

February 26, 1959.
Placed on Calendar.

House File 518
By COMMITTEE ON SOCIAL SECURITY.

Passed House, Date 3-20-59
Vote: Ayes 82 Nays 0

Passed Senate, Date 5-5-59
Vote: Ayes 40 Nays 0

Approved.....

A BILL FOR

An Act to amend chapter ninety-six (96), Code 1958, to enable the Iowa employment security commission to use, for administrative purposes, including the acquisition of real estate, moneys credited to the account of the state of Iowa in the unemployment trust fund pursuant to section nine hundred three (903) of the Social Security Act.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section ninety-six point nine (96.9), subsec-
2 tion one (1), paragraph d, Code 1958, is hereby amended by
3 substituting a period for the comma after the word "fund" in
4 line three (3) and deleting the word "and".

1 Sec. 2. Section ninety-six point nine (96.9), subsection
2 one (1), paragraph e, Code 1958, is hereby amended by
3 striking the entire paragraph and substituting the following
4 therefor: "All earnings of such property or securities,
5 and".

1 Sec. 3. Section ninety-six point nine (96.9), subsection
2 one (1), Code 1958, is hereby amended by adding the following
3 new paragraph:

4 f. All money credited to this state's account in the
5 unemployment trust fund pursuant to section nine hundred
6 three (903) of the Social Security Act. All moneys in the
7 unemployment compensation fund shall be mingled and
8 undivided."

1 Sec. 4. Section ninety-six point nine (96.9), subsection

2 two (2), paragraph c, Code 1958, is hereby amended by strik-
3 ing the period after the word "fund" in line twenty-two (22)
4 of said paragraph and inserting in lieu thereof the following:
5 "for the payment of benefits."

1 Sec. 5. Section ninety-six point nine (96.9), subsection
2 three (3), Code 1958, is hereby amended by striking the
3 period after the word "commission" in line five (5) and insert-
4 ing in lieu thereof the following: ", except that money
5 credited to this state's account pursuant to section nine
6 hundred three (903) of the Social Security Act may, subject
7 to the conditions prescribed in subsection four (4) of this
8 section, be used for the payment of expenses incurred for the
9 administration of this chapter."

1 Sec. 6. Section ninety-six point nine (96.9), subsection
2 four (4), Code 1958, is hereby amended as follows:

3 1. By renumbering said subsection four (4) as subsection six
4 (6).

5 2. By adding a new subsection four (4) to read as follows:

6 "4. Money credited under section nine hundred three
7 (903) of the Social Security Act.

8 a. Money credited to the account of this state in the
9 unemployment trust fund by the secretary of the treasury of the
10 United States pursuant to section nine hundred three (903) of
11 the Social Security Act may not be requisitioned from this
12 state's account or used except for the payment of benefits
13 and for the payment of expenses incurred for the administra-
14 tion of this chapter. Such money may be requisitioned
15 pursuant to subsection three (3) of this section for the
16 payment of benefits. Such money may also be requisitioned

17 and used for the payment of expenses incurred for the
18 administration of this chapter but only pursuant to a spe-
19 cific appropriation by the legislature and only if the
20 expenses are incurred and the money is requisitioned after
21 the enactment of an appropriation law which (1) specifies
22 the purposes for which such money is appropriated and the
23 amounts appropriated therefor, (2) limits the period within
24 which such money may be obligated to a period ending not
25 more than two years after the date of the enactment of the
26 appropriation law, and (3) limits the amount which may be
27 obligated during a twelve-month period beginning on July 1
28 and ending on the next June 30 to an amount which does not
29 exceed the amount by which (i) the aggregate of the amounts
30 credited to the account of this state pursuant to section
31 nine hundred three (903) of the Social Security Act during
32 the same twelve-month period and the four preceding twelve-
33 month periods, exceeds (ii) the aggregate of the amounts
34 obligated for administration and paid out for benefits and
35 charged against the amounts credited to the account of this
36 state during such five twelve-month periods.

37 b. Amounts credited to this state's account in the
38 unemployment trust fund under section nine hundred three
39 (903) of the Social Security Act which are obligated for
40 administration or paid out for benefits shall be charged
41 against equivalent amounts which were first credited and
42 which are not already so charged; except that no amount
43 obligated for administration during a twelve-month period
44 specified herein may be charged against any amount
45 credited during such a twelve-month period earlier than

46 the fourth preceding such period.

47 c. Money requisitioned as provided herein for the
48 payment of expenses of administration shall be deposited in
49 the employment security administration fund, but, until
50 expended, shall remain a part of the unemployment compensa-
51 tion fund. The treasurer of state shall maintain a
52 separate record of the deposit, obligation, expenditure and
53 return of funds so deposited. Any money so deposited
54 which either will not be obligated within the period
55 specified by the appropriation law or remains unobligated at
56 the end of the period, and any money which has been
57 obligated within the period but will not be expended, shall
58 be returned promptly to the account of this state in the
59 unemployment trust fund."

1 Sec. 7. Section ninety-six point nine (96.9), subsection
2 five (5), Code 1958, is hereby amended as follows:

3 1. By renumbering said subsection five (5) as subsection
4 seven (7).

5 2. By adding a new subsection five (5) to read as follows:

6 "Any amount credited to this state's account in the
7 unemployment trust fund under section nine hundred three (903)
8 of the Social Security Act which has been appropriated for
9 expenses of administration pursuant to section ninety-six point
10 nine (96.9) subsection four (4) of this chapter, whether or
11 not withdrawn from such account, shall not be deemed
12 assets of the unemployment compensation fund for the purpose
13 of computing contribution rates under section ninety-six point
14 seven (96.7), subsection three (3), of this chapter."

1 Sec. 8. Section ninety-six point nine (96.9), subsection

2 six (6), Code 1958, is hereby amended by renumbering said
3 subsection six (6) as subsection eight (8).

1 Sec. 9. Section ninety-six point thirteen (96.13),
2 subsection one (1), Code 1958, is hereby amended as follows:

3 1. Insert in line seven (7) after the word "fund" the
4 following: ", except money received pursuant to subsection
5 four (4) of section ninety-six point nine (96.9) of this
6 chapter,".

7 2. Strike from lines twelve (12) and thirteen (13)
8 the words "social security board" and insert in lieu thereof
9 the words "secretary of labor."

10 3. Strike from lines seventeen (17) and eighteen (18) the
11 words "social security board" and insert in lieu thereof the
12 words "department of labor."

13 4. Add the following sentence at the end of said
14 subsection one (1):

15 "Notwithstanding any provisions of this section, all
16 money requisitioned and deposited in this fund pursuant to
17 paragraph c of subsection four (4) of section ninety-six
18 point nine (96.9) of this chapter shall remain part of the
19 unemployment compensation fund and shall be used only in
20 accordance with the conditions specified in said subsection
21 four (4) of section nine (9)."

EXPLANATION OF HOUSE FILE 518

The purpose of this bill is to enable the Iowa employment security commission to acquire and equip quarters for the administration of the employment security law throughout the state, and at no cost to the state.

As is generally known, funds for administering the Iowa employment security law are derived from the federal government. The Federal Unemployment Tax Act imposes a tax of three-tenths of one percent upon the payrolls of liable employers for administrative purposes. Each state which has an approved unemployment compensation law is granted such an amount as is determined, after careful scrutiny, to be necessary for the proper and efficient administration of such law during the fiscal year. Formerly, federal unemployment tax collections in excess of the costs of administration were not earmarked for employment security purposes but went instead into the general fund of the United States treasury. Iowa has never approached complete use of the federal

unemployment tax payments by employers of the state. The Employment Security Administrative Finance Act of 1954, frequently referred to as the Reed Bill, was enacted for the purpose of strengthening and improving the national employment security program through the exclusive use of the full amount of the tax collections from the Federal Unemployment Tax Act for the purposes of such program. For several years federal unemployment taxes in excess of the cost of administration of the employment security program have been deposited in a special federal account. Amounts have been allocated to the states' trust accounts in the federal unemployment trust fund in the proportion that their covered payrolls bear to the aggregate of all states. A state, pursuant to a special appropriation act of its legislature, may utilize its allocated amount, not to exceed amounts deposited in its trust fund in the previous five fiscal years, to supplement federal administrative grants in financing its administrative operations. A total of \$1,406,442.43 has been allocated to Iowa, subject to the passage of proper legislation by the state. It should be emphasized that the federal bureau retains a close rein over all expenditures by the Iowa commission for administrative purposes, including the acquisition of quarters.

This bill has been prepared from language furnished by the federal bureau, which is in accord with the provisions of the Reed Bill. If this bill is adopted by the Iowa legislature for the purpose of enabling the Iowa employment security commission to use Reed Bill funds for the acquisition of quarters, then a special appropriation bill should subsequently be passed by the Iowa legislature in order to utilize the amounts from the Iowa account in the Reed Bill trust fund. Such a special appropriation bill has also been prepared in accordance with the language furnished by the federal bureau.