

sidered a reference to the day for the observance of such holiday prescribed in such amended section 6103 (a).

SEC. 2. The amendment made by subsection (a) of the first section of this Act shall take effect on January 1, 1971.

Effective date.

Approved June 28, 1968.

Public Law 90-364

AN ACT

June 28, 1968

To increase revenues, to limit expenditures and new obligational authority, and for other purposes.

[H. R. 15414]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Revenue and  
Expenditure Control Act of 1968.

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Revenue and Expenditure Control Act of 1968”.

(b) **TABLE OF CONTENTS.**—

**TITLE I—INTERNAL REVENUE CODE AMENDMENTS**

Sec. 101. Amendment of existing law.

Sec. 102. Imposition of tax surcharge.

Sec. 103. Payment of estimated tax by corporations.

Sec. 104. Special rules for application of sections 102 and 103.

Sec. 105. Continuation of excise taxes on communication services and on automobiles.

Sec. 106. Timely mailing of deposits.

Sec. 107. Industrial development bonds.

Sec. 108. Advertising in a political convention program.

Sec. 109. Tax-exempt status of certain hospital service organizations.

Sec. 110. Submission of proposals for tax reform.

**TITLE II—EXPENDITURE AND RELATED CONTROLS**

Sec. 201. Limitation on the number of civilian officers and employees in the executive branch.

Sec. 202. Reduction of \$6 billion in expenditures during fiscal year 1969.

Sec. 203. Reduction of \$10 billion in new obligational authority.

Sec. 204. Specific recommendations for \$8 billion rescission in old obligational authority.

Sec. 205. Application of certain formulas.

**TITLE III—SOCIAL SECURITY ACT AMENDMENTS**

Sec. 301. Limitation on number of children with respect to whom Federal payments may be made under program of aid to families with dependent children.

Sec. 302. Aid to families with dependent children in case of unemployed fathers receiving unemployment compensation.

Sec. 303. Federal payments under medical assistance program for certain services includible under supplementary medical insurance program.

**TITLE I—INTERNAL REVENUE CODE AMENDMENTS**

**SEC. 101. AMENDMENT OF EXISTING LAW.**

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

**SEC. 102. IMPOSITION OF TAX SURCHARGE.**

(a) **IMPOSITION OF TAX.**—Subchapter A of chapter 1 (relating to determination of tax liability) is amended by inserting at the end thereof the following new part:

68A Stat. 4.  
26 USC 1-48.

“PART V—TAX SURCHARGE

“Sec. 51. Tax surcharge.

“SEC. 51. TAX SURCHARGE.

“(a) IMPOSITION OF TAX.—

“(1) CALENDAR YEARS.—

“(A) INDIVIDUALS (OTHER THAN ESTATES AND TRUSTS).—

In addition to the other taxes imposed by this chapter, there is hereby imposed on the income of every individual (other than an estate or trust) whose taxable year is the calendar year a tax as follows:

CALENDAR YEAR 1968

TABLE 1.—Single person (other than head of household) and married person filing separate return

If the adjusted tax is:			If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is—	At least	But less than	The tax is—	At least	But less than	The tax is—
0	\$148	0	\$275	\$282	\$20	\$527	\$540	\$40
\$148	155	\$1	282	288	21	540	553	41
155	162	2	288	298	22	553	567	42
162	168	3	298	313	23	567	580	43
168	175	4	313	327	24	580	593	44
175	182	5	327	340	25	593	607	45
182	188	6	340	353	26	607	620	46
188	195	7	353	367	27	620	633	47
195	202	8	367	380	28	633	647	48
202	208	9	380	393	29	647	660	49
208	215	10	393	407	30	660	673	50
215	222	11	407	420	31	673	687	51
222	228	12	420	433	32	687	700	52
228	235	13	433	447	33	700	713	53
235	242	14	447	460	34	713	727	54
242	248	15	460	473	35	727	734	55
248	255	16	473	487	36	734 and over, 7.5% of the adjusted tax		
255	262	17	487	500	37			
262	268	18	500	513	38			
268	275	19	513	527	39			

TABLE 2.—Head of household

If the adjusted tax is:			If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is—	At least	But less than	The tax is—	At least	But less than	The tax is—
0	\$223	0	\$350	\$357	\$20	\$527	\$540	\$40
\$223	230	\$1	357	363	21	540	553	41
230	237	2	363	370	22	553	567	42
237	243	3	370	377	23	567	580	43
243	250	4	377	383	24	580	593	44
250	257	5	383	390	25	593	607	45
257	263	6	390	397	26	607	620	46
263	270	7	397	403	27	620	633	47
270	277	8	403	410	28	633	647	48
277	283	9	410	417	29	647	660	49
283	290	10	417	423	30	660	673	50
290	297	11	423	430	31	673	687	51
297	303	12	430	437	32	687	700	52
303	310	13	437	447	33	700	713	53
310	317	14	447	460	34	713	727	54
317	323	15	460	473	35	727	734	55
323	330	16	473	487	36	734 and over, 7.5% of the adjusted tax		
330	337	17	487	500	37			
337	343	18	500	513	38			
343	350	19	513	527	39			

TABLE 3.—Married persons or surviving spouse filing joint return

If the adjusted tax is:			If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is—	At least	But less than	The tax is—	At least	But less than	The tax is—
0	\$293	0	\$420	\$427	\$20	\$553	\$560	\$40
\$293	300	\$1	427	433	21	560	567	41
300	307	2	433	440	22	567	573	42
307	313	3	440	447	23	573	580	43
313	320	4	447	453	24	580	593	44
320	327	5	453	460	25	593	607	45
327	333	6	460	467	26	607	620	46
333	340	7	467	473	27	620	633	47
340	347	8	473	480	28	633	647	48
347	353	9	480	487	29	647	660	49
353	360	10	487	493	30	660	673	50
360	367	11	493	500	31	673	687	51
367	373	12	500	507	32	687	700	52
373	380	13	507	513	33	700	713	53
380	387	14	513	520	34	713	727	54
387	393	15	520	527	35	727	734	55
393	400	16	527	533	36	734 and over, 7.5% of the adjusted tax		
400	407	17	533	540	37			
407	413	18	540	547	38			
413	420	19	547	553	39			

CALENDAR YEAR 1969

TABLE 1.—Single person (other than head of household) and married person filing separate return

If the adjusted tax is:			If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is—	At least	But less than	The tax is—	At least	But less than	The tax is—
0	\$150	0	\$270	\$280	\$13	\$510	\$530	\$26
\$150	160	\$1	280	290	14	530	550	27
160	170	2	290	310	15	550	570	28
170	180	3	310	330	16	570	590	29
180	190	4	330	350	17	590	610	30
190	200	5	350	370	18	610	630	31
200	210	6	370	390	19	630	650	32
210	220	7	390	410	20	650	670	33
220	230	8	410	430	21	670	690	34
230	240	9	430	450	22	690	710	35
240	250	10	450	470	23	710	730	36
250	260	11	470	490	24	730 and over, 5% of the adjusted tax		
260	270	12	490	510	25			

TABLE 2.—Head of household

If the adjusted tax is:			If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is—	At least	But less than	The tax is—	At least	But less than	The tax is—
0	\$225	0	\$345	\$355	\$13	\$510	\$530	\$26
\$225	235	\$1	355	365	14	530	550	27
235	245	2	365	375	15	550	570	28
245	255	3	375	385	16	570	590	29
255	265	4	385	395	17	590	610	30
265	275	5	395	405	18	610	630	31
275	285	6	405	415	19	630	650	32
285	295	7	415	425	20	650	670	33
295	305	8	425	435	21	670	690	34
305	315	9	435	450	22	690	710	35
315	325	10	450	470	23	710	730	36
325	335	11	470	490	24	730 and over, 5% of the adjusted tax		
335	345	12	490	510	25			

TABLE 3.—Married persons or surviving spouse filing joint return

If the adjusted tax is:			If the adjusted tax is:			If the adjusted tax is:		
At least	But less than	The tax is—	At least	But less than	The tax is—	At least	But less than	The tax is—
0	\$295	0	\$415	\$425	\$13	\$545	\$555	\$26
\$295	305	\$1	425	435	14	555	565	27
305	315	2	435	445	15	565	575	28
315	325	3	445	455	16	575	590	29
325	335	4	455	465	17	590	610	30
335	345	5	465	475	18	610	630	31
345	355	6	475	485	19	630	650	32
355	365	7	485	495	20	650	670	33
365	375	8	495	505	21	670	690	34
375	385	9	505	515	22	690	710	35
385	395	10	515	525	23	710	730	36
395	405	11	525	535	24	730 and over, 5% of the adjusted tax		
405	415	12	535	545	25			

“(B) OTHER PERSONS.—In addition to the other taxes imposed by this chapter, there is hereby imposed on the income of every corporation, and on the income of every estate and trust, whose taxable year is the calendar year, a tax equal to the percent of the adjusted tax (as defined in subsection (b)) for the taxable year specified in the following table:

Calendar year	Percent	
	Estates and trusts	Corporations
1968	7.5	10.0
1969	5.0	5.0

“(2) FISCAL AND SHORT TAXABLE YEARS.—

“(A) IN GENERAL.—In addition to the other taxes imposed by this chapter and except as provided in subparagraph (B), in the case of taxable years ending on or after the effective date of the surcharge and beginning before July 1, 1969, there is hereby imposed on the income of every person whose taxable year is other than the calendar year, a tax equal to—

“(i) 10 percent of the adjusted tax for the taxable year, multiplied by

“(ii) a fraction, the numerator of which is the number of days in the taxable year occurring on and after the effective date of the surcharge and before July 1, 1969, and the denominator of which is the number of days in the entire taxable year.

“(B) LIMITATION.—In the case of—

“(i) a husband and wife (or surviving spouse) who file a joint return under section 6013 and whose adjusted tax for the taxable year is less than \$580,

“(ii) an individual who is a head of a household to whom section 1(b) applies and whose adjusted tax for the taxable year is less than \$440, and

“(iii) any other individual (other than an estate or trust) whose adjusted tax for the taxable year is less than \$290,

the tax imposed by subparagraph (A) shall not be greater than an amount equal to twice the tax which would be imposed by subparagraph (A) if the tax were imposed on the amount by which the adjusted tax exceeds \$290, \$220, or \$145, respectively.

68A Stat. 733.  
26 USC 6013.

68A Stat. 6;  
78 Stat. 21.

“(C) EFFECTIVE DATE DEFINED.—For purposes of subparagraph (A), the term ‘effective date of the surcharge’ means—

“Effective date of the surcharge.”

“(i) January 1, 1968, in the case of a corporation, and

“(ii) April 1, 1968, in the case of any other taxpayer.

“(b) ADJUSTED TAX DEFINED.—For purposes of this section, the term ‘adjusted tax’ means, with respect to any taxable year, the tax imposed by this chapter for such taxable year, determined without regard to—

“Adjusted tax.”

“(1) the taxes imposed by this section, section 871(a), and section 881; and

“(2) any increases in tax under section 47(a) (relating to certain dispositions, etc., of section 38 property) or section 614(c)

“(4) (C) (relating to increase in tax for deductions under section 615(a) prior to aggregation),

and reduced by an amount equal to the amount of any credit which would be allowable under section 37 (relating to retirement income) if no tax were imposed by this section for such taxable year.

“(c) ESTIMATED TAX.—For purposes of applying the provisions of this title with respect to declarations, amended declarations, and payments of estimated tax the time prescribed for filing or payment of which is on or after—

“(1) in the case of an individual, September 15, 1968, or

“(2) in the case of a corporation, June 15, 1968,

sections 6654(d) (1) and 6655(d) (1) shall not apply with respect to any taxable year for which a tax is imposed by this section.

“(d) WESTERN HEMISPHERE TRADE CORPORATIONS AND DIVIDENDS ON CERTAIN PREFERRED STOCK.—In computing, for a taxable year of a corporation, the fraction described in—

“(1) section 244(a) (2), relating to deduction with respect to dividends received on the preferred stock of a public utility,

“(2) section 247(a) (2), relating to deduction with respect to certain dividends paid by a public utility, or

“(3) section 922(2), relating to special deduction for Western Hemisphere trade corporations,

the denominator shall, under regulations prescribed by the Secretary or his delegate, be increased to reflect the rate at which tax is imposed under subsection (a) for such taxable year.

“(e) SHAREHOLDERS OF REGULATED INVESTMENT COMPANIES.—In computing the amount of tax deemed paid under section 852(b) (3) (D) (ii) and the adjustment to basis described in section 852(b) (3) (D) (iii), the percentages set forth therein shall be adjusted under regulations prescribed by the Secretary or his delegate to reflect the rate at which tax is imposed under subsection (a).

“(f) SPECIAL RULE.—For purposes of this title, to the extent the tax imposed by this section is attributable (under regulations prescribed by the Secretary or his delegate) to a tax imposed by another section of this chapter, such tax shall be deemed to be imposed by such other section.”

(b) TECHNICAL AMENDMENT.—Section 963(b) (relating to receipt of minimum distributions by domestic corporations) is amended—

(1) by striking out the heading of paragraph (1) and inserting in lieu thereof the following:

“(1) TAXABLE YEARS BEGINNING IN 1963 AND TAXABLE YEARS ENTIRELY WITHIN THE SURCHARGE PERIOD.—”, and

(2) by striking out the heading of paragraph (3) and inserting in lieu thereof the following:

80 Stat. 1547,

1555.

26 USC 871,

881.

76 Stat. 963.

72 Stat. 1637.

68A Stat. 211.

68A Stat. 15.

80 Stat. 62;

68A Stat. 825;

Post, p. 264.

68A Stat. 73;

78 Stat. 55.

70 Stat. 530.

78 Stat. 29.

“(3) TAXABLE YEARS BEGINNING AFTER 1964 (EXCEPT TAXABLE YEARS WHICH INCLUDE ANY PART OF THE SURCHARGE PERIOD).—”, and

(3) by adding after the table in paragraph (3) the following: “In the case of a taxable year beginning before the surcharge period and ending within the surcharge period, or beginning within the surcharge period and ending after the surcharge period, the required minimum distribution shall be an amount equal to the sum of—

“(A) that portion of the minimum distribution which would be required if the provisions of paragraph (1) were applicable to the taxable year, which the number of days in such taxable year which are within the surcharge period bears to the total number of days in such taxable year, plus

“(B) that portion of the minimum distribution which would be required if the provisions of paragraph (3) were applicable to such taxable year, which the number of days in such taxable year which are not within the surcharge period bears to the total number of days in such taxable year.

As used in this subsection, the term ‘surcharge period’ means the period beginning January 1, 1968, and ending June 30, 1969.”

“Surcharge period.”

(c) WITHHOLDING ON WAGES.—

(1) PERCENTAGE METHOD OF WITHHOLDING.—Subsection (a) of section 3402 (relating to requirement of withholding) is amended—

80 Stat. 38.  
26 USC 3402.

(A) by inserting before table 1 therein the following:

“(1) In the case of wages paid on or before the 15th day after the date of the enactment of the Revenue and Expenditure Control Act of 1968 or after June 30, 1969:” and

Ante, p. 251.

(B) by adding at the end thereof the following:

“(2) In the case of wages paid after the 15th day after the date of the enactment of the Revenue and Expenditure Control Act of 1968 and before July 1, 1969:

“Table 1—If the payroll period with respect to an employee is WEEKLY

“(a) Single Person—Including Head of Household:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$4.....	0.
Over \$4 but not over \$13.....	14% of excess over \$4.
Over \$13 but not over \$23.....	\$1.26 plus 15% of excess over \$13.
Over \$23 but not over \$85.....	\$2.76 plus 19% of excess over \$23.
Over \$85 but not over \$169.....	\$14.54 plus 22% of excess over \$85.
Over \$169 but not over \$212.....	\$33.02 plus 28% of excess over \$169.
Over \$212.....	\$45.06 plus 33% of excess over \$212.

“(b) Married Person:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$4.....	0.
Over \$4 but not over \$23.....	14% of excess over \$4.
Over \$23 but not over \$58.....	\$2.66 plus 15% of excess over \$23.
Over \$58 but not over \$169.....	\$7.91 plus 19% of excess over \$58.
Over \$169 but not over \$340.....	\$29.00 plus 22% of excess over \$169.
Over \$340 but not over \$423.....	\$66.62 plus 28% of excess over \$340.
Over \$423.....	\$89.86 plus 33% of excess over \$423.

Table 2—If the payroll period with respect to an employee is BIWEEKLY

“(a) Single Person—Including Head of Household:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$8.....	0.
Over \$8 but not over \$27.....	14% of excess over \$8.
Over \$27 but not over \$46.....	\$2.66 plus 15% of excess over \$27.
Over \$46 but not over \$169.....	\$5.51 plus 19% of excess over \$46.
Over \$169 but not over \$338.....	\$28.88 plus 22% of excess over \$169.
Over \$338 but not over \$423.....	\$66.06 plus 28% of excess over \$338.
Over \$423.....	\$89.86 plus 33% of excess over \$423.

“(b) Married Person:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$8.....	0.
Over \$8 but not over \$46.....	14% of excess over \$8.
Over \$46 but not over \$115.....	\$5.32 plus 15% of excess over \$46.
Over \$115 but not over \$338.....	\$15.67 plus 19% of excess over \$115.
Over \$338 but not over \$681.....	\$58.04 plus 22% of excess over \$338.
Over \$681 but not over \$846.....	\$133.50 plus 28% of excess over \$681.
Over \$846.....	\$179.70 plus 33% of excess over \$846.

Table 3—If the payroll period with respect to an employee is SEMIMONTHLY

“(a) Single Person—Including Head of Household:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$8.....	0.
Over \$8 but not over \$29.....	14% of excess over \$8.
Over \$29 but not over \$50.....	\$2.94 plus 15% of excess over \$29.
Over \$50 but not over \$183.....	\$6.09 plus 19% of excess over \$50.
Over \$183 but not over \$367.....	\$31.36 plus 22% of excess over \$183.
Over \$367 but not over \$458.....	\$71.84 plus 28% of excess over \$367.
Over \$458.....	\$97.32 plus 33% of excess over \$458.

“(b) Married Person:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$8.....	0.
Over \$8 but not over \$50.....	14% of excess over \$8.
Over \$50 but not over \$125.....	\$5.88 plus 15% of excess over \$50.
Over \$125 but not over \$367.....	\$17.13 plus 19% of excess over \$125.
Over \$367 but not over \$738.....	\$63.11 plus 22% of excess over \$367.
Over \$738 but not over \$917.....	\$144.73 plus 28% of excess over \$738.
Over \$917.....	\$194.85 plus 33% of excess over \$917.

Table 4—If the payroll period with respect to an employee is MONTHLY

“(a) Single Person—Including Head of Household:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$17.....	0.
Over \$17 but not over \$58.....	14% of excess over \$17.
Over \$58 but not over \$100.....	\$5.74 plus 15% of excess over \$58.
Over \$100 but not over \$367.....	\$12.04 plus 19% of excess over \$100.
Over \$367 but not over \$733.....	\$62.77 plus 22% of excess over \$367.
Over \$733 but not over \$917.....	\$143.29 plus 28% of excess over \$733.
Over \$917.....	\$194.81 plus 33% of excess over \$917.

“(b) Married Person:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$17.....	0.
Over \$17 but not over \$100.....	14% of excess over \$17.
Over \$100 but not over \$250.....	\$11.62 plus 15% of excess over \$100.
Over \$250 but not over \$733.....	\$34.12 plus 19% of excess over \$250.
Over \$733 but not over \$1475.....	\$125.89 plus 22% of excess over \$733.
Over \$1475 but not over \$1833.....	\$289.13 plus 28% of excess over \$1475.
Over \$1833.....	\$389.37 plus 33% of excess over \$1833.

"Table 5.—If the payroll period with respect to an employee is QUARTERLY

"(a) Single Person—Including Head of Household:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$50.....	0.
Over \$50 but not over \$175.....	14% of excess over \$50.
Over \$175 but not over \$300.....	\$17.50 plus 15% of excess over \$175.
Over \$300 but not over \$1100.....	\$36.25 plus 19% of excess over \$300.
Over \$1100 but not over \$2200.....	\$188.25 plus 22% of excess over \$1100.
Over \$2200 but not over \$2750.....	\$430.25 plus 28% of excess over \$2200.
Over \$2750.....	\$584.25 plus 33% of excess over \$2750.

"(b) Married Person:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$50.....	0.
Over \$50 but not over \$300.....	14% of excess over \$50.
Over \$300 but not over \$750.....	\$35.00 plus 15% of excess over \$300.
Over \$750 but not over \$2200.....	\$102.50 plus 19% of excess over \$750.
Over \$2200 but not over \$4425.....	\$378.00 plus 22% of excess over \$2200.
Over \$4425 but not over \$5500.....	\$867.50 plus 28% of excess over \$4425.
Over \$5500.....	\$1168.50 plus 33% of excess over \$5500.

"Table 6.—If the payroll period with respect to an employee is SEMIANNUAL

"(a) Single Person—Including Head of Household:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$100.....	0.
Over \$100 but not over \$350.....	14% of excess over \$100.
Over \$350 but not over \$600.....	\$35.00 plus 15% of excess over \$350.
Over \$600 but not over \$2200.....	\$72.50 plus 19% of excess over \$600.
Over \$2200 but not over \$4400.....	\$376.50 plus 22% of excess over \$2200.
Over \$4400 but not over \$5500.....	\$860.50 plus 28% of excess over \$4400.
Over \$5500.....	\$1168.50 plus 33% of excess over \$5500.

"(b) Married Person:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$100.....	0.
Over \$100 but not over \$600.....	14% of excess over \$100.
Over \$600 but not over \$1500.....	\$70.00 plus 15% of excess over \$600.
Over \$1500 but not over \$4400.....	\$205.00 plus 19% of excess over \$1500.
Over \$4400 but not over \$8850.....	\$756.00 plus 22% of excess over \$4400.
Over \$8850 but not over \$11,000.....	\$1735.00 plus 28% of excess over \$8850.
Over \$11,000.....	\$2337.00 plus 33% of excess over \$11,000.

"Table 7.—If the payroll period with respect to an employee is ANNUAL

"(a) Single Person—Including Head of Household:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$200.....	0.
Over \$200 but not over \$700.....	14% of excess over \$200.
Over \$700 but not over \$1200.....	\$70 plus 15% of excess over \$700.
Over \$1200 but not over \$4400.....	\$145 plus 19% of excess over \$1200.
Over \$4400 but not over \$8800.....	\$753 plus 22% of excess over \$4400.
Over \$8800 but not over \$11,000.....	\$1,721 plus 28% of excess over \$8800.
Over \$11,000.....	\$2,337 plus 33% of excess over \$11,000.



## “(b) Married Person:

If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over \$200.....	0.
Over \$200 but not over \$1200.....	14% of excess over \$200.
Over \$1200 but not over \$3000.....	\$140 plus 15% of excess over \$1200.
Over \$3000 but not over \$8800.....	\$410 plus 19% of excess over \$3000.
Over \$8800 but not over \$17,700.....	\$1,512 plus 22% of excess over \$8800.
Over \$17,700 but not over \$22,000..	\$3,470 plus 28% of excess over \$17,700.
Over \$22,000.....	\$4,674 plus 33% of excess over \$22,000.

“Table 8—If the payroll period with respect to an employee is a DAILY payroll or a miscellaneous payroll period

## “(a) Single Person—Including Head of Household:

If the amount of wages divided by the number of days in the payroll period is:	The amount of income tax to be withheld shall be the following amount multiplied by the number of days in such period:
Not over \$0.50.....	0.
Over \$0.50 but not over \$1.90.....	14% of excess over \$0.50.
Over \$1.90 but not over \$3.30.....	\$0.20 plus 15% of excess over \$1.90.
Over \$3.30 but not over \$12.10.....	\$0.41 plus 19% of excess over \$3.30.
Over \$12.10 but not over \$24.10.....	\$2.08 plus 22% of excess over \$12.10.
Over \$24.10 but not over \$30.10.....	\$4.72 plus 28% of excess over \$24.10.
Over \$30.10.....	\$6.40 plus 33% of excess over \$30.10.

## “(b) Married Person:

If the amount of wages divided by the number of days in the payroll period is:	The amount of income tax to be withheld shall be the following amount multiplied by the number of days in such period:
Not over \$0.50.....	0.
Over \$0.50 but not over \$3.30.....	14% of excess over \$0.50.
Over \$3.30 but not over \$8.20.....	\$0.39 plus 15% of excess over \$3.30.
Over \$8.20 but not over \$24.10.....	\$1.13 plus 19% of excess over \$8.20.
Over \$24.10 but not over \$48.50.....	\$4.15 plus 22% of excess over \$24.10.
Over \$48.50 but not over \$60.30.....	\$9.52 plus 28% of excess over \$48.50.
Over \$60.30.....	\$12.82 plus 33% of excess over \$60.30.”

(2) WAGE BRACKET WITHHOLDING.—Subsection (c) of section 3402 (relating to wage bracket withholding) is amended by adding at the end thereof the following new paragraph:

68A Stat. 458.  
26 USC 3402.

“(6) In the case of wages paid after the 15th day after the date of the enactment of the Revenue and Expenditure Control Act of 1968, and before July 1, 1969, the amount deducted and withheld under paragraph (1) shall be determined in accordance with tables prescribed by the Secretary or his delegate in lieu of the tables contained in paragraph (1). The tables so prescribed shall be the same as the tables contained in paragraph (1), except that amounts and rates set forth as amounts and rates of tax to be deducted and withheld shall be computed on the basis of table 7 contained in subsection (a) (2).”

Ante, p. 251.

80 Stat. 41.

Ante, p. 258.

(d) CLERICAL AMENDMENT.—The table of parts of subchapter A of chapter 1 is amended by adding at the end thereof the following:

## “Part V. Tax surcharge.”

(e) EFFECTIVE DATE.—Except as provided by section 104, the amendments made by this section (other than subsection (c)) shall apply—

Post, p. 264.

(1) Insofar as they relate to taxpayers other than corporations, to taxable years ending after March 31, 1968, and beginning before July 1, 1969.

(2) Insofar as they relate to corporations, to taxable years ending after December 31, 1967, and beginning before July 1, 1969.

**SEC. 103. PAYMENT OF ESTIMATED TAX BY CORPORATIONS.**

(a) **REPEAL OF REQUIREMENT OF DECLARATION.**—Section 6016 (relating to declarations of estimated income tax by corporations) and section 6074 (relating to time for filing declarations of estimated income tax by corporations) are repealed.

(b) **INSTALLMENT PAYMENTS OF ESTIMATED INCOME TAX BY CORPORATIONS.**—Section 6154 (relating to installment payments of estimated income tax by corporations) is amended to read as follows:

**“SEC. 6154. INSTALLMENT PAYMENTS OF ESTIMATED INCOME TAX BY CORPORATIONS.**

“(a) **CORPORATIONS REQUIRED TO PAY ESTIMATED INCOME TAX.**—Every corporation subject to taxation under section 11 or 1201(a), or subchapter L of chapter 1 (relating to insurance companies), shall make payments of estimated tax (as defined in subsection (c)) during its taxable year as provided in subsection (b) if its estimated tax for such taxable year can reasonably be expected to be \$40 or more.

“(b) **PAYMENT IN INSTALLMENTS.**—Any corporation required under subsection (a) to make payments of estimated tax (as defined in subsection (c)) shall make such payments in installments as follows:

“If the requirements of subsection (a) are first met—	The following percentages of the estimated tax shall be paid on the 15th day of the—			
	4th month	6th month	9th month	12th month
Before the 1st day of the 4th month of the taxable year.....	25	25	25	25
After the 1st day of the 3d month and before the 1st day of the 6th month of the taxable year.....		33¼	33¼	33¼
After the 1st day of the 5th month and before the 1st day of the 9th month of the taxable year.....			50	50
After the 1st day of the 8th month and before the 1st day of the 12th month of the taxable year.....				100

“(c) **ESTIMATED TAX DEFINED.**—

“(1) **IN GENERAL.**—For purposes of this title, in the case of a corporation the term ‘estimated tax’ means the excess of—

“(A) the amount which the corporation estimates as the amount of the income tax imposed by section 11 or 1201(a), or subchapter L of chapter 1, whichever is applicable, over

“(B) the sum of—

“(i) the amount which the corporation estimates as the sum of the credits against tax provided by part IV of subchapter A of chapter 1,

“(ii) in the case of a taxable year beginning after December 31, 1967, and before January 1, 1977, the amount of the corporation’s temporary estimated tax exemption for such year, and

“(iii) in the case of a taxable year beginning after December 31, 1967, and before January 1, 1972, the amount of the corporation’s transitional exemption for such year.

“(2) **TEMPORARY ESTIMATED TAX EXEMPTION.**—

“(A) **IN GENERAL.**—For purposes of clause (ii) of paragraph (1) (B), the amount of a corporation’s temporary estimated tax exemption for a taxable year equals the applicable percentage (determined under subparagraph (B)) multiplied by the lesser of—

68A Stat. 738;  
80 Stat. 1563.  
26 USC 6016.  
78 Stat. 27.

78 Stat. 25;  
80 Stat. 64.

68A Stat. 320.  
26 USC 801-843.

26 USC 31-48.

“(i) an amount equal to 22 percent of the amount which the corporation estimates as its surtax exemption (as defined in section 11(d)) for such year, or

78 Stat. 25.  
26 USC 11.

“(ii) the excess determined under paragraph (1) without regard to clauses (ii) and (iii) of paragraph (1)(B).

“(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A) and section 6655(e)(2), the applicable percentage is—

Post, p. 262.

“In the case of a taxable year beginning in—

1968, 1969, 1970, 1971, and 1972	100 percent
1973	80 percent
1974	60 percent
1975	40 percent
1976	20 percent.

“(3) TRANSITIONAL EXEMPTION.—

“(A) IN GENERAL.—For purposes of clause (iii) of paragraph (1)(B), the amount of a corporation's transitional exemption for a taxable year equals the exclusion percentage (determined under subparagraph (B)) multiplied by the lesser of—

“(i) \$100,000, reduced by the amount of the corporation's temporary estimated tax exemption for such year, or

“(ii) the excess determined under paragraph (1) without regard to clause (iii) of paragraph (1)(B).

“(B) EXCLUSION PERCENTAGE.—For purposes of subparagraph (A) and section 6655(e)(3), the exclusion percentage is—

Post, p. 262.

“In the case of a taxable year beginning in—

1968	80 percent
1969	60 percent
1970	40 percent
1971	20 percent.

“(d) RECOMPUTATION OF ESTIMATED TAX.—If, after paying any installment of estimated tax, the taxpayer makes a new estimate, the amount of each remaining installment (if any) shall be the amount which would have been payable if the new estimate had been made when the first estimate for the taxable year was made, increased or decreased (as the case may be) by the amount computed by dividing—

“(1) the difference between—

“(A) the amount of estimated tax required to be paid before the date on which the new estimate is made, and

“(B) the amount of estimated tax which would have been required to be paid before such date if the new estimate had been made when the first estimate was made, by

“(2) the number of installments remaining to be paid on or after the date on which the new estimate is made.

“(e) APPLICATION TO SHORT TAXABLE YEAR.—The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Secretary or his delegate.

“(f) INSTALLMENTS PAID IN ADVANCE.—At the election of the corporation, any installment of the estimated tax may be paid before the date prescribed for its payment.

“(g) CERTAIN FOREIGN CORPORATIONS.—For purposes of this section and section 6655, in the case of a foreign corporation subject to taxation under section 11 or 1201(a), or under subchapter L of chapter 1, the tax imposed by section 881 shall be treated as a tax imposed by section 11.”

68A Stat. 320.  
26 USC 801-  
843.  
80 Stat. 1555.

## (c) FAILURE BY CORPORATION TO PAY ESTIMATED TAX.—

(1) RAISING 70 PERCENT REQUIREMENT TO 80 PERCENT.—Subsections (b) and (d) (3) of section 6655 (relating to underpayments of estimated tax) are amended by striking out “70 percent” each place it appears therein and inserting in lieu thereof “80 percent”.

(2) DEFINITION OF TAX.—Subsection (e) of section 6655 (relating to definition of tax) is amended to read as follows:

## “(e) DEFINITION OF TAX.—

“(1) IN GENERAL.—For purposes of subsections (b) and (d), the term ‘tax’ means the excess of—

“(A) the tax imposed by section 11 or 1201 (a), or subchapter L of chapter 1, whichever is applicable, over

“(B) the sum of—

“(i) the credits against tax provided by part IV of subchapter A of chapter 1,

“(ii) in the case of a taxable year beginning after December 31, 1967, and before January 1, 1977, the amount of the corporation’s temporary estimated tax exemption for such year, and

“(iii) in the case of a taxable year beginning after December 31, 1967, and before January 1, 1972, the amount of the corporation’s transitional exemption for such year.

“(2) TEMPORARY ESTIMATED TAX EXEMPTION.—For purposes of clause (ii) of paragraph (1) (B), the amount of a corporation’s temporary estimated tax exemption for a taxable year equals the applicable percentage (determined under section 6154(c) (2) (B)) multiplied by the lesser of—

“(A) an amount equal to 22 percent of the corporation’s surtax exemption (as defined in section 11(d)) for such year, or

“(B) the excess determined under paragraph (1) without regard to clauses (ii) and (iii) of paragraph (1) (B).

“(3) TRANSITIONAL EXEMPTION.—For purposes of clause (iii) of paragraph (1) (B), the amount of a corporation’s transitional exemption for a taxable year equals the exclusion percentage (determined under section 6154(c) (3) (B)) multiplied by the lesser of—

“(A) \$100,000, reduced by the amount of the corporation’s temporary estimated tax exemption for such year, or

“(B) the excess determined under paragraph (1) without regard to clause (iii) of paragraph (1) (B).

“(4) SPECIAL RULE FOR SUBSECTION (d) (1) AND (2).—In applying this subsection for purposes of subsection (d) (1) and (2), the applicable percentage and the exclusion percentage shall be the percentage for the taxable year for which the underpayment is being determined.”

## (d) ADJUSTMENT OF OVERPAYMENT.—

(1) ALLOWANCE OF ADJUSTMENT.—Subchapter B of chapter 65 (relating to rules of special application) is amended by adding at the end thereof the following new section:

“SEC. 6425. ADJUSTMENT OF OVERPAYMENT OF ESTIMATED INCOME TAX BY CORPORATION.

## “(a) APPLICATION FOR ADJUSTMENT.—

“(1) TIME FOR FILING.—A corporation may, after the close of the taxable year and on or before the 15th day of the third month thereafter, and before the day on which it files a return for such taxable year, file an application for an adjustment of an overpay-

68A Stat. 825;  
78 Stat. 28.  
26 USC 6655.

78 Stat. 25.  
68A Stat. 320.  
26 USC 801-  
843.

26 USC 31-48.

Ante, p. 261.

26 USC 6411-  
6424.

ment by it of estimated income tax for such taxable year. An application under this subsection shall not constitute a claim for credit or refund.

“(2) FORM OF APPLICATION, ETC.—An application under this subsection shall be verified in the manner prescribed by section 6065 in the case of a return of the taxpayer, and shall be filed in the manner and form required by regulations prescribed by the Secretary or his delegate. The application shall set forth—

68A Stat. 749.  
26 USC 6065.

“(A) the estimated income tax paid by the corporation during the taxable year,

“(B) the amount which, at the time of filing the application, the corporation estimates as its income tax liability for the taxable year,

“(C) the amount of the adjustment, and

“(D) such other information for purposes of carrying out the provisions of this section as may be required by such regulations.

“(b) ALLOWANCE OF ADJUSTMENT.—

“(1) LIMITED EXAMINATION OF APPLICATION.—Within a period of 45 days from the date on which an application for an adjustment is filed under subsection (a), the Secretary or his delegate shall make, to the extent he deems practicable in such period, a limited examination of the application to discover omissions and errors therein, and shall determine the amount of the adjustment upon the basis of the application and the examination; except that the Secretary or his delegate may disallow, without further action, any application which he finds contains material omissions or errors which he deems cannot be corrected within such 45 days.

“(2) ADJUSTMENT CREDITED OR REFUNDED.—The Secretary or his delegate, within the 45-day period referred to in paragraph (1), may credit the amount of the adjustment against any liability in respect of an internal revenue tax on the part of the corporation and shall refund the remainder to the corporation.

“(3) LIMITATION.—No application under this section shall be allowed unless the amount of the adjustment equals or exceeds (A) 10 percent of the amount estimated by the corporation on its application as its income tax liability for the taxable year, and (B) \$500.

“(4) EFFECT OF ADJUSTMENT.—For purposes of this title (other than section 6655), any adjustment under this section shall be treated as a reduction, in the estimated income tax paid, made on the day the credit is allowed or the refund is paid.

“(c) DEFINITIONS.—For purposes of this section and section 6655 (g) (relating to excessive adjustment)—

“(1) The term ‘income tax liability’ means the excess of—

“(A) the tax imposed by section 11 or 1201(a), or subchapter L of chapter 1, whichever is applicable, over

“(B) the credits against tax provided by part IV of subchapter A of chapter 1.

“(2) The amount of an adjustment under this section is equal to the excess of—

“(A) the estimated income tax paid by the corporation during the taxable year, over

“(B) the amount which, at the time of filing the application, the corporation estimates as its income tax liability for the taxable year.

“(d) CONSOLIDATED RETURNS.—If the corporation seeking an adjustment under this section paid its estimated income tax on a consolidated basis or expects to make a consolidated return for the taxable

Post, p. 264.  
“Income tax liability.”  
78 Stat. 25.  
68A Stat. 320.  
26 USC 801-843.  
26 USC 31-48.

year, this section shall apply only to such extent and subject to such conditions, limitations, and exceptions as the Secretary or his delegate may by regulations prescribe.”

68A Stat. 825.  
26 USC 6655.

(2) AMENDMENT OF SECTION 6655.—Section 6655 is amended by adding at the end thereof the following new subsection:

“(g) EXCESSIVE ADJUSTMENT UNDER SECTION 6425.—

Ante, p. 262.

“(1) ADDITION TO TAX.—If the amount of an adjustment under section 6425 made before the 15th day of the third month following the close of the taxable year is excessive, there shall be added to the tax under chapter 1 for the taxable year an amount determined at the rate of 6 percent per annum upon the excessive amount from the date on which the credit is allowed or the refund is paid to such 15th day.

“(2) EXCESSIVE AMOUNT.—For purposes of paragraph (1), the excessive amount is equal to the amount of the adjustment or (if smaller) the amount by which—

Ante, p. 263.

“(A) the income tax liability (as defined in section 6425 (c) for the taxable year as shown on the return for the taxable year, exceeds

“(B) the estimated income tax paid during the taxable year, reduced by the amount of the adjustment.”

(e) CONFORMING AMENDMENTS.—

78 Stat. 53.

(1) Section 6655(d)(1) is amended by striking out “reduced by \$100,000”.

(2) Section 243(b)(3)(C)(v) is amended to read as follows:

Ante, pp. 260,  
262.

“(v) surtax exemption, and one amount under sections 6154 (c)(2) and (3) and sections 6655(e)(2) and (3), for purposes of estimated tax payment requirements under section 6154 and the addition to the tax under section 6655 for failure to pay estimated tax.”

68A Stat. 740.

(3) Section 6020(b)(1) is amended by striking out “section 6015 or 6016” and inserting in lieu thereof “section 6015”.

(4) Section 6651(c) is amended by striking out “or section 6016”.

80 Stat. 64.

(5) Section 7203 is amended by striking out “section 6015 or section 6016,” and inserting in lieu thereof “section 6015,”.

(6) Section 7701(a)(34)(B) is amended by striking out “section 6016(b)” and inserting in lieu thereof “section 6154(c)”.

Ante, p. 260.

(7) The table of sections for subpart B of part II of subchapter A of chapter 61 is amended by striking out the item relating to section 6016.

(8) The table of sections for part V of subchapter A of chapter 61 is amended by striking out the item relating to section 6074.

(9) The table of sections for subchapter B of chapter 65 is amended by adding at the end thereof the following:

“Sec. 6425. Adjustment of overpayment of estimated income tax by corporation.”

(f) EFFECTIVE DATE.—Except as provided by section 104, the amendments made by this section shall apply with respect to taxable years beginning after December 31, 1967.

#### SEC. 104. SPECIAL RULES FOR APPLICATION OF SECTIONS 102 AND 103.

(a) PAYMENT OF ESTIMATED TAX FOR TAXABLE YEARS BEGINNING BEFORE DATE OF ENACTMENT.—In determining whether any taxpayer is required to make a declaration or amended declaration of estimated tax, or to pay any amount or additional amount of estimated tax, by reason of the amendments made by sections 102 and 103—

(1) such amendments shall apply (A) in the case of an individual, only if the taxable year ends on or after September 30,

1968, and (B) in the case of a corporation, only if the taxable year ends on or after June 30, 1968.

(2) in applying sections 6015, 6073, and 6654 of the Internal Revenue Code of 1954, such amendments shall first be taken into account as of September 1, 1968, and

68A Stat. 737.  
26 USC 6015,  
6073, 6654.

(3) in applying sections 6016, 6074, 6154, and 6655 of such Code, such amendments shall first be taken into account as of May 31, 1968.

Ante, pp. 260,  
262, 264.

In the case of any amount or additional amount of estimated tax payable, by reason of such amendments, by a corporation on or after June 15, 1968, and before the 15th day after the date of the enactment of this Act, the time prescribed for payment of such amount or additional amount shall not expire before such date (not earlier than the 15th day after the date of the enactment of this Act) as the Secretary of the Treasury or his delegate shall prescribe.

(b) PAYMENT OF TAX SURCHARGE FOR TAXABLE YEARS ENDING BEFORE DATE OF ENACTMENT.—In the case of a taxable year ending before the date of the enactment of this Act, the time prescribed for payment of the tax imposed by section 51 of the Internal Revenue Code of 1954 shall not expire before September 15, 1968.

Ante, p. 252.

#### SEC. 105. CONTINUATION OF EXCISE TAXES ON COMMUNICATION SERVICES AND ON AUTOMOBILES.

##### (a) PASSENGER AUTOMOBILES.—

(1) IN GENERAL.—Subparagraph (A) of section 4061(a)(2) (relating to tax on passenger automobiles, etc.) is amended to read as follows:

80 Stat. 65.

“(A) Articles enumerated in subparagraph (B) are taxable at whichever of the following rates is applicable:

79 Stat. 137.

“If the article is sold—

	The tax rate is—
Before January 1, 1970.....	7 percent
During 1970.....	5 percent
During 1971.....	3 percent
During 1972.....	1 percent.

The tax imposed by this subsection shall not apply with respect to articles enumerated in subparagraph (B) which are sold by the manufacturer, producer, or importer after December 31, 1972.”

(2) CONFORMING AMENDMENT.—Section 6412(a)(1) (relating to floor stocks refunds on passenger automobiles, etc.) is amended by striking out “May 1, 1968, or January 1, 1969,” and inserting in lieu thereof “January 1, 1970, January 1, 1971, January 1, 1972, or January 1, 1973.”

80 Stat. 66;  
Ante, p. 92.

##### (b) COMMUNICATIONS SERVICES.—

(1) CONTINUATION OF TAX.—Paragraph (2) of section 4251(a) (relating to tax on certain communications services) is amended to read as follows:

“(2) The rate of tax referred to in paragraph (1) is as follows:

79 Stat. 145.

“Amounts paid pursuant to bills first rendered—

	Percent—
Before January 1, 1970.....	10
During 1970.....	5
During 1971.....	3
During 1972.....	1.”

(2) CONFORMING AMENDMENTS.—Subsection (b) of section 4251 (relating to termination of tax) is amended by striking out “January 1, 1969” and inserting in lieu thereof “January 1, 1973”, and subsection (c) of section 4251 is amended to read as follows:

80 Stat. 66.

“(c) SPECIAL RULE.—For purposes of subsections (a) and (b), in the case of communications services rendered before November 1 of a

calendar year for which a bill has not been rendered before the close of such year, a bill shall be treated as having been first rendered on December 31 of such year."

(3) **REPEAL OF SUBCHAPTER B OF CHAPTER 33.**—Effective with respect to amounts paid pursuant to bills first rendered on or after January 1, 1973, subchapter B of chapter 33 (relating to the tax on communications) is repealed. For purposes of the preceding sentence, in the case of communications services rendered before November 1, 1972, for which a bill has not been rendered before January 1, 1973, a bill shall be treated as having been first rendered on December 31, 1972. Effective January 1, 1973, the table of subchapters for chapter 33 is amended by striking out the item relating to such subchapter B.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect as of April 30, 1968.

**SEC. 106. TIMELY MAILING OF DEPOSITS.**

(a) **TIMELY MAILING TREATED AS TIMELY DEPOSIT.**—Section 7502 (relating to timely mailing treated as timely filing and paying) is amended by adding at the end thereof the following new subsection:

"(e) **MAILING OF DEPOSITS.**—

"(1) **DATE OF DEPOSIT.**—If any deposit required to be made (pursuant to regulations prescribed by the Secretary or his delegate under section 6302(c)) on or before a prescribed date is, after such date, delivered by the United States mail to the bank or trust company authorized to receive such deposit, such deposit shall be deemed received by such bank or trust company on the date the deposit was mailed.

"(2) **MAILING REQUIREMENTS.**—Paragraph (1) shall apply only if the person required to make the deposit establishes that—

"(A) the date of mailing falls on or before the second day before the prescribed date for making the deposit (including any extension of time granted for making such deposit), and

"(B) the deposit was, on or before such second day, mailed in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the bank or trust company authorized to receive such deposit.

In applying subsection (c) for purposes of this subsection, the term 'payment' includes 'deposit', and the reference to the postmark date refers to the date of mailing."

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply only as to mailing occurring after the date of the enactment of this Act.

**SEC. 107. INDUSTRIAL DEVELOPMENT BONDS.**

(a) **AMENDMENT OF SECTION 103.**—Section 103 (relating to interest on certain governmental obligations) is amended by relettering subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) **INDUSTRIAL DEVELOPMENT BONDS.**—

"(1) **SUBSECTION (a)(1) NOT TO APPLY.**—Except as otherwise provided in this subsection, any industrial development bond shall be treated as an obligation not described in subsection (a)(1).

"(2) **INDUSTRIAL DEVELOPMENT BOND.**—For purposes of this subsection, the term 'industrial development bond' means any obligation—

"(A) which is issued as part of an issue all or a major portion of the proceeds of which are to be used directly or indirectly in any trade or business carried on by any person who

79 Stat. 145.  
26 USC 4251-  
4254.

80 Stat. 1110.

68A Stat. 775.

"Payment."

68A Stat. 29.



is not an exempt person (within the meaning of paragraph (3)), and

“(B) the payment of the principal or interest on which (under the terms of such obligation or any underlying arrangement) is, in whole or in major part—

“(i) secured by any interest in property used or to be used in a trade or business or in payments in respect of such property, or

“(ii) to be derived from payments in respect of property, or borrowed money, used or to be used in a trade or business.

“(3) EXEMPT PERSON.—For purposes of paragraph (2)(A), the term ‘exempt person’ means—

“(A) a governmental unit, or

“(B) an organization described in section 501(c)(3) and exempt from tax under section 501(a) (but only with respect to a trade or business carried on by such organization which is not an unrelated trade or business, determined by applying section 513(a) to such organization).

68A Stat. 163.  
26 USC 501.

“(4) CERTAIN EXEMPT ACTIVITIES.—Paragraph (1) shall not apply to any obligation which is issued as part of an issue substantially all of the proceeds of which are to be used to provide—

“(A) residential real property for family units,

“(B) sports facilities,

“(C) convention or trade show facilities,

“(D) airports, docks, wharves, mass commuting facilities, parking facilities, or storage or training facilities directly related to any of the foregoing,

“(E) sewage or solid waste disposal facilities or facilities for the local furnishing of electric energy, gas, or water, or

“(F) air or water pollution control facilities.

“(5) INDUSTRIAL PARKS.—Paragraph (1) shall not apply to any obligation issued as part of an issue substantially all of the proceeds of which are to be used for the acquisition or development of land as the site for an industrial park. For purposes of the preceding sentence, the term ‘development of land’ includes the provision of water, sewage, drainage, or similar facilities, or of transportation, power, or communication facilities, which are incidental to use of the site as an industrial park, but, except with respect to such facilities, does not include the provision of structures or buildings.

“Development of  
land.”

“(6) EXEMPTION FOR CERTAIN SMALL ISSUES.—

“(A) IN GENERAL.—Paragraph (1) shall not apply to any obligation issued as part of an issue the aggregate authorized face amount of which is \$1,000,000 or less and substantially all of the proceeds of which are to be used (i) for the acquisition, construction, reconstruction, or improvement of land or property of a character subject to the allowance for depreciation, or (ii) to redeem part or all of a prior issue which was issued for purposes described in clause (i) or this clause.

“(B) CERTAIN PRIOR ISSUES TAKEN INTO ACCOUNT.—If—

“(i) the proceeds of two or more issues of obligations (whether or not the issuer of each such issue is the same) are or will be used primarily with respect to facilities located in the same incorporated municipality or located in the same county (but not in any incorporated municipality),

“(ii) the principal user of such facilities is or will be the same person or two or more related persons, and

“(iii) but for this subparagraph, subparagraph (A) would apply to each such issue, then, for purposes of subparagraph (A), in determining the aggregate face amount of any later issue there shall be taken into account the face amount of obligations issued under all prior such issues and outstanding at the time of such later issue (not including as outstanding any obligation which is to be redeemed from the proceeds of the later issue).

“(C) RELATED PERSONS.—For purposes of this paragraph and paragraph (7), a person is a related person to another person if—

“(i) the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), or

“(ii) such persons are members of the same controlled group of corporations (as defined in section 1563(a), except that ‘more than 50 percent’ shall be substituted for ‘at least 80 percent’ each place it appears therein).

“(7) EXCEPTION.—Paragraphs (4), (5), and (6) shall not apply with respect to any obligation for any period during which it is held by a person who is a substantial user of the facilities or a related person.”

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendment made by subsection (a) shall apply to taxable years ending after April 30, 1968, but only with respect to obligations issued after such date.

(2) TRANSITIONAL PROVISIONS.—Section 103(c)(1) of the Internal Revenue Code of 1954, as amended by subsection (a), shall not apply with respect to any obligation issued before January 1, 1969, if before May 1, 1968—

(A) the issuance of the obligation (or the project in connection with which the proceeds of the obligations are to be used) was authorized or approved by the governing body of the governmental unit issuing the obligation or by the voters of such governmental unit;

(B) in connection with the issuance of such obligation or with the use of the proceeds to be derived from the sale of such obligation or the property to be acquired or improved with such proceeds, a governmental unit has made a significant financial commitment;

(C) any person (other than a governmental unit) who will use the proceeds to be derived from the sale of such obligation or the property to be acquired or improved with such proceeds has expended (or has entered into a binding contract to expend) for purposes which are related to the use of such proceeds or property, an amount equal to or in excess of 20 percent of such proceeds; or

(D) in the case of an obligation issued in conjunction with a project where financial assistance will be provided by a governmental agency concerned with economic development, such agency has approved the project or an application for financial assistance is pending.

#### SEC. 108. ADVERTISING IN A POLITICAL CONVENTION PROGRAM.

(a) ALLOWANCE OF DEDUCTION.—Section 276 (relating to certain indirect contributions to political parties) is amended by redesignating subsection (c) as (d), and by inserting after subsection (b) the following new subsection:

68A Stat. 78.  
26 USC 267.

78 Stat. 120.

80 Stat. 66.

“(c) **ADVERTISING IN A CONVENTION PROGRAM OF A NATIONAL POLITICAL CONVENTION.**—Subsection (a) shall not apply to any amount paid or incurred for advertising in a convention program of a political party distributed in connection with a convention held for the purpose of nominating candidates for the offices of President and Vice President of the United States, if the proceeds from such program are used solely to defray the costs of conducting such convention (or a subsequent convention of such party held for such purpose) and the amount paid or incurred for such advertising is reasonable in light of the business the taxpayer may expect to receive—

“(1) directly as a result of such advertising, or

“(2) as a result of the convention being held in an area in which the taxpayer has a principal place of business.”

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply with respect to amounts paid or incurred on or after January 1, 1968.

**SEC. 109. TAX-EXEMPT STATUS OF CERTAIN HOSPITAL SERVICE ORGANIZATIONS.**

(a) **EXEMPTION FROM TAX.**—Section 501 (relating to exemption from tax on corporations, etc.) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

68A Stat. 163.  
26 USC 501.

“(e) **COOPERATIVE HOSPITAL SERVICE ORGANIZATIONS.**—For purposes of this title, an organization shall be treated as an organization organized and operated exclusively for charitable purposes, if—

“(1) such organization is organized and operated solely—

“(A) to perform, on a centralized basis, one or more of the following services which, if performed on its own behalf by a hospital which is an organization described in subsection (c) (3) and exempt from taxation under subsection (a), would constitute activities in exercising or performing the purpose or function constituting the basis for its exemption: data processing, purchasing, warehousing, billing and collection, food, industrial engineering, laboratory, printing, communications, record center, and personnel (including selection, testing, training, and education of personnel) services; and

“(B) to perform such services solely for two or more hospitals each of which is—

“(i) an organization described in subsection (c) (3) which is exempt from taxation under subsection (a),

“(ii) a constituent part of an organization described in subsection (c) (3) which is exempt from taxation under subsection (a) and which, if organized and operated as a separate entity, would constitute an organization described in subsection (c) (3), or

“(iii) owned and operated by the United States, a State, the District of Columbia, or a possession of the United States, or a political subdivision or an agency or instrumentality of any of the foregoing;

“(2) such organization is organized and operated on a cooperative basis and allocates or pays, within 8½ months after the close of its taxable year, all net earnings to patrons on the basis of services performed for them; and

“(3) if such organization has capital stock, all of such stock outstanding is owned by its patrons.

For purposes of this title, any organization which, by reason of the preceding sentence, is an organization described in subsection (c) (3) and exempt from taxation under subsection (a), shall be treated as a hospital and as an organization referred to in section 503 (b) (5).”

68A Stat. 166.  
26 USC 503.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

**SEC. 110. SUBMISSION OF PROPOSALS FOR TAX REFORM.**

Not later than December 31, 1968, the President shall submit to the Congress proposals for a comprehensive reform of the Internal Revenue Code of 1954.

**TITLE II—EXPENDITURE AND RELATED CONTROLS**

**SEC. 201. LIMITATION ON THE NUMBER OF CIVILIAN OFFICERS AND EMPLOYEES IN THE EXECUTIVE BRANCH.**

(a) Except as otherwise provided in this section—

(1) No person shall be appointed as a full-time civilian employee to a permanent position in the executive branch during any month when the number of such employees is greater than the number of such employees on June 30, 1966.

(2) The number of temporary and part-time employees in any department or agency in the executive branch during any month shall not be greater than the number of such employees during the corresponding month of 1967.

Vacancies.

(b) (1) During any period when appointments are otherwise prohibited under subsection (a) (1), the head of any department or agency may, except as otherwise provided in this subsection, appoint a number of persons as full-time civilian employees in permanent positions in such department or agency equal to 75 percent of the number of vacancies in such positions which have occurred during such period by reason of resignation, retirement, removal, or death.

(2) For purposes of paragraph (1), all agencies which, on the first day of any period when appointments are otherwise prohibited under subsection (a) (1), have 50 or fewer full-time civilian employees in permanent positions shall be treated as one agency, and the Director of the Bureau of the Budget (hereinafter in this section referred to as the “Director”) shall determine the vacancies in each such agency which may be filled by reason of paragraph (1).

(3) For purposes of paragraph (1), the Director may reassign vacancies from one department or agency to another department or agency when such reassignment is, in the opinion of the Director, necessary or appropriate because of the creation of a new department or agency, because of a change in functions, or for the more efficient operation of the Government.

Transfers.

(4) If a full-time civilian employee in a permanent position is transferred from one department or agency to another department or agency—

(A) such transfer shall be taken into account under paragraph (1) as an appointment by the head of the department or agency to which he transfers, and

(B) subsection (a) (1) shall not apply to an appointment to the vacancy in the department or agency from which he transferred and such vacancy shall not be taken into account under paragraph (1).

(c) For purposes of subsection (a) (2), the Director may reassign authorized temporary and part-time employment from one department or agency to another department or agency when such reassignment is, in the opinion of the Director, necessary or appropriate because of the creation of a new department or agency, because of a change in functions, or for the more efficient operation of the Government.

(d) For purposes of this section, there shall not be taken into account—

Exceptions.

(1) any position filled by appointment by the President by and with the advice and consent of the Senate, other than for purposes of determining under subsection (a) (1) the number of full-time civilian employees in permanent positions in the executive branch at any time,

(2) casual employees or employees serving without compensation, and

(3) those employees (not exceeding 70,000 during any month) appointed under the President's program to provide summer employment for economically or educationally disadvantaged persons between the ages of 16 and 22.

(e) The Director shall maintain a continuous study of all appropriations and contract authorizations in relation to personnel employed and shall reserve from expenditure the savings in salaries and wages resulting from the operation of this section, and any savings in other categories of expense which he determines will result from such operation.

(f) The departments and agencies in the executive branch shall submit to the Director such information as may be necessary to enable him to carry out his functions under this section.

(g) The Director shall submit to the Senate and the House of Representatives at the end of each calendar quarter, beginning with the quarter ending September 30, 1968, a report on the operation of this section.

Report to Congress.

(h) Nothing in this section shall supersede or modify the reemployment rights of any person under section 9 of the Military Selective Service Act of 1967 or any other provision of law conferring reemployment rights upon persons who have performed active duty in the Armed Forces.

Armed Forces. Reemployment rights. 62 Stat. 614. 50 USC app. 459.

(i) The Director shall prescribe such regulations as he deems necessary or appropriate to carry out the provisions of this section.

(j) This section (other than subsection (i)) shall take effect on the first day of the first month which begins after the date of the enactment of this Act.

Effective date.

**SEC. 202. REDUCTION OF \$6 BILLION IN EXPENDITURES DURING FISCAL YEAR 1969.**

(a) Expenditures and net lending during the fiscal year ending June 30, 1969, under the Budget of the United States Government (estimated on page 55 of House Document No. 225, Part 1, 90th Congress, as totaling \$186,062,000,000), shall not exceed \$180,062,000,000, except by expenditures and net lending—

Exceptions.

(1) which the President may determine are necessary for special support of Vietnam operations in excess of the amounts estimated therefor in the Budget,

Vietnam operations.

(2) for interest in excess of the amounts estimated therefor in the Budget,

Interest.

Veterans' benefits.

Social Security Act trust funds.

(3) for veterans' benefits and services in excess of the amounts estimated therefor in the Budget, and

(4) for payments from trust funds established by the Social Security Act, as amended, in excess of the amounts estimated therefor in the Budget.

(b) The President shall reserve from expenditure and net lending, from appropriations or other obligational authority heretofore or hereafter made available, such amounts as may be necessary to effectuate the provisions of subsection (a).

**SEC. 203. REDUCTION OF \$10 BILLION IN NEW OBLIGATIONAL AUTHORITY.**

(a) The total new obligational authority and loan authority for the fiscal year ending June 30, 1969, provided by law heretofore or hereafter enacted (estimated on page 55 of House Document No. 225, Part 1, 90th Congress, as \$201,723,000,000) shall not exceed \$191,723,000,000, except for new obligational authority and loan authority—

Exceptions.

Vietnam operations.

(1) which the President may determine are necessary for special support of Vietnam operations in excess of the amounts estimated therefor in the Budget,

Interest.

(2) for interest in excess of the amounts estimated therefor in the Budget,

Veterans' benefits.

(3) for veterans' benefits and services in excess of the amounts estimated therefor in the Budget, and

Social Security Act trust funds.

(4) for payments from trust funds established by the Social Security Act, as amended, in excess of the amounts estimated therefor in the Budget.

Reserves.

(b) In the event that the total amount of new obligational authority and loan authority for the fiscal year ending June 30, 1969, exceeds the limitation prescribed by subsection (a), the President shall reserve from such obligational and loan authority such amounts as may be necessary to effectuate the provisions of subsection (a). The amounts so reserved (other than any amounts reserved from trust funds) are hereby rescinded as of the close of June 30, 1969. The President, at the time of the submission of the Budget for the fiscal year ending June 30, 1970, shall make a report to the Congress identifying the amounts reserved pursuant to this paragraph.

Report to Congress.

**SEC. 204. SPECIFIC RECOMMENDATIONS FOR \$8 BILLION RESCISSION IN OLD OBLIGATIONAL AUTHORITY.**

The President shall cause a special study and analysis to be made of unobligated balances of appropriations and other obligational and loan authority available for obligation or commitment during the fiscal year ending June 30, 1969, which will remain available for obligation or commitment after June 30, 1969, and make a report thereon to the Congress. Such report shall be made at the time of the submission of the Budget for the fiscal year ending June 30, 1970, and shall include specific recommendations for legislation to rescind not less than \$8,000,000,000 of such unobligated balances.

Report to Congress.

**SEC. 205. APPLICATION OF CERTAIN FORMULAS.**

In the administration of any program as to which—

(1) the amount of expenditures or obligations is limited pursuant to section 202 or 203, and

(2) the allocation, grant, apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution,

the amount available for expenditure or obligation (as determined by the President) shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

### TITLE III—SOCIAL SECURITY ACT AMENDMENTS

#### SEC. 301. LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO WHOM FEDERAL PAYMENTS MAY BE MADE UNDER PROGRAM OF AID TO FAMILIES WITH DEPENDENT CHILDREN.

Subsection (d) of section 403 of the Social Security Act is amended (1) by inserting "(1)" immediately after "(d)", (2) by inserting "(except the succeeding paragraphs of this subsection)" immediately after "Act", (3) by striking out "June 30, 1968" and inserting in lieu thereof "June 30, 1969", and (4) by adding at the end of such subsection the following new paragraphs:

81 Stat. 894.  
42 USC 603.

"(2) In the case of any State which is determined by the Secretary to have effectuated, in compliance with or in reliance upon or in consideration of a judicial decision (as defined in paragraph (3)), a policy of providing aid to families with dependent children under its State plan approved under this part to or on behalf of individuals who, except for such policy, would not be eligible for such aid, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section were made to the State for the calendar quarter beginning January 1, 1968, shall, for purposes of applying the provisions of paragraph (1), be increased by the average monthly number, in the calendar quarter beginning April 1, 1969, of children under the age of 18 who are deprived of parental support or care by reason of the continued absence from the home of a parent and who by reason of such policy began to receive such aid after March 1968 and received such aid during the calendar quarter beginning April 1, 1969.

"(3) As used in paragraph (2), the term 'judicial decision' means any decision by a court of the United States of competent jurisdiction in any case or controversy in which there is decided the issue of the validity, under the United States Constitution, of any law, rule, regulation, or policy of a State under which aid to families with dependent children is denied to individuals otherwise eligible therefor because of failure to meet duration of residence requirements or because of the relationship between a male individual and the mother of the child or children with respect to whom such aid is sought."

"Judicial decision."

#### SEC. 302. AID TO FAMILIES WITH DEPENDENT CHILDREN IN CASE OF UNEMPLOYED FATHERS RECEIVING UNEMPLOYMENT COMPENSATION.

Section 407(b)(2)(C) of the Social Security Act is amended to read as follows:

81 Stat. 883.  
42 USC 607.

"(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a)—

"(i) if, and for so long as, such child's father is not currently registered with the public employment offices in the State, and

"(ii) with respect to any week for which such child's father receives unemployment compensation under an unemployment compensation law of a State or of the United States."

**SEC. 303. FEDERAL PAYMENTS UNDER MEDICAL ASSISTANCE PROGRAM FOR CERTAIN SERVICES INCLUDIBLE UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM.**

81 Stat. 901.  
42 USC 1396b.  
42 USC 1396b  
note.  
Effective date.

(a) (1) Section 1903(b) (2) of the Social Security Act is amended by striking out "1967" and inserting in lieu thereof "1969".

(2) Section 222(d) of the Social Security Amendments of 1967 is amended by striking out "1967" and inserting in lieu thereof "1969".

(b) The amendments made by subsection (a) shall be effective with respect to calendar quarters beginning after December 31, 1967.

Approved June 28, 1968, 4:02 p.m.

Public Law 90-365

AN ACT

June 29, 1968  
[H. R. 6157]

To amend section 3620 of the Revised Statutes with respect to payroll deductions for Federal employees.

Federal employ-  
ees.  
Payroll deduc-  
tions.  
79 Stat. 582.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsections (b) and (c) of section 3620 of the Revised Statutes, as amended (31 U.S.C. 492), are amended to read as follows:

"(b) (1) Notwithstanding subsection (a) of this section or any other provision of law, and under regulations to be prescribed by the Secretary of the Treasury, the head of an agency shall, upon the written request of an employee of the agency to whom a payment for wages or salary is to be made, authorize a disbursing officer to make the payment in the form of one, two, or three checks (the number of checks and the amount of each, if more than one, to be designated by such employee) by sending to each financial organization designated by such employee a check that is drawn in favor of the organization and is for credit to the checking account of such employee or is for the deposit of savings or purchase of shares for such employee: *Provided*, That the agency shall not be reimbursed for the cost of sending one check requested by such employee but shall be reimbursed for the additional cost of sending any additional check requested by such employee by the financial organization to which such check is sent. For the purposes of the foregoing proviso, the check for which the agency shall not be reimbursed shall be the check in the largest amount.

"(2) If more than one employee to whom a payment is to be made designates the same financial organization, the head of an agency may, upon the written request of such employee and under regulations to be prescribed by the Secretary of the Treasury, authorize a disbursing officer to make the payment by sending to the organization a check that is drawn in favor of the organization for the total amount designated by those employees and by specifying the amount to be credited to the account of each of those employees.

Definitions.

"(3) In this subsection, the term 'agency' means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative (except the Senate and House of Representatives), or judicial branch of the Government, any wholly owned or controlled Government corporation, and the municipal government of the District of Columbia; and the term 'financial organization' means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union.

"(c) Payment by the United States in the form of more than one check, drawn in accordance with subsection (b) and properly endorsed, shall constitute a full acquittance for the amount due to the employee requesting payment."

Approved June 29, 1968.