

3 thereof to any person, provided, however, that to the extent of the
4 funds in the retirement system the amount of benefits which at the
5 time of any such alteration, amendment, or repeal shall have accrued
6 to any member of the system shall not be repudiated, provided further
7 however, that the amount of benefits accrued on account of prior serv-
8 ice shall be adjusted to the extent of any unfunded accrued liability
9 then outstanding.

1 SEC. 66. Each member of the Iowa employment security commis-
2 sion shall be paid for his services, in addition to his compensation now
3 provided in section 96.10, Code 1950, the sum of one thousand dollars
4 (\$1,000.00) per year, payable monthly, to be paid from the funds
5 hereby appropriated for the administration of this chapter.

1 SEC. 67. There is hereby appropriated out of the Iowa public em-
2 ployees' retirement system fund, for each year of the biennium be-
3 ginning July 1, 1953, and ending June 30, 1955, a sum sufficient to
4 pay the costs of the administration of this Act.

1 SEC. 68. Nothing in this Act shall be interpreted as removing the
2 Iowa employment security commission out from under the provisions
3 of section eight point five (8.5), Code 1950, as amended by chapter
4 forty-five (45), Acts of the Fifty-fourth General Assembly.

Approved May 25, 1953.

CHAPTER 73

FEDERAL SOCIAL SECURITY FOR PUBLIC EMPLOYEES

H. F. 138

AN ACT to provide for the coverage of certain officers and employees of the state of Iowa, of interstate instrumentalities jointly created by the state of Iowa and any other state or states, and of local governments of the state of Iowa, under the old age and survivors' insurance provisions of Title II of the federal Social Security Act, as amended; to prescribe the powers and duties of the Iowa employment security commission in respect to such coverage, imposing taxes upon public employees and public employers to cover the cost of said coverage, and authorizing the levy of taxes by public employers to provide funds for the payment of the tax imposed upon public employers.

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

1 SECTION 1. In order to extend to employees of the state and its
2 political subdivisions and to the dependents and survivors of such em-
3 ployees, the basic protection accorded to others by the Old Age and
4 Survivors' Insurance System embodied in the Social Security Act,
5 Title II of the Federal Social Security Act, it is hereby declared to be
6 the policy of the general assembly, subject to the limitations of this
7 Act, that such steps be taken as to provide such protection to em-
8 ployees of the state and its political subdivisions on as broad a basis
9 as is permitted under the Social Security Act, Title II.

1 SEC. 2. For the purposes of this Act:

2 1. The term "wages" means all remuneration for employment as de-
3 fined herein, including the cash value of all remuneration paid in any

4 medium other than cash, except that such term shall not include that
5 part of such remuneration which, even if it were for "employment"
6 within the meaning of the Federal Insurance Contribution Act, would
7 not constitute "wages" within the meaning of that Act.

8 2. The term "employment" means any service performed by an
9 employee in the employ of the state, or any political subdivision there-
10 of, for such employer, except (1) service which in the absence of an
11 agreement entered into under this Act would constitute "employ-
12 ment" as defined in the Social Security Act; or (2) service which un-
13 der the Social Security Act may not be included in an agreement be-
14 tween the state and the federal security administrator entered into
15 under this Act.

16 3. The term "employee" includes elective and appointive officials of
17 the state or any political subdivision thereof, except members of the
18 general assembly, elective officials in positions, the compensation for
19 which is on a fee basis, elective officials of school districts, elective
20 officials of townships, and elective officials of other political subdivi-
21 sions who are in part time positions.

22 4. The term "employer" means the state of Iowa and all of its politi-
23 cal subdivisions which employ persons eligible to coverage under an
24 agreement entered into by this state and the federal security adminis-
25 trator under the provisions of the Social Security Act, Title II, of
26 the Congress of the United States as amended.

27 5. The term "state agency" means the Iowa employment security
28 commission.

29 6. The term "political subdivision" includes an instrumentality (1)
30 of the state of Iowa, (2) of one or more of its political subdivisions or
31 (3) of the state and one or more of its political subdivisions, but only
32 if such instrumentality is a juristic entity which is legally separate and
33 distinct from the state or subdivision and only if its employees are not
34 by virtue of their relation to such juristic entity employees of the state
35 or subdivisions.

36 7. The term "Social Security Act" means the Act of Congress ap-
37 proved August 14, 1935, Chapter 531, 49 Stat. 620, officially cited as
38 the "Social Security Act", Title II (including regulations and require-
39 ments issued pursuant thereto) as such Act has been and may from
40 time to time be amended.

41 8. The term "Federal Insurance Contributions Act" means sub-
42 chapter A of Chapter 9 of the Federal Internal Revenue Code as such
43 code has been and may from time to time be amended.

44 9. The term "Federal Security Administrator" means the admin-
45 istrator of the Federal Security Agency (or his successor in function),
46 and includes any individual to whom the Federal Security Adminis-
47 trator has delegated any of his functions under the Social Security
48 Act, Title II, with respect to coverage under such Act of employees of
49 states and their political subdivisions.

1 **SEC. 3. Federal-state Agreement.** The state agency, with the ap-
2 proval of the governor and the attorney general, is hereby authorized
3 to enter on behalf of the state into an agreement with the Federal
4 Security Administrator, consistent with the terms and provisions of
5 this Act, for the purpose of extending the benefits of the Federal Old
6 Age and Survivors' Insurance System to employees of the state or

7 any political subdivision thereof with respect to services specified in
8 such agreement which constitute "employment" as defined in section
9 two (2) of this Act. Such agreement may contain such provisions
10 relating to coverage, benefits, contributions, effective date, modifica-
11 tion and termination of the agreement, administration, and other
12 appropriate provisions as the state agency and Federal Security Ad-
13 ministrator shall agree upon, but, except as may be otherwise required
14 by or under the Social Security Act, Title II, as to the services to be
15 covered, such agreement shall provide in effect that:

16 1. Benefits will be provided for employees whose services are cov-
17 ered by the agreement (and their dependents and survivors) on the
18 same basis as though such services constituted employment within the
19 meaning of Title II of said Social Security Act.

20 2. The state will pay to the secretary of the treasury, at such time
21 or times as may be prescribed under the Social Security Act, Title II,
22 contributions with respect to wages (as defined in section two (2) of
23 this Act), equal to the sum of taxes which would be imposed by sec-
24 tions 1400 and 1410 of the Federal Insurance Contributions Act, if
25 the services covered by the agreement constituted employment within
26 the meaning of that Act.

27 3. Such agreement shall be effective with respect to services in em-
28 ployment covered by the agreement performed after a date specified
29 therein, but in no event may it be effective with respect to any such
30 services performed prior to the first day of the calendar year in which
31 such agreement is entered into or in which the modification of the
32 agreement making it applicable to such services is entered into, pro-
33 vided that in the case of an agreement or modification made after the
34 effective date of this Act and prior to January 1, 1954, such agreement
35 or modification of the agreement shall be made effective with respect
36 to any such services performed on or after January 1, 1951.

37 4. All services which constitute employment as defined in section
38 two (2), and are performed in the employ of the state, or any politi-
39 cal subdivision, by employees of the state, or of any political subdivi-
40 sion, shall be covered by the agreement.

1 SEC. 4. Any instrumentality jointly created by this state and any
2 other state or states is hereby authorized, upon the granting of like
3 authority by such other state or states, (a) to enter into an agree-
4 ment with the Federal Security Administrator whereby the benefits
5 of the Federal Old Age and Survivors' Insurance System shall be ex-
6 tended to employees of such instrumentality, (b) to require its em-
7 ployees to pay (and for that purpose to deduct from their wages) con-
8 tributions equal to the amounts which they would be required to pay
9 under section five (5) if they were covered by an agreement made pur-
10 suant to section three (3), and (c) to make payments to the secretary
11 of the treasury in accordance with such agreement, including pay-
12 ments from its own funds, and otherwise to comply with such agree-
13 ments. Such agreement shall, to the extent practicable, be consistent
14 with the terms and provisions of section three (3) and other provi-
15 sions of this Act.

1 SEC. 5. Every employee whose services are covered by an agree-
2 ment entered into under section three (3) shall be required to pay
3 for the period of such coverage into the contribution fund established

4 by section twelve (12), a tax which is hereby imposed with respect to
5 wages received during the calendar year of 1953, equal to one and one-
6 half per centum ($1\frac{1}{2}\%$) of such wages; with respect to wages re-
7 ceived during the calendar years 1954 to 1959, both inclusive, not to
8 exceed two per centum (2%) of such wages; with respect to wages
9 received during the calendar years 1960 to 1964, both inclusive, not
10 to exceed two and one-half per centum ($2\frac{1}{2}\%$) of such wages; with
11 respect to wages received during the calendar years 1965 to 1969, both
12 inclusive, not to exceed three per centum (3%) of such wages; and
13 with respect to wages after December 31, 1969, not to exceed three
14 and one-fourth per centum ($3\frac{1}{4}\%$) of such wages. Such payment
15 shall be considered a condition of employment as a public employee.
16 Taxes deducted from the wages of the employee by the employer and
17 taxes imposed upon the employer shall be forwarded to the state agency
18 for recording and shall be deposited with the treasurer of state to the
19 credit of the contribution fund established by section twelve (12) of
20 this chapter.

1 SEC. 6. The tax imposed by sections five (5) and fourteen (14)
2 shall be collected by each employer from the employee by deducting
3 the amount of the tax from wages as and when paid, but failure to
4 make such deduction shall not relieve the employee from liability for
5 such taxes.

1 SEC. 7. For the purpose of the state income tax, the tax imposed
2 by this chapter shall be allowed as a deduction to the taxpayer in
3 computing his net income for the year in which such tax is deducted
4 from his wages.

1 SEC. 8. The employer shall furnish to all employees a written state-
2 ment in a form prescribed by the state agency suitable for retention
3 by the employees, showing the wages paid to the employee after Jan-
4 uary 1, 1953. Each statement shall cover a calendar year, or one,
5 two or three quarters, whether or not within the same calendar year,
6 and shall show the name of the employee, the period covered by the
7 statement, the total amount of wages paid within such period, and
8 the amount of tax imposed by this chapter with respect to such wages.
9 Each statement shall be furnished to the employee not later than
10 thirty (30) days following the period covered by the statement, ex-
11 cept that, if the employee leaves the employ of the employer, this
12 final statement shall be furnished within thirty (30) days after the
13 last payment of wages is made to the employee. The employer may,
14 at its option, furnish such a statement to any employee at the time of
15 each payment of wages to the employee during any calendar quarter,
16 in lieu of a statement covering such quarter, and, in such case, the
17 statement may show the date of payment of wages in lieu of the pe-
18 riod covered by the statement.

1 SEC. 9. If more or less than the correct amount of the tax imposed
2 by section five (5) is paid or deducted with respect to any remunera-
3 tion, proper adjustments, or refund if adjustment is impracticable,
4 shall be made in such manner and at such times as the state agency
5 shall prescribe.

1 SEC. 10. In addition to all other taxes there is hereby imposed upon
2 each employer as defined in section two (2) subsection four (4) of

3 this chapter, a tax equal to the following per centum of the wages
 4 paid by the employer to each employee: with respect to wages received
 5 during the calendar year 1953, equal to one and one-half per centum
 6 ($1\frac{1}{2}\%$) of such wages; with respect to wages received during the
 7 calendar years 1954 to 1959, both inclusive, not to exceed two per
 8 centum (2%) of such wages; with respect to wages received during the
 9 calendar years 1960 to 1964, both inclusive, not to exceed two and
 10 one-half per centum ($2\frac{1}{2}\%$) of such wages; with respect to wages
 11 received during the calendar years 1965 to 1969, both inclusive, not
 12 to exceed three per centum (3%) of such wages; and with respect to
 13 wages received after December 31, 1969, not to exceed three and one-
 14 fourth per centum ($3\frac{1}{4}\%$) of such wages. The employer shall pay
 15 its tax or contribution from funds available and is directed to pay
 16 same from tax money or from any other income available. The politi-
 17 cal subdivision is hereby authorized and directed to levy in addition
 18 to all other taxes a property tax sufficient to meet its obligations under
 19 the provisions of this chapter, if such tax levy is necessary because
 20 other funds are not available.

1 SEC. 11. Such taxes as deducted by the employer from the earnings
 2 of employees or upon the employers shall be paid in such manner, at
 3 such times and under such conditions as may be prescribed by the
 4 state agency. If more or less than the correct amount of the tax im-
 5 posed upon the employer is paid or deducted, proper adjustments or
 6 refund, if adjustment is impracticable, shall be made in such manner
 7 and at such times as the state agency shall prescribe.

1 SEC. 12. There is hereby established in the office of the treasurer
 2 of state a special fund to be known as the contribution fund. Such
 3 fund shall consist of, and there shall be deposited in such fund: (a)
 4 all taxes, interest, and penalties collected under sections 5, 10 and
 5 11; (b) all moneys appropriated thereto under this Act; (c) any prop-
 6 erty or securities and earnings thereof acquired through the use of
 7 moneys belonging to the fund; (d) interest earned upon any moneys
 8 in the fund, and (e) all sums recovered upon the bond of the custo-
 9 dian or otherwise for losses sustained by the fund and all other moneys
 10 received for the fund from any other source. Subject to the provi-
 11 sions of this Act, the state agency is vested with full power, authority
 12 and jurisdiction over the fund, including all moneys and property or
 13 securities belonging thereto, and may perform any and all acts whether
 14 or not specifically designated, which are necessary to the administra-
 15 tion thereof and are consistent with the provisions of this Act. All
 16 moneys in this fund shall be mingled and undivided.

1 SEC. 13. The contribution fund shall be established and held sep-
 2 arate and apart from any other funds or moneys of the state and shall
 3 be used and administered exclusively for the purpose of this Act.
 4 Withdrawals from such fund shall be made for, and solely for, pay-
 5 ment of amounts required to be paid to the secretary of the treasury
 6 pursuant to an agreement entered into under section 3, or the payment
 7 of refunds provided for in this Act.

1 SEC. 14. Any elective official of the state of Iowa, or any of its
 2 political subdivisions, who becomes subject to federal social security
 3 coverage under the provisions of the agreement referred to in section

4 3 of this Act shall, not later than October 1, 1953, pay into the con-
5 tribution fund established by section 12 a tax sufficient to pay in his
6 behalf an amount equal to three percent (3%) of his compensation
7 received as a public official for each year or portion thereof that he
8 has served as a public elective official since January 1, 1951, not to
9 exceed thirty-six hundred dollars (\$3600.00) for any year of service.
10 The employment security commission shall collect the tax hereby im-
11 posed and the proceeds from such tax shall be used for the purpose of
12 obtaining retroactive federal social security coverage for elective offi-
13 cials, for the period beginning January 1, 1951, in the same manner
14 as is provided in the case of other public employees by the provisions
15 in subsection "b" of section two (2) of House File 139, Laws of the
16 Fifty-fifth General Assembly in order to obtain retroactive federal
17 social security coverage during this period of time, such contribution
18 to be collected and guaranteed by the employer. The employment
19 security commission will pay any such amount contributed to provide
20 for retroactive federal social security coverage for the individual in
21 question in the same manner as other payments are made for retro-
22 active coverage of public employees.

1 SEC. 15. From the contribution fund the custodian of the fund
2 shall pay to the secretary of the treasury of the United States such
3 amounts and at such time or times as may be directed by the state
4 agency in accordance with any agreement entered into under section
5 3 of this Act and the Social Security Act, Title II.

1 SEC. 16. The treasurer of state shall be ex officio treasurer and
2 custodian of the contribution fund and shall administer such fund in
3 accordance with the provisions of this Act and the directions of the
4 state agency and shall pay all warrants drawn upon it in accordance
5 with the provisions of this section and with such regulations as the
6 state agency may prescribe pursuant thereto.

1 SEC. 17. There is hereby authorized to be appropriated annually
2 from the general fund of the state of Iowa to the contribution fund,
3 in addition to the taxes collected and paid into the contribution fund,
4 such additional sums as are found to be necessary in order to make
5 payments to the secretary of the treasury of the United States which
6 the state is obliged to make pursuant to any agreement entered into
7 under section 3.

1 SEC. 18. The state agency shall make and publish such rules and
2 regulations, not inconsistent with the provisions of this Act, as it finds
3 necessary or appropriate to the efficient administration of the func-
4 tions with which it is charged under this Act, and the state agency
5 shall comply with regulations relating to payments and reports as may
6 be prescribed by the Federal Security Administrator.

1 SEC. 19. The Iowa Employment Security Commission is authorized
2 to enter into arrangements with the Federal Bureau of Employment
3 Security whereby services performed by the commission and its em-
4 ployees both under this chapter and under the Iowa Employment Se-
5 curity chapter shall be equitably apportioned between the funds pro-
6 vided for the administration of said chapters. The money spent for
7 rentals, supplies, and equipment used by the commission in administer-

8 ing both chapters shall be equitably apportioned and charged against
9 said funds.

1 SEC. 20. This Act, being deemed of immediate importance, shall be
2 in full force and effect from and after its publication in The Tipton
3 Advertiser, a newspaper published at Tipton, Iowa, and in the Charles
4 City Daily Press, a newspaper published at Charles City, Iowa.

Approved April 22, 1953.

I hereby certify that the foregoing Act, House File 138, was published in The Tipton Advertiser, Tipton, Iowa, April 30, 1953, and in the Charles City Press, being the official name of the Charles City Daily Press, Charles City, Iowa, May 2, 1953.

MELVIN D. SYNHORST, *Secretary of State.*

CHAPTER 74

CIGARETTE TAX INCREASE

H. F. 411

AN ACT repealing subsection one (1) of section ninety-eight point six (98.6), Code 1950, and enacting a substitute therefor, relating to the taxation of cigarettes used in the state of Iowa and providing for the rate of such tax.

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

1 SECTION 1. Subsection one (1) of section ninety-eight point six
2 (98.6), Code 1950, is hereby repealed and the following enacted in lieu
3 thereof:

4 "1. There is hereby levied, assessed, and imposed, and shall be col-
5 lected and paid to the commission, the following taxes on all cigarettes
6 used or otherwise disposed of in this state for any purpose whatsoever:

7 Class A. On cigarettes weighing not more than three pounds per
8 thousand, one and one-half mills on each such cigarette.

9 Class B. On cigarettes weighing more than three pounds per thou-
10 sand, two and one-half mills on each such cigarette.

11 Class C. On cigarette papers or wrappers or any papers made or
12 prepared for the purpose of making cigarettes, made up in packages,
13 books, or sets, on each such package, book or set containing:

14 a. Fifty papers or less, three-fourths of one cent.

15 b. More than fifty papers but not more than one hundred papers,
16 one and one-half cents.

17 c. More than one hundred papers, three-fourths of one cent for
18 each fifty or fractional part thereof.

19 Class D. On tubes, one and one-half cents for each fifty tubes or
20 fractional part thereof.

21 The provisions of this Act shall be effective as of all sales made
22 after June 30, 1953."

1 SEC. 2. Any licensed distributor or permit holder having in his
2 possession on July 1, 1953, or thereafter, any cigarettes, cigarette
3 papers or tubes, for the purpose of distribution or sale, upon which
4 the full amount of the tax imposed by this Act has not been paid, shall
5 make a return to the state tax commission listing the entire amount
6 of such articles on hand, the amount of tax which has been paid upon