

## 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 [Reserved]
- 601.8 Agreement with Postmaster General.
- 601.9 Audits.

AUTHORITY: 5 U.S.C. 301; 26 U.S.C. Chapter 23; 29 U.S.C. 49k; 38 U.S.C. Chapters 41 and 42; 39 U.S.C. 3202(a)(1)(E) and 3202 note; 42 U.S.C. 1302; and Secretary of Labor's Order No. 4-75, 40 FR 18515.

SOURCE: 15 FR 5886, Aug. 31, 1950; 23 FR 1267, Mar. 1, 1958, unless otherwise noted.

### 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.

(a) State unemployment compensation laws are approved and certified as provided in section 3304 of the Internal Revenue Code of 1954; findings are made regarding reduced rates permitted by a State law (section 3303(a) of the Internal Revenue Code of 1954) and such laws are certified as provided in section 3303(b) of the Internal Revenue Code of 1954; findings are made regarding the inclusion of specified provisions (section 303(a) of the Social Security Act) in State laws approved under section 3304(a) of the Internal Revenue Code of 1954; findings are made whether the States have accepted the provisions of the Wagner-Peyser Act and whether their plans of oper-

ation for public employment offices comply with the provisions of said Act.

(b) Normal and additional tax credit is given to taxpayers against taxes imposed by section 3301 of the Internal Revenue Code of 1954.

(c) 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 3304(a) of the Internal Revenue Code of 1954; sections 6, 7, and 8 of the Wagner-Peyser Act.)

(d) As used throughout this Part, the terms "Secretary" or "Secretary of Labor" shall refer to the Secretary of Labor, U.S. Department of Labor, or his or her designee.

[15 FR 5886, Aug. 31, 1950; 23 FR 1267, Mar. 1, 1958, as amended at 61 FR 19983, May 3, 1996]

#### § 601.2 Approval of State unemployment compensation laws.

States may at their option submit their unemployment compensation laws for approval (section 3304(a) of the Internal Revenue Code of 1954).

(a) *Submission.* The States submit to the Regional Administrator, Employment and Training Administration (RAETA) two 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 RAETA reviews the State law and forwards one copy to the central office of the Employment and Training Administration with his comments. The central office reviews the RAETA's comments and analyzes the State law from the standpoint of the requirements of section 3304(a) of the Internal Revenue Code of 1954.

(c) *Approval.* The Secretary of Labor determines whether the State law contains the provisions required by section 3304(a) of the Internal Revenue Code of 1954. 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

### § 601.3

Labor certifies, for the purposes of normal tax credit (section 3302(a)(1) of the Internal Revenue Code of 1954), to the Secretary of the Treasury each State the law of which he has previously approved. (See also § 601.5.)

(Approved by the Office of Management and Budget under control number 1205-0222)

[15 FR 5886, Aug. 31, 1950; 23 FR 1267, Mar. 1, 1958, as amended at 49 FR 18295, Apr. 30, 1984; 50 FR 51241, Dec. 16, 1985]

### § 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 3304(a) of the Internal Revenue Code of 1954, 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 3303(a) (1) of the Internal Revenue Code of 1954).

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 RAETA two copies of relevant State material, properly certified by an authorized State official to be true and complete.

(b) *Review.* The RAETA reviews the State material and forwards one copy to the central office with his comments. The central office reviews the material from the standpoint of its conformity with section 303(a) of the Social Security Act, section 3303(a) of the Internal Revenue Code of 1954, or the Wagner-Peyser Act, as the case may be.

(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

### 20 CFR Ch. V (4-1-03 Edition)

for payment or for certification of the law for purposes of additional tax credit, further discussions with State officials are undertaken.

(Approved by the Office of Management and Budget under control number 1205-0222)

[15 FR 5886, Aug. 31, 1950; 23 FR 1267, Mar. 1, 1958, as amended at 49 FR 18295, Apr. 30, 1984; 50 FR 51241, Dec. 16, 1985]

### § 601.4 Certification for tax credit.

(a) 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 3303(b)(3) of the Internal Revenue Code of 1954, 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 3304 of the Internal Revenue Code of 1954 (see § 601.2), which he finds allows reduced rates with respect to such taxable year only in accordance with the provisions of section 3303(a) of the Internal Revenue Code of 1954.

(b) With regard to certification for payment, see § 601.6.

### § 601.5 Withholding payments and certifications.

(a) *When withheld.* Payment of funds to States or yearend certification of State laws, or both, are withheld when the Secretary finds, after reasonable notice and opportunity for hearing:

(1) That any provision required by section 303(a) of the Social Security Act is no longer included in the State unemployment compensation law; or

(2) That the State unemployment compensation law has been so changed as no longer to meet the conditions required by section 3303(a) of the Internal Revenue Code of 1954 (section 3303(b)(3) of the Internal Revenue Code); or

(3) That the State unemployment compensation law has been so amended as no longer to contain the provisions specified in section 3304(a) or has failed to comply substantially with any such provision and such finding has become effective (section 3304(c) of the Internal Revenue Code of 1954); or