(5)”, and “(6)” are redesignated “(4)”, “(5)”, “(6)”, and “(7)”, respectively.

**SEC. 415. TIME LIMITATION ON LUMP-SUM PAYMENTS UNDER 1935 LAW.**

No lump-sum payment shall be made under section 204 of the Social Security Act (as enacted in 1935), or under section 902 (g)

of the Social Security Act Amendments of 1939, unless application therefor has been filed prior to the expiration of six months after the date of the enactment of this Act.

**SEC. 416. WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS FOR DISABILITY BENEFITS.**

(a) Paragraph (4) of subsection (a) of section 1603 of the Federal Unemployment Tax Act, as amended, is amended by striking out the semicolon at the end thereof and inserting in lieu thereof the following: “: *Provided*, That an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of cash benefits to individuals with respect to their disability, exclusive of expenses of administration;”.

(b) The last sentence of subsection (f) of section 1607 of the Federal Unemployment Tax Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof the following: “: *Provided*, That an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of cash benefits to individuals with respect to their disability, exclusive of expenses of administration.”

(c) Paragraph (5) of subsection (a) of section 303 of the Social Security Act, as amended, is amended by striking out the semicolon immediately before the word “and” at the end thereof and inserting in lieu of such semicolon the following: “: *Provided*, That an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of cash benefits to individuals with respect to their disability, exclusive of expenses of administration;”.

**TITLE V—STATE GRANTS FOR OLD-AGE ASSISTANCE, AID TO DEPENDENT CHILDREN, AND AID TO THE BLIND**

**SEC. 501. OLD-AGE ASSISTANCE.**

(a) Section 3 (a) of the Social Security Act, as amended, is amended to read as follows:

“Sec. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1946, (1) an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan with respect to each needy individual who at the time of such expenditure is sixty-five years of age or older and is not an inmate of a public institution, not counting so much of such expenditure with respect to any such individual for any month as exceeds \$15—

“(A) Two-thirds of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$15 multiplied by the total number of such individuals who received old-age assistance for such month, plus

“(B) One-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.”

(b) Section 3 (b) of such Act is amended (1) by striking out “one-half”, and inserting in lieu thereof “the State’s proportionate share”; (2) by striking out “clause (1) of” wherever it appears in such subsection; (3) by striking out “in accordance with the provisions of such clause” and inserting in lieu thereof “in accordance with the provisions of such subsection”; and (4) by striking out “, increased by 5 per centum”.

#### SEC. 502. AID TO DEPENDENT CHILDREN.

(a) Section 403 (a) of the Social Security Act, as amended, is amended to read as follows:

“SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1946, (1) an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$24, or if there is more than one dependent child in the same home, as exceeds \$24 with respect to one such dependent child and \$15 with respect to each of the other dependent children—

“(A) Two-thirds of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$9 multiplied by the total number of dependent children with respect to whom aid to dependent children is paid for such month, plus

“(B) One-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose.

(b) Section 403 (b) of such Act is amended by striking out “one-half” and inserting in lieu thereof “the State’s proportionate share”.

#### SEC. 503. AID TO THE BLIND.

(a) Section 1003 (a) of the Social Security Act, as amended, is amended to read as follows:

“SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1946, (1) an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under

the State plan with respect to each needy individual who is blind and is not an inmate of a public institution, not counting so much of such expenditure with respect to any such individual for any month as exceeds \$45—

“(A) Two-thirds of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$15 multiplied by the total number of such individuals who received aid to the blind for such month, plus

“(B) One-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A) ;  
and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.”

(b) Section 1003 (b) of such Act is amended by striking out “one-half”, and inserting in lieu thereof “the State’s proportionate share”.

**SEC. 504. EFFECTIVE PERIOD.**

Sections 501, 502, and 503 shall be effective with respect to the period commencing October 1, 1946, and ending on December 31, 1947.

**TITLE VI—VETERANS’ EMERGENCY HOUSING  
ACT OF 1946**

Sec. 601. Section 2 (a) of the Act of June 11, 1946 (Public Law 404, Seventy-ninth Congress), is amended by striking out the period at the end thereof and inserting a semicolon and the following: “and the Veterans’ Emergency Housing Act of 1946”.

Approved August 10, 1946.