performed in whole or in part by the market administrator, or by an agent engaged by and responsible to him.

§ 975.88 *Cooperative association.* In the case of producers whose milk is received at a plant, not operated by a cooperative association of which such producers are members, and for whom a cooperative association is actually performing the services described in § 975.87, as determined by the market administrator, each handler shall make, in lieu of the deductions specified in § 975.87, such deductions from payments required pursuant to paragraphs (a) and (b) of § 975.80 as may be authorized by such producers, and pay such deductions on or before the 16th day after the end of each delivery period to the cooperative association rendering such services of which such producers are members.

§ 975.89 *Adjustment of accounts*—(a) *Payments.* Whenever audit by the market administrator of any handler's reports, books, records, or accounts discloses adjustments to be made, for any reason, which result in monies due (1) the market administrator from such handler, (2) such handler from the market administrator, or (3) any producer or cooperative association from such handler, the market administrator shall promptly notify such handler of any such amount due; and payment thereof shall be made on or before the next date for making payment set forth in the provision under which such error occurred, following the 5th day after such notice.

(b) *Overdue accounts.* Any unpaid obligation of a handler or of the market administrator pursuant to §§ 975.84, 975.85, 975.86, 975.87, 975.88 or 975.89 (a) shall be increased one-half of one percent on the first day of the calendar month next following the due date of such obligation and, on the first day of each calendar month thereafter until such obligation is paid.

MISCELLANEOUS PROVISIONS

§ 975.90 *Application of provisions*—(a) *Exempt milk.* Milk received at a plant of a handler, the handling of which the Secretary determines to be subject to the pricing and payment provisions of any other Federal milk marketing agreement or order issued pursuant to the act for any fluid milk marketing area shall not be subject to the pricing and payment provisions hereof.

(b) *Milk caused to be delivered by cooperative associations.* Milk referred to herein as received from producers by a handler shall include milk of producers caused to be delivered to such handler by a cooperative association which is not a handler and which is authorized to collect payment for such milk.

§ 975.91 *Effective time.* The provisions hereof, or of any amendment hereto, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated.

§ 975.92 *Suspension or termination.* The Secretary shall, whenever he finds that this order, or any provision thereof, obstructs or does not tend to effecuate the declared policy of the act, terminate or suspend the operation of this order or any such provision thereof.

§ 975.93 *Continuing obligations.* If, upon the suspension or termination of any or all provisions of this order, there are any obligations thereunder the final accrual or ascertainment of which requires further acts by any person (including the market administrator) such further acts shall be performed notwithstanding such suspension or termination.

§ 975.94 *Liquidation.* Upon the suspension or termination of the provisions hereof, except this section, the market administrator, or such other liquidating agent as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the market administrator's office, dispose of all property in his possession or control, including accounts receivable, and execute and deliver all assignments or other instruments necessary or appropriate to effectuate any such disposition. If a liquidating agent is so designated all assets, books, and records of the market administrator shall be transferred promptly to such liquidating agent. If, upon such liquidation, the funds on hand exceed the amounts required to pay outstanding obligations of the office of the market administrator and to pay necessary expenses of liquidation and distribution, such excess shall be distributed to contributing handlers and producers in an equitable manner.

§ 975.95 *Agents.* The Secretary may, by designation in writing, name any officer or employee of the United States to act as his agent or representative in connection with any of the provisions hereof.

§ 975.96 *Separability of provisions.* If any provision hereof, or its application to any person or circumstances, is held invalid, the application of such provision, and of the remaining provisions hereof, to other persons or circumstances shall not be affected thereby.

§ 975.97 *Termination of obligations.* The provisions of this section shall apply to any obligation under this order for the payment of money irrespective of when such obligation arose, except an obligation involved in an action instituted before August 1, 1949, under section 8c (15) (A) of the act or before a court.

(a) The obligation of any handler to pay money required to be paid under the terms of this order shall, except as provided in paragraphs (b) and (c) of this section, terminate two years after the last day of the calendar month during which the market administrator receives the handler's utilization report on the milk involved in such obligation, unless within such two-year period the market administrator notifies the handler in writing that such money is due and payable. Service of such notice shall be complete upon mailing to the handler's last known address; and it shall contain but need not be limited to, the following information:

(1) The amount of the obligation;

(2) The month(s) during which the milk, with respect to which the obligation exists, was received or handled; and

(3) If the obligation is payable to one or more producers or to an association of producers; the name of such producer(s) or association of producers, or if the obligation is payable to the market administrator, the account for which it is to be paid.

(b) If a handler fails or refuses, with respect to any obligation under this order, to make available to the market administrator or his representatives all books and records required by this order to be made available, the market administrator may, within the two-year period provided for in paragraph (a) of this section, notify the handler in writing of such failure or refusal. If the market administrator so notifies a handler, the said two-year period with respect to such obligation shall not begin to run until the first day of the calendar month following the month during which all such books and records pertaining to such obligation are made available to the market administrator or his representatives.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, a handler's obligation under this order to pay money shall not be terminated with respect to any transaction involving fraud or willful concealment of a fact, material to the obligation, on the part of the handler against whom the obligation is sought to be imposed.

(d) Any obligation on the part of the market administrator to pay a handler any money which such handler claims to be due him under the terms of this order shall terminate two years after the end of the calendar month during which the milk involved in the claim was received if an underpayment is claimed, or two years after the end of the calendar month during which the payment (including deduction or set-off by the market administrator) was made by the handler if a refund on such payment is claimed, unless such handler, within the applicable period of time, files, pursuant to section 8c (15) (A) of the act, a petition claiming such money.

Issued at Washington, D. C., this 28th day of August 1950, to be effective on and after the 1st day of October 1950.

[SEAL] CHARLES F. BRANNAN, *Secretary of Agriculture.*

[F. R. Doc. 50-7644; Filed, Aug. 30, 1950; 8:52 a. m.]

TITLE 20—EMPLOYEES' BENEFITS

Chapter V—Bureau of Employment Security, Department of Labor

REVISION OF REGULATIONS

The Bureau of Employment Security having been transferred from the Federal Security Agency to the Department of Labor by the President's Reorganization Plan No. 2 of 1949, effective August 19, 1949, the procedures and regulations issued by the Social Security Administration of the Federal Security Agency and contained in Parts 601, 602, 603 and 604 of 20 CFR, Chapter V, are hereby repub-

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lished with appropriate changes in the references to federal officers and agencies. Former §§ 601.9 and 601.10 are hereby rescinded as obsolete and subsequent sections renumbered. While no changes have been made in Part 604, it is republished for the sake of convenience. Part 605 is rescinded as obsolete.

Part
601 Administrative procedure.
602 Cooperation of United States Employment Service and States in establishing and maintaining a national system of public employment offices.
603 Instructions to State agencies for preparation and submittal of State plan of operation under the Wagner-Peyser Act.
604 Policies of the United States Employment Service.

PART 601—ADMINISTRATIVE PROCEDURE

SUBPART A—APPROVAL, CERTIFICATION AND FINDINGS WITH RESPECT TO STATE LAWS AND PLANS OF OPERATION FOR NORMAL AND ADDITIONAL TAX CREDIT AND GRANT PURPOSES

Sec.
601.1 General.
601.2 Approval of State unemployment compensation laws.
601.3 Findings with respect to State laws and plans of operation.
601.4 Certification for tax credit.
601.5 Withholding payments and certifications.

SUBPART B—GRANTS, ADVANCES AND AUDITS

601.6 Grants for administration of unemployment insurance and employment service.
601.7 Request for funds for servicemen's readjustment allowance program.
601.8 Agreement with Postmaster General.
601.9 Audits.

AUTHORITY: §§ 601.1 to 601.9 issued under sec. 1102, 49 Stat. 647, and sec. 12, 48 Stat. 117; 42 U. S. C. 1302, 29 U. S. C. 49k. Interpret or apply 49 Stat. 626, as amended, 53 Stat. 183, as amended, 48 Stat. 113, as amended; 42 U. S. C. 501–503, 26 U. S. C. 1600–1611, 29 U. S. C. 49–491.

SUBPART A—APPROVAL, CERTIFICATION AND FINDINGS WITH RESPECT TO STATE LAWS AND PLANS OF OPERATION FOR NORMAL AND ADDITIONAL TAX CREDIT AND GRANT PURPOSES

§ 601.1 *General.* State unemployment compensation laws are approved and certified as provided in section 1603 of the Internal Revenue Code; findings are made regarding reduced rates permitted by a State law (section 1602 (a) of the Internal Revenue Code) and such laws are certified as provided in section 1602 (b) findings are made regarding the inclusion of specified provisions (section 303 (a) of the Social Security Act) in State laws approved under section 1603 (a) of the Internal Revenue Code; findings are made whether the States have accepted the provisions of the Wagner-Peyser Act and whether their plans of operation for public employment offices comply with the provisions of said Act.

Normal and additional tax credit is given to taxpayers against taxes imposed by section 1600 of the Internal Revenue Code.

Grants of funds are made to States for administration of their employment security laws if their unemployment compensation laws and their plans of operation for public employment offices meet required conditions of Federal law. (Section 303 (a) of the Social Security Act; section 1603 (a) of the Internal Revenue Code; sections 6, 7 and 8 of the Wagner-Peyser Act.)

§ 601.2 *Approval of State unemployment compensation laws.* States may at their option submit their unemployment compensation laws for approval (section 1603 (a) of the Internal Revenue Code)

(a) *Submission.* The States submit to the Regional Representative of the Bureau of Employment Security four copies of the State unemployment compensation law, properly certified by an authorized State official to be true and complete, together with a written request for approval.

(b) *Review of State law.* The Regional Representative reviews the State law and forwards three copies to the central office of the Bureau with his comments. The Bureau reviews the Regional Representative's comments and analyzes the State law from the standpoint of the requirements of section 1603 (a) of the Internal Revenue Code.

(c) *Approval.* The Secretary of Labor determines whether the State law contains the provisions required by section 1603 (a) of the Internal Revenue Code. If the State law is approved, the Secretary notifies the Governor of the State within 30 days of the submission of such law.

(d) *Certification.* On December 31 of each taxable year the Secretary of Labor certifies, for the purposes of normal tax credit (section 1601 (a) (1) of the Internal Revenue Code) to the Secretary of the Treasury each State the law of which he has previously approved. (See also § 601.5.)

§ 601.3 *Findings with respect to State laws and plans of operation.* For purposes of grants, findings are made regarding the inclusion in State unemployment compensation laws, approved under section 1603 (a) of the Internal Revenue Code, of provisions required by section 303 (a) of the Social Security Act (see § 601.2), findings are also made whether a State has accepted the provisions of the Wagner-Peyser Act and whether its plan of operation for public employment offices complies with the provisions of said act. For purposes of additional tax credit, findings are made regarding reduced rates of contributions permitted by the State law (section 1602 (a) (1) of the Internal Revenue Code)

So that the Secretary of Labor may be enabled to determine the status of State laws and plans of operation, all relevant State materials, such as statutes, executive and administrative orders, legal opinions, rules, regulations, interpretations, court decisions, etc., are required to be submitted currently.

(a) *Submission.* The States submit currently to the Regional Representative four copies of relevant State material, properly certified by an authorized State official to be true and complete.

(b) *Review.* The Regional Representative reviews the State material and forwards three copies to the central office of the Bureau with his comments. The Bureau reviews the material from the standpoint of its conformity with section 303 (a) of the Social Security Act, section 1602 (a) of the Internal Revenue Code, or the Wagner-Peyser Act, as the case may be. If questions are raised concerning such conformity, negotiations to resolve them are undertaken with State officials. Any questions then remaining unresolved are presented to the Secretary with appropriate recommendations. If a State plan of operation for public employment offices, and any amendment thereto, complies with the provisions of the Wagner-Peyser Act, the State agency is notified of the approval of the plan or the amendment as the case may require.

(c) *Findings.* The Secretary makes findings as provided in the cited sections of the Federal law. In the event that the Secretary is unable to make the findings required for certification for payment or for certification of the law for purposes of additional tax credit, further discussions with State officials are undertaken.

§ 601.4 *Certification for tax credit.* Within 30 days after submittal of a State unemployment compensation law for such purpose, the Secretary certifies to the State agency, in accordance with the provisions of section 1602 (b) (3) of the Internal Revenue Code, his findings regarding reduced rates of contributions allowable under such law. On December 31, of each taxable year the Secretary certifies to the Secretary of the Treasury the law of each State, certified with respect to such year under section 1603 of the Internal Revenue Code (see § 601.2) which he finds allows reduced rates with respect to such taxable year only in accordance with the provisions of section 1602 (a) of the Internal Revenue Code.

With regard to certification for payment, see § 601.6.

§ 601.5 *Withholding payments and certifications*—(a) *When withheld.* Payments are not made where the provisions required by section 303 (a) of the Social Security Act are found no longer to be included in the State unemployment compensation law. In addition, payments of funds to States and/or year-end certification of State laws are withheld, after reasonable notice and opportunity for hearing, in the following circumstances as required by indicated statutory provisions:

(1) Where the State unemployment compensation law has been so changed as no longer to meet the conditions required by Federal law (sections 1602 (b) (3) and 1603 (c) of the Internal Revenue Code) or

(2) Where in the administration of the State unemployment compensation law there has been a failure to comply with required provisions of such law (section 303 (b) (2) of the Social Security Act and sections 1602 (b) (3), and 1603 (c) of the Internal Revenue Code), or

(3) Where in the administration of the State unemployment compensation law there has been a denial, in a substantial number of cases, of benefits due

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under such law (section 303 (b) (1) of the Social Security Act) or

(4) Where a State fails to make its unemployment compensation records available to the Railroad Retirement Board or fails to cooperate with Federal agencies charged with the administration of unemployment compensation laws (section 303 (c) of the Social Security Act) or

(5) Where a State no longer has a plan of operation for public employment offices complying with the provisions of the Wagner-Peyser Act; or

(6) Where a State agency has not properly expended, in accordance with an approved plan of operation, the Federal monies paid it for administration of its public employment service.

(b) *Informal discussion.* Such hearings are generally not called, however, until after every reasonable effort has been made by regional and central office representatives to resolve the question involved by conference and discussion with State officials. Formal notification of the date and place of a hearing does not foreclose further negotiations with State officials.

(c) *Notice of noncertification.* If, at any time during the taxable year, the Secretary of Labor has reason to believe that a State whose unemployment compensation law he has previously approved may not be certified, he promptly notifies the Governor of the State to that effect (section 1603 (d) of the Internal Revenue Code)

(d) *Hearings.* Hearings are held pursuant to the provisions of section 303 (b) and (c) of the Social Security Act, sections 1602 (b) (3) and (c) of the Internal Revenue Code and the Regulations of the United States Employment Service.

(1) Notice of hearing is sent by the Secretary of Labor to the State employment security agency. The notice sets forth the purpose of the hearing and the time, date and place at which the hearing will be held. At a hearing the State is given an opportunity to present arguments and all relevant evidence, written or oral. The Secretary makes the necessary determination or findings, on the basis of the record of such hearings. A notice of the Secretary's determination or finding is sent to the State employment security agency.

SUBPART B—GRANTS, ADVANCES AND AUDITS

§ 601.6 *Grants for administration of unemployment insurance and employment service.* Grants of funds for administration of State unemployment insurance and public employment service programs are made to States under section 302 (a) of the Social Security Act, the Wagner-Peyser Act, and the Appropriation Acts.

(a) *Requests for funds.* The forms and instructions used by State agencies in requesting funds are available upon request from the Bureau of Employment Security, Department of Labor, Washington 25, D. C., and at the regional offices. The forms and instructions call for detailed information for each budgetary period concerning the specific amounts requested for personal services and other current expenses of State agencies, supported by work-load and unit-cost estimates. Supplementary budget requests are processed in the same manner as regular requests. The Bureau's representatives in the regional offices furnish assistance to the State agencies in preparing requests for funds.

(b) *Processing of requests.* State agencies send their requests for funds to the Regional Representative of the Bureau who reviews the requests and forwards them to the central office of the Bureau with his recommendation as to the amounts necessary for proper and efficient administration of the State unemployment compensation law and employment service program.

The Bureau appraises the requests and the recommendations of the regional representatives from a nation-wide point of view, examining each State's request in the light of the experience of other States to insure equitable treatment among the States in the allocation of funds made available by Congress for the administration of State unemployment compensation laws and public employment service programs.

(c) *Action by Director* If the Director approves the State's budget request, the State agency is notified; and, provided the conditions precedent to grants continue during the budgetary period, certifications for payment, under the approved budget, stating the amounts, are made by the Director to the Secretary of the Treasury quarterly. Upon denial of a request, in whole or in part, the State agency is notified and the Bureau's Regional Representative is instructed to negotiate with the State with a view to removing the basis for denial.

§ 601.7 *Requests for funds for servicemen's readjustment allowance program.* Allotments of funds for the administration of the servicemen's readjustment allowance program are made to States by the Secretary of Labor upon quarterly certification by the Administrator of Veterans' Affairs under section 1100 (f) of the Servicemen's Readjustment Act of 1944. The certifications by the Administrator of Veterans' Affairs are based upon requests submitted to the Veterans' Administration by the State agencies administering unemployment insurance and employment service programs.

§ 601.8 *Agreement with Postmaster General.* The Secretary of Labor and the Postmaster General have been directed by the Congress (Title II of the Labor-Federal Security Agency Appropriation Act, 1950) to prescribe a mutually satisfactory procedure whereby official State employment security postal matter will be handled without the prepayment of postage. In lieu of such prepayments, the Director periodically certifies to the Secretary of the Treasury for payment to the Post Office Department the amount necessary to cover the cost of State agency mailings. The amount of payment is based on a formula agreed upon by the Secretary of Labor and the Post Office Department.

§ 601.9 *Audits.* As soon as practicable after the close of each budgetary period, or at other times as necessary, the books of account and records pertaining to employment security administration in each State are audited by the State Audit Branch, Division of Business Management, Bureau of Employment Security, to determine whether the expenditures have been made for purposes and in amounts found necessary by the Director for proper and efficient administration of the State's unemployment compensation law and public employment service.

(a) If the audit, as reviewed by the regional office, results in no exceptions, the agency is advised by letter of this result. If the regional office concurs in exceptions taken by the examining auditor, the State agency is given an opportunity within 15 days to concur in them or to submit additional facts for purposes of clearing the exceptions. If the agency's reply does not result in clearance of the exceptions, they are presented to the Secretary with the agency's statement of its reasons for non-concurrence.

(b) The Secretary, upon consideration of the audit report and the agency's reply, determines whether (1) the exceptions are properly taken and replacement of the amount involved is required, or (2) the exception should be withdrawn. In either case the State agency is notified of the action taken.

PART 602—COOPERATION OF UNITED STATES EMPLOYMENT SERVICE AND STATES IN ESTABLISHING AND MAINTAINING A NATIONAL SYSTEM OF PUBLIC EMPLOYMENT OFFICES

Sec.
602.1 Definitions.
602.2 Placement services.
602.3 Employment counseling and selective placement services.
602.4 Occupational analysis and industrial services.
602.5 Special service for veterans.
602.6 Labor market information service.
602.7 Participation in community programs.
602.8 Agricultural and related industry placement services.
602.9 Services and facilities.
602.10 Organization.
602.11 Arrangements between United States Employment Service and related Federal agencies.
602.12 Employment Service Manual.
602.13 Personnel administration.
602.14 Fiscal affairs.
602.15 Advisory councils.
602.16 Confidential character of records.
602.17 Reports and studies.
602.18 State plans of operations.
602.19 Delegation of authority.
602.20 Amounts and purposes of grants.
602.21 Notice and oportunity for hearing to State agency prior to withdrawal of Federal funds.

AUTHORITY: §§ 602.1 to 602.21 issued under sec. 12, 48 Stat. 117, 29 U. S. C. 49k. Interpret or apply, 48 Stat. 113, as amended, 53 Stat. 233, Pub. Law 141, 81st Cong.; 29 U. S. C. 49–49l, 38 U. S. C. 635–635f.

§ 602.1 *Definitions.* In this part, the following words shall, unless the context requires otherwise, have the following meanings:

(a) "Wagner-Peyser Act" means the Act of June 6, 1933, as amended (48 Stat. 113) and all rules, regulations, and standards promulgated thereunder.

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