days prior to transmission of the plan to the Congress through the President. The views and recommendations of the Secretary of the Interior, and the Secretary of the Army, if received by the Secretary of Agriculture prior to the expiration of the above sixty-day period, shall accompany the plan transmitted by the Secretary of Agriculture to the Congress through the President: *Provided further*, That, prior to any Federal participation in the works of improvement under this Act, the President shall issue such rules and regulations as he deems necessary or desirable to carry out the purposes of this Act, and to assure the coordination of the work authorized under this Act and related work of other agencies including the Department of the Interior and the Department of the Army.

Regulations.

Cooperative programs.

SEC. 6. The Secretary is authorized in cooperation with other Federal and with States and local agencies to make investigations and surveys of the watersheds of rivers and other waterways as a basis for the development of coordinated programs. In areas where the programs of the Secretary of Agriculture may affect public or other lands under the jurisdiction of the Secretary of the Interior, the Secretary of the Interior is authorized to cooperate with the Secretary of Agriculture in the planning and development of works or programs for such lands.

Repeals.
33 USC 701b.

SEC. 7. The provisions of the Act of June 22, 1936 (49 Stat. 1570), as amended and supplemented, conferring authority upon the Department of Agriculture under the direction of the Secretary of Agriculture to make preliminary examinations and surveys and to prosecute works of improvement for runoff and waterflow retardation and soil erosion prevention on the watersheds of rivers and other waterways are hereby repealed: *Provided*, That (a) the authority of that Department of Agriculture, under the direction of the Secretary, to prosecute the works of improvement for runoff and waterflow retardation and soil erosion prevention authorized to be carried out by the Department by the Act of December 22, 1944 (58 Stat. 887), as amended, and (b) the authority of the Secretary of Agriculture to undertake emergency measures for runoff retardation and soil erosion prevention authorized to be carried out by section 7 of the Act of June 28, 1938 (52 Stat. 1215), as amended by section 216 of the Act of May 17, 1950 (64 Stat. 163), shall not be affected by the provisions of this section.

Exception.

33 USC 701b-1.

Appropriations.

SEC. 8. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act, such sums to remain available until expended.

Short title.

SEC. 9. This Act may be cited as the "Watershed Protection and Flood Prevention Act".

Approved August 4, 1954.

Public Law 567 CHAPTER 657

August 5, 1954
[H. R. 5173]

AN ACT

To provide that the excess of collections from the Federal unemployment tax over employment security administrative expenses shall be used to establish and maintain a $200,000,000 reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

Employment Security Administrative Financing Act of 1954.

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 "Employment Security Administrative Financing Act of 1954".

49 Stat. 639.
42 USC 1101.

SEC. 2. So much of title IX of the Social Security Act as precedes section 904 thereof is hereby amended to read as follows:

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"TITLE IX—MISCELLANEOUS PROVISIONS RELATING TO EMPLOYMENT SECURITY

"APPROPRIATIONS

Unemployment Trust Fund.

"SEC. 901. (a) (1) There are hereby appropriated to the Unemployment Trust Fund, out of any moneys in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1954, and for each fiscal year thereafter, an amount equal to the amount by which—

"(A) 100 per centum of the tax (including interest, penalties, and additions to the tax) received during the fiscal year under the Federal Unemployment Tax Act and covered into the Treasury; exceeds

53 Stat. 183, 1396.
26 USC 1611.

"(B) the sum of (i) the employment security administrative expenditures for such year, (ii) the refunds of such tax (including interest on such refunds) made during such fiscal year, and (iii) the amounts appropriated by section 1202 (b) for such fiscal year.

"(2) The amount appropriated by paragraph (1) for any fiscal year shall be transferred from the general fund in the Treasury to the Unemployment Trust Fund at the close of such fiscal year. Each such transfer shall be based on estimates made by the Secretary of the Treasury as of the close of such fiscal year, but proper adjustment shall be made in the amount transferred at the close of the succeeding fiscal year to the extent that such estimates prove to be erroneous. The Secretary of the Treasury shall make his estimate of those employment security administrative expenditures for any fiscal year which are described in subsection (b) (1) only after consultation with the Secretary of Labor.

"Employment security administrative expenditures."

"(b) For the purposes of subsection (a), the term 'employment security administrative expenditures' means, in the case of any fiscal year, the sum of—

"(1) the aggregate of the amounts expended during the fiscal year for the purpose of assisting the States in (A) the administration of their unemployment compensation laws (including administration pursuant to agreements under title IV of the Veterans' Readjustment Assistance Act of 1952), (B) the establishment and maintenance of systems of public employment offices in accordance with the Act of June 6, 1933, as amended (29 U. S. C., sec. 49–49n), and (C) carrying into effect section 602 of the Servicemen's Readjustment Act of 1944, as amended; and

66 Stat. 684.
38 USC 991-999.

48 Stat. 113.
39 USC 338.

58 Stat. 294.
38 USC 695b.

"(2) the amount estimated by the Secretary of Labor as equal to the necessary expenses incurred during the fiscal year for the performance by the Department of Labor of its functions (except its functions with respect to Puerto Rico and the Virgin Islands) under (i) this title and titles III and XII of this Act, (ii) the Federal Unemployment Tax Act, (iii) the provisions of the Act of June 6, 1933, as amended, (iv) title IV (except section 602) of the Servicemen's Readjustment Act of 1944, as amended, and (v) title IV of the Veterans' Readjustment Act of 1952; and

"(3) the amount estimated by the Secretary of the Treasury as equal to the necessary expenses incurred during the fiscal year for the performance by the Department of the Treasury of its functions under this title and titles III and XII of this Act and under the Federal Unemployment Tax Act.

"AMOUNTS CREDITED TO FEDERAL UNEMPLOYMENT ACCOUNT

"SEC. 902. Whenever any amount is transferred to the Unemployment Trust Fund under section 901 (a), there shall be credited (as

of the beginning of the succeeding fiscal year) to the Federal unemployment account so much of such amount as equals whichever of the following is the lesser:

"(1) The total amount so transferred; or

"(2) The amount by which $200,000,000 exceeds the adjusted balance in the Federal unemployment account at the close of the fiscal year for which the transfer is made.

"Adjusted balance."

For the purposes of the preceding sentence, the term 'adjusted balance' means the amount by which the balance in the Federal unemployment account exceeds the sum of the outstanding advances under section 1202 (c) to the Federal unemployment account.

Post, p. 672.

"AMOUNTS CREDITED TO STATES' ACCOUNTS

"SEC. 903. (a) So much of any amount transferred to the Unemployment Trust Fund at the close of any fiscal year under section 901 (a) as is not credited to the Federal unemployment account under section 902 shall be credited (as of the beginning of the succeeding fiscal year) to the accounts of the States in the Unemployment Trust Fund. Each State's share of the funds to be credited under this subsection as of any July 1 shall be determined by the Secretary of Labor and certified by him to the Secretary of the Treasury on or before that date on the basis of reports furnished by the States to the Secretary of Labor by June 1 and shall bear the same ratio to the total amount to be so credited as the amount of wages subject to contributions under such State unemployment compensation law during the preceding calendar year which have been reported to the State by May 1 bears to the total of wages subject to contributions under all State compensation laws during such calendar year which have been reported to the States by such May 1.

"(b) If the Secretary of Labor finds that on July 1 of any fiscal year—

42 USC 503.

"(1) a State is not eligible for certification under section 303, or

26 USC 1603.

"(2) the law of a State is not approvable under section 1603 of the Federal Unemployment Tax Act,

then the amount available for crediting to such State's account shall, in lieu of being so credited, be credited to the Federal unemployment account as of the beginning of such July 1. If, during the fiscal year beginning on such July 1, the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, that the law of such State is approvable under such section 1603, or both, the Secretary of the Treasury shall transfer such amount from the Federal unemployment account to the account of such State. If the Secretary of Labor does not so find and certify to the Secretary of the Treasury before the close of such fiscal year then the amount which was available for credit to such State's account as of July 1 of such fiscal year shall (as of the close of such fiscal year) become unrestricted as to use as part of the Federal unemployment account.

"(c) (1) Amounts credited to the account of a State pursuant to subsection (a) shall, except as provided in paragraph (2), be used only in the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration.

"(2) A State may, pursuant to a specific appropriation made by the legislative body of the State, use money withdrawn from its account in the payment of expenses incurred by it for the administration of its unemployment compensation law and public employment offices if and only if—

"(A) the purposes and amounts were specified in the law making the appropriation,

"(B) the appropriation law did not authorize the expenditure of such money after the close of the two-year period which began on the date of enactment of the appropriation law,

"(C) the money is withdrawn and the expenses are incurred after such date of enactment, and

"(D) the appropriation law limits the total amount which may be so used during a fiscal year to an amount which does not exceed the amount by which (i) the aggregate of the amounts credited to the account of such State pursuant to subsection (a) during such fiscal year and the four preceding fiscal years, exceeds (ii) the aggregate of the amounts used by the State pursuant to this paragraph and charged against the amounts credited to the account of such State during any of such five fiscal years.

For the purposes of subparagraph (D), amounts used by a State during any fiscal year shall be charged against equivalent amounts which were first credited and which have not previously been so charged; except that no amount used during any fiscal year may be charged against any amount credited during a fiscal year earlier than the fourth preceding fiscal year."

SEC. 3. Title XII of the Social Security Act is hereby amended to read as follows: 58 Stat. 790. 42 USC 1321.

"TITLE XII—ADVANCES TO STATE UNEMPLOYMENT FUNDS

"SEC. 1201. (a) If—

"(1) the balance in the unemployment fund of a State in the Unemployment Trust Fund at the close of September 30, 1953, or at the close of the last day in any ensuing calendar quarter, is less than the total compensation paid out under the unemployment compensation law of such State during the twelve-month period ending at the close of such day; Eligibility requirements.

"(2) the Governor of such State applies to the Secretary of Labor during the calendar quarter following such day for an advance under this subsection; and

"(3) the Secretary of Labor finds that the conditions specified in paragraphs (1) and (2) have been met,

the Secretary of Labor shall certify to the Secretary of the Treasury such amounts as may be specified in the application of the Governor, but the aggregate of the amounts so certified pursuant to any such application shall not exceed the highest total compensation paid out under the unemployment compensation law of such State during any one of the four calendar quarters preceding the quarter in which such application was made. For the purposes of this subsection, (A) the application shall be made on such forms, and shall contain such information and data (fiscal and otherwise) concerning the operation and administration of the State unemployment compensation law, as the Secretary of Labor deems necessary or relevant to the performance of his duties under this title, and (B) the term 'compensation' means cash benefits payable to individuals with respect to their unemployment, exclusive of expenses of administration. Certification. Application.

"(b) The Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, transfer from the Federal unemployment account to the account of any State in the Unemployment Trust Fund the amounts certified under subsection (a) by the Secretary of Labor (but not exceeding that portion of the balance in the Federal unemployment account at the time of such transfer which is not restricted as to use pursuant to section 903 (b)). Any amount Transfer of funds. *Ante*, p. 670.

so transferred shall be an advance which shall be repaid (without interest) by the State to the Federal unemployment account in the manner provided in subsections (a) and (b) (1) of section 1202.

Repayments.

"SEC. 1202. (a) The Governor of any State may at any time request that funds be transferred from the account of such State to the Federal unemployment account in repayment of part or all of any remaining balance of advances made to such State under section 1201. The Secretary of Labor shall certify to the Secretary of the Treasury the amount stated in such request; and the Secretary of the Treasury shall promptly transfer such amount.

Appropriations.

"(b) (1) There are hereby appropriated to the Unemployment Trust Fund for credit to the Federal unemployment account, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts by which (A) 100 per centum of the additional tax received under the Federal Unemployment Tax Act by reason of the reduced credits provisions of section 1601 (c) (2) of such Act and covered into the Treasury, exceeds (B) the amounts appropriated by paragraph (2). Any amount so appropriated shall be credited against, and shall operate to reduce, the remaining balance of advances under section 1201 to the State with respect to which employers paid such additional tax.

26 USC 1611. *Infra.*

"(2) Whenever the amount of such additional tax paid, received, and covered into the Treasury exceeds the remaining balance of advances under section 1201 to the State, there is hereby appropriated to the Unemployment Trust Fund for credit to the account of such State, out of any moneys in the Treasury not otherwise appropriated, an amount equal to such excess.

"(3) The amounts appropriated by paragraphs (1) and (2) shall be transferred at the close of the month in which the moneys were covered into the Treasury to the Unemployment Trust Fund for credit to the Federal unemployment account or to the account of the State, as the case may be, as of the first day of the succeeding month.

Advances.

"(c) There are hereby authorized to be appropriated to the Federal unemployment account, as repayable advances (without interest), such sums as may be necessary to carry out the purposes of this title.

"Governor."

"SEC. 1203. When used in this title, the term 'Governor' shall include the Commissioners of the District of Columbia."

SEC. 4. Section 1601 (c) of the Internal Revenue Code (Federal Unemployment Tax Act) is hereby amended to read as follows:

26 USC 1601(c).

"(c) LIMIT ON TOTAL CREDITS.—

"(1) The total credits allowed to a taxpayer under this section shall not exceed 90 per centum of the tax against which such credits are allowable.

"(2) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act, and if any balance of such advance or advances has not been returned to the Federal unemployment account as provided in that title before December 1 of the taxable year, then the total credits (after other reductions under this section) otherwise allowable under this section for such taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced—

Ante, p. 671.

"(A) in the case of a taxable year beginning with the fourth consecutive January 1 on which such a balance of unreturned advances existed, by 5 per centum of the tax imposed by section 1600 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

26 USC 1600.

"(B) in the case of any succeeding taxable year beginning with a consecutive January 1 on which such a balance of unreturned advances existed, by an additional 5 per centum, for each such succeeding taxable year, of the tax imposed by section 1600 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State.

For the purposes of this paragraph, wages shall be attributable to a particular State if they are subject to the unemployment compensation law of the State, or (if not subject to the unemployment compensation law of any State) if they are determined (under rules or regulations prescribed by the Secretary) to be attributable to such State."

Wages.

SEC. 5. (a) (1) Section 303 (a) (5) of the Social Security Act is hereby amended by striking out the semicolon and inserting in lieu thereof a colon and the following: "*Provided further*, That the amounts specified by section 903 (c) (2) may, subject to the conditions prescribed in such section, be used for expenses incurred by the State for administration of its unemployment compensation law and public employment offices;".

60 Stat. 991. 42 USC 503(a)(5).

Ante, p. 670.

(2) Section 1603 (a) (4) of the Internal Revenue Code is hereby amended by striking out the semicolon and inserting in lieu thereof a colon and the following: "*Provided further*, That the amounts specified by section 903 (c) (2) of the Social Security Act may, subject to the conditions prescribed in such section, be used for expenses incurred by the State for administration of its unemployment compensation law and public employment offices;".

26 USC 1603 (a)(4).

Ante, p. 670.

(3) Section 1607 (f) of the Internal Revenue Code is hereby amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "*Provided further*, That the amounts specified by section 903 (c) (2) of the Social Security Act may, subject to the conditions prescribed in such section, be used for expenses incurred by the State for administration of its unemployment compensation law and public employment offices.".

26 USC 1607(f).

Ante, p. 670.

(b) Section 904 (a) of the Social Security Act is hereby amended by striking out "or deposited pursuant to appropriations to the Federal unemployment account" and inserting in lieu thereof ", or otherwise deposited in or credited to the Fund or any account therein".

58 Stat. 789. 42 USC 1104(a).

(c) Section 904 (b) of the Social Security Act is hereby amended by adding at the end thereof the following new sentence: "Advances to the Federal unemployment account pursuant to section 1202 (c) shall not be invested."

49 Stat. 641. 42 USC 1104(b).

Ante, p. 672.

(d) Section 904 (e) of the Social Security Act is hereby amended by adding at the end thereof the following new sentence: "For the purposes of this subsection, the average daily balance shall be computed—

42 USC 1104(e).

"(1) in the case of any State account, by reducing (but not below zero) the amount in the account by the aggregate of the outstanding advances under section 1201 from the Federal unemployment account, and

Ante, p. 671.

"(2) in the case of the Federal unemployment account, (A) by adding to the amount in the account the aggregate of the reductions under paragraph (1), and (B) by subtracting from the sum so obtained the aggregate of the outstanding advances from the Treasury to the account pursuant to section 1202 (c)."

Ante, p. 672.

(e) Section 904 (g) of the Social Security Act is hereby repealed.

Repeal. 42 USC 1104(g).

(f) (1) Clause (2) of the second sentence of section 904 (h) of the Social Security Act is hereby amended to read as follows: "(2) the excess of taxes collected under the Federal Unemployment Tax Act

61 Stat. 794; 64 Stat. 560. 42 USC 1104(h).

after June 30, 1946, and prior to July 1, 1953, over the unemployment administrative expenditures made after June 30, 1946, and prior to July 1, 1953".

(2) The third sentence of such section 904 (h) is hereby repealed.

Approved August 5, 1954.

Public Law 568 CHAPTER 658

August 5, 1954
[H. R. 303]

AN ACT

To transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes.

Indian hospitals. Transfer to Public Health Service.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all functions, responsibilities, authorities, and duties of the Department of the Interior, the Bureau of Indian Affairs, Secretary of the Interior, and the Commissioner of Indian Affairs relating to the maintenance and operation of hospital and health facilities for Indians, and the conservation of the health of Indians, are hereby transferred to, and shall be administered by, the Surgeon General of the United States Public Health Service, under the supervision and direction of the Secretary of Health, Education, and Welfare: *Provided*, That hospitals now in operation for a specific tribe or tribes of Indians shall not be closed prior to July 1, 1956, without the consent of the governing body of the tribe or its organized council.

Restriction.

HEW transfer to state or private institutions.

SEC. 2. Whenever the health needs of the Indians can be better met thereby, the Secretary of Health, Education, and Welfare is authorized in his discretion to enter into contracts with any State, Territory, or political subdivision thereof, or any private nonprofit corporation, agency or institution providing for the transfer by the United States Public Health Service of Indian hospitals or health facilities, including initial operating equipment and supplies.

Condition.

It shall be a condition of such transfer that all facilities transferred shall be available to meet the health needs of the Indians and that such health needs shall be given priority over those of the non-Indian population. No hospital or health facility that has been constructed or maintained for a specific tribe of Indians, or for a specific group of tribes, shall be transferred by the Secretary of Health, Education, and Welfare to a non-Indian entity or organization under this Act unless such action has been approved by the governing body of the tribe, or by the governing bodies of a majority of the tribes, for which such hospital or health facility has been constructed or maintained: *Provided*, That if, following such transfer by the United States Public Health Service, the Secretary of Health, Education, and Welfare finds the hospital or health facility transferred under this section is not thereafter serving the need of the Indians, the Secretary of Health, Education, and Welfare shall notify those charged with management thereof, setting forth needed improvements, and in the event such improvements are not made within a time to be specified, shall immediately assume management and operation of such hospital or health facility.

Restriction.

Failure to meet requirements.

HEW regulations.

SEC. 3. The Secretary of Health, Education, and Welfare is also authorized to make such other regulations as he deems desirable to carry out the provisions of this Act.

Personnel, etc.

SEC. 4. The personnel, property, records, and unexpended balances of appropriations, allocations, and other funds (available or to be made available), which the Director of the Bureau of the Budget shall determine to relate primarily to the functions transferred to the