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Approved October 29, 1966.

Public Law 89-699

AN ACT

To amend the Railroad Retirement Act of 1937 and the Railroad Retirement Tax Act, and for other purposes.

October 30, 1966
[H. R. 17285]

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

Railroad Retirement Act of 1937 and Railroad Retirement Tax Act, amendment.

TITLE I—AMENDMENTS TO THE RAILROAD RETIREMENT ACT OF 1937 TO PROVIDE SUPPLEMENTAL ANNUITIES

SECTION 1. Section 3 of the Railroad Retirement Act of 1937 is amended by adding at the end thereof the following new subsection:

50 Stat. 310;
72 Stat. 1779.
45 USC 228c.

“SUPPLEMENTAL ANNUITIES

“(j) (1) An individual who is entitled to the payment of an annuity under section 2 of this Act (other than subsection (e) or (h) thereof) and had a current connection with the railroad industry at the time such annuity began to accrue, shall be entitled to have a supplemental annuity accrue to him for each month beginning with the month in which he has (i) attained the age of sixty-five and (ii) completed twenty-five or more years of service. The amount of the supplemental annuity shall be \$45 plus an additional amount of \$5 for each year of service that the individual has in excess of 25 years, but in no case shall the supplemental annuity exceed \$70: *Provided, however,* That in cases where an individual's annuity under section 2 of this Act begins to accrue on other than the first day of the month, the amount of any supplemental annuity to which he is entitled for that month shall be reduced by one-thirtieth for each day with respect to which he is not entitled to an annuity under section 2. The supplemental annuity provided by this subsection shall, with respect to any month, be subject to the same provisions of subsection (d) of section 2 of this Act as the individual's annuity under such section 2. Except as provided in subsection (a) (2) of this section, the supplemental annuity provided by this subsection shall not be taken into consideration in determining or computing any other annuity or benefit under this Act.

65 Stat. 683;
73 Stat. 26.
45 USC 228b.

Post, p. 1076.

“(2) The supplemental annuity provided by this subsection for an individual shall, with respect to any month, be reduced by the amount of the supplemental pension, attributable to the employer's contribution, that such individual is entitled to receive for that month under any other supplemental pension plan: *Provided, however,* That the maximum of such reduction shall be equal to the amount of the supplemental annuity less any amount by which the supplemental pension is reduced by reason of the supplemental annuity.

“(3) The supplemental annuity provided by this subsection shall terminate with such annuity accruing for the sixtieth month following enactment of this subsection.

“(4) The provisions of section 12 of this Act shall not operate to exclude the supplemental annuities herein provided for from income

45 USC 228l.

taxable pursuant to the Federal income tax provisions of the Internal Revenue Code of 1954.”

50 Stat. 316.
45 USC 228o.

SEC. 2. (a) Section 15 of the Railroad Retirement Act of 1937 is amended by inserting after subsection (a) the following:

“RAILROAD RETIREMENT SUPPLEMENTAL ACCOUNT

Ante, p. 1073.

“(b) There is hereby created an account in the Treasury of the United States to be known as the Railroad Retirement Supplemental Account. There is hereby appropriated to the Railroad Retirement Supplemental Account, for the fiscal year ending June 30, 1967, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, to provide for the payment of supplemental annuities in accordance with the provisions of section 3(j) of this Act, and for expenses necessary for the Board in the administration of such section 3(j) as may be specifically authorized annually in Appropriation Acts, for crediting to such Supplemental Account, an amount equal to amounts covered into the Treasury (minus refunds) during the fiscal year ending June 30, 1967, and during each fiscal year thereafter, under sections 3211(b) and 3221(c) of the Railroad Retirement Tax Act.

Post, p. 1078.

“At the end of forty-eight months following the enactment of the Act establishing the Railroad Retirement Supplemental Account the Railroad Retirement Board, having surveyed the progress of such Account, shall make a determination of whether the balance in such Account together with the anticipated income to the Account for the next succeeding twelve months will be sufficient to provide for the payment of the supplemental annuities provided for in section 3(j) (1) of this Act. In the event that such determination is that such balance and such anticipated income will not be sufficient to provide for the payment of all such supplemental annuities in the amounts specified, the Railroad Retirement Board is hereby authorized and directed to readjust the amounts of all such supplemental annuities, proportionately, so that such balance and anticipated income will be sufficient to provide for payment of all the supplemental annuities as so readjusted for the next succeeding twelve months.”

77 Stat. 220.

(b) Section 15 of such Act is further amended by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; by striking out the word “Account” where it first appears in subsection (c) as redesignated and inserting in lieu thereof “Railroad Retirement Account and the Railroad Retirement Supplemental Account (hereinafter jointly referred to as ‘Accounts’ or ‘Railroad Retirement Accounts’)”; by striking out “Account” each time it appears elsewhere in such redesignated subsections and inserting in lieu thereof “Accounts”.

Effective date.

45 USC 228b.

SEC. 3. (a) The amendment made by section 1 of this title shall be effective with respect to individuals whose annuities under section 2 of the Railroad Retirement Act of 1937 are first awarded on or after July 1, 1966, provided that no supplemental annuity shall accrue for months before the calendar month following the month in which this Act is enacted: *Provided, however*, That if before July 1, 1966, an annuity was awarded to an individual under section 2(a) 4 or 5 of the Railroad Retirement Act of 1937, and such individual had recovered from disability and returned to the service of an employer before July 1, 1966, following which he was awarded an annuity after June 30, 1966, the annuity last awarded him shall be deemed to be an annuity first awarded within the meaning of this subsection but only if he would have a current connection with the railroad industry at the time the annuity last awarded begins to accrue, disregarding his earlier entitlement to an annuity.

60 Stat. 727.

(b) The Railroad Retirement Board is authorized to request the Secretary of the Treasury to transfer from the Railroad Retirement Account to the credit of the Railroad Retirement Supplemental Account such moneys as the Board estimates would be necessary for the payment of the Supplemental annuities, provided for in section 3(j) of the Railroad Retirement Act of 1937, for the six months next following enactment of this Act, and for administrative expenses necessary in the administration of such section 3(j) (which expenses are hereby authorized) until such time as an appropriation for such expenses is made pursuant to section 15(b) of such Act, and the Secretary shall make such transfer. The Railroad Retirement Board shall request the Secretary of the Treasury at any time before the expiration of one year following the enactment of this Act, to retransfer from the Railroad Retirement Supplemental Account to the credit of the Railroad Retirement Account the amount transferred to the Railroad Retirement Supplemental Account pursuant to the next preceding sentence, plus interest at a rate equal to the average rate of interest borne by all special obligations held by the Railroad Retirement Account on the last day of the fiscal year ending on June 30, 1966, rounded to the nearest multiple of one-eighth of 1 per centum, and the Secretary shall make such retransfer.

Transfer of funds.

Ante, p. 1073.

Ante, p. 1074.

TITLE II—AMENDMENTS TO THE RAILROAD RETIREMENT ACT OF 1937 TO PROVIDE AN INCREASE IN CERTAIN ANNUITIES UNDER THE ACT

SEC. 201. (a) (1) Section 2(e) of the Railroad Retirement Act of 1937 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: “: *And provided further*, That the spouse’s annuity provided for herein and in subsection (h) of this section shall be computed without regard to the reduction in the individual’s annuity under the first two provisos in section 3(a) (1) of this Act and without regard to the effect of section 3(a) (2) on the annuity of the individual from whom such spouse’s annuity derives.”.

Spouse’s annuity.

65 Stat. 683;

79 Stat. 858.

45 USC 228b.

73 Stat. 26.

(2) Section 2 of such Act is further amended by adding a new subsection at the end thereof as follows:

“(i) The spouse’s annuity provided under subsections (e) and (h) of this section shall (before any reduction on account of age) be reduced in accordance with the first two provisos in section 3(a) (1) of this Act except that the spouse’s annuity shall not be less than it would be had this Act not been amended in 1966.”

(b) Section 3(a) of such Act is amended by striking out all that appears therein and inserting in lieu thereof the following:

Computation of annuities.

50 Stat. 310.

45 USC 228c.

“SEC. 3. (a) (1) The annuity shall be computed by multiplying an individual’s ‘years of service’ by the following percentages of his ‘monthly compensation’: 3.58 per centum of the first \$50; 2.69 per centum of the next \$100; 1.79 per centum of the next \$300; and 1.67 per centum of the remainder up to an amount equal to one-twelfth of the current maximum annual taxable ‘wages’ as defined in section 3121 of the Internal Revenue Code of 1954: *Provided, however*, That in cases where an individual is entitled to a benefit under title II of the Social Security Act, the amount so computed shall be reduced by 6.55 per centum of the amount of such social security benefit (disregarding any increases in such benefit based on recomputations other than for the correction of errors after such reduction is first applied and any increases derived from changes in the primary insurance amount through legislation enacted after the Social Security Amendments of 1965): *Provided further*, That in determining social security benefit amounts for the purpose of this subsection, if such individual’s

68A Stat. 417.

26 USC 3121.

42 USC 401.

79 Stat. 286.

42 USC 302 note.

average monthly wage is in excess of \$400, only an average monthly wage of \$400 shall be used: *And provided further*, That the amount of an annuity as computed under this subsection shall not be less than it would be had this Act not been amended in 1966.

Ante, p. 1073.

"(2) Notwithstanding the provisions of paragraph (1) of this subsection, and of subsection (e) of this section, the annuity of an individual for a month with respect to which a supplemental annuity under subsection (j) of this section accrues to him shall be computed or recomputed under the provisions of this subsection, or of subsection (e) of this section, as in effect before their amendment in 1966: *Provided, however*, That if the application of the preceding provision of this paragraph would result in the amount of the annuity, plus the amount of a supplemental annuity (after adjustment under subsection (j) (2) of this section) payable to an individual for a month being lower than the amount which would be payable as an annuity except for such preceding provision, the annuity shall be in an amount which together with the amount of the supplemental annuity would be no less than the amount that would be payable as an annuity but for such preceding provision."

70 Stat. 1076.
45 USC 228c.

(c) Section 3(e) of such Act is amended by striking out all that precedes the first proviso and inserting in lieu thereof the following: "In the case of an individual having a current connection with the railroad industry, the minimum annuity payable shall, before any reduction pursuant to section 2(a) (3), be whichever of the following is the least: (1) \$5.35 multiplied by the number of his years of service; or (2) \$89.35; or (3) 118 per centum of his monthly compensation except that the minimum annuity so determined shall be reduced in accordance with the first two provisos in subsection (a) (1) of this section, but shall not be less than it would be had this Act not been amended in 1966:"

75 Stat. 585.
45 USC 228b.

Ante, p. 1075.

65 Stat. 686.
45 USC 228e.

(d) Section 5(h) of such Act is amended by striking out all that appears therein and substituting in lieu thereof the following:

"MAXIMUM AND MINIMUM ANNUITY TOTALS.—Whenever according to the provisions of this section as to annuities payable for a month with respect to the death of an employee, the total annuities is more than \$38.84 and exceeds either (a) \$207.15, or (b) an amount equal to two and two-thirds times such employee's basic amount, whichever of such amounts is the lesser, such total of annuities shall, after any deductions under subsection (i), be reduced to such lesser amount or to \$38.84, whichever is greater. Whenever such total of annuities is less than \$18.14, such total shall, prior to any deductions under subsection (i), be increased to \$18.14: *Provided, however*, That the share of any individual in an amount so determined shall be reduced in accordance with the first two provisions in section 3(a) (1) of this Act except that the share of such individual shall not be less than it would be had this Act not been amended in 1966."

60 Stat. 731.

"Basic amount."

(e) Section 5(1) (10) of such Act is amended—

(1) by striking out all that appears in subdivision (i) and inserting in lieu thereof the following: "for an employee who will have been partially insured, or completely insured solely by virtue of paragraph (7)(i) or (7)(ii), or both: the sum of (A) 52.4 per centum of his average monthly remuneration, up to and including \$75; plus (B) 12.8 per centum of such average monthly remuneration exceeding \$75 and up to and including \$450; plus (C) 12 per centum of such average monthly remuneration exceeding \$450 and up to and including an amount equal to one-twelfth of the current maximum annual taxable 'wages' as defined in section 3121 of the Internal Revenue Code of 1954, plus (D) 1 per

68A Stat. 417.
26 USC 3121.

centum of the sum of (A) plus (B) plus (C) multiplied by the number of years after 1936 in each of which the compensation, wages, or both, paid to him will have been equal to \$200 or more; if the basic amount thus computed is less than \$18.14, it shall be increased to \$18.14;" and

(2) by striking out in subdivision (ii) thereof "49" wherever it appears and inserting in lieu thereof "52.4", by striking out in such subdivision "12" and inserting in lieu thereof "12.8", by striking out in such subdivision "\$40.33" and inserting "\$43.15", by striking out in such subdivision "\$30.25" and inserting in lieu thereof "\$32.37", and by striking out in such subdivision "\$16.13" and inserting in lieu thereof "\$17.26".

(f) Section 5 of such Act is amended by adding at the end thereof the following new subsection:

"(m) An annuity payable under this section to an individual, without regard to subsection (h) of this section or the proviso in the first paragraph of section 3(e) of this Act, shall be reduced in accordance with the first two provisos in section 3(a)(1) of this Act except that the amount of the annuity shall not be less than it would be had this Act not been amended in 1966."

(g) All pensions under section 6 of the Railroad Retirement Act of 1937, all joint and survivor annuities and survivor annuities deriving from joint and survivor annuities under that Act awarded before the month following the month of enactment of this Act, all widows' and widowers' insurance annuities which began to accrue before the second month following the month of enactment of this Act, and which, in accordance with the proviso in section 5(a) or section 5(b) of the Railroad Retirement Act of 1937, are payable in the amount of a spouse's annuity to which the widow or widower was entitled (except those of such insurance annuities which are based on a spouse's annuity which was payable in the maximum amount as determined in accordance with the provisions of the Social Security Act as amended by the Social Security Amendments of 1965), and all annuities under the Railroad Retirement Act of 1935 are increased by 7 per centum, but such a widow's or widower's annuity in an amount formerly received as a spouse's annuity shall not be increased to an amount above \$74.80: *Provided, however*, That in cases where an individual is entitled to a benefit under title II of the Social Security Act, the additional amount payable because of this subsection shall be reduced by 6.55 per centum of the amount of such social security benefit (disregarding any increases in such benefit based on recomputations other than for the correction of errors after such reduction is first applied and any increases derived from changes in the primary insurance amount through legislation enacted after the Social Security Amendments of 1965): *Provided further*, That in determining social security benefit amounts for the purpose of this subsection, if such individual's average monthly wage is in excess of \$400, only the average monthly wage of \$400 shall be used.

SEC. 202. (a) The amendments made by section 201 of this title shall be effective with respect to annuities accruing for months after the month in which this Act is enacted, and with respect to pensions due in calendar months after the month next following the month in which this Act is enacted. The amendments made by subsection (e) of section 201 of this title shall be effective as to lump-sum benefits under section 5(f)(1) of the Railroad Retirement Act of 1937 with respect to deaths occurring on or after the date of enactment of this Act.

73 Stat. 27.

60 Stat. 729.
45 USC 228e.

Ante, p. 1076.

65 Stat. 685.
45 USC 228c.
Ante, p. 1075.50 Stat. 312.
45 USC 228f.

65 Stat. 685.

79 Stat. 286.
42 USC 302 note.
49 Stat. 967.
45 USC 215-228
notes.

42 USC 401.

Effective date.

60 Stat. 729.

(b) All recertifications required by reason of the amendments made by this title shall be made by the Railroad Retirement Board without application therefor.

TITLE III—AMENDMENTS TO THE RAILROAD RETIREMENT TAX ACT

CHANGES IN TAX RATES

79 Stat. 861.
26 USC 3201.

SEC. 301. (a) Section 3201 of the Internal Revenue Code of 1954 (relating to rate of tax on employees under the Railroad Retirement Tax Act) is amended by striking out "6¾ percent" from subdivision "(3)" and inserting in lieu thereof "7 percent"; by striking out "7 percent" from subdivision "(4)" and inserting in lieu thereof "7¼ percent"; and by striking out "7¼ percent" from subdivision "(5)" and inserting in lieu thereof "7½ percent".

26 USC 3211.

(b) Section 3211 of such Code (relating to rate of tax on employee representatives under the Railroad Retirement Tax Act) is amended by striking out "13½ percent" from subdivision "(3)" and inserting in lieu thereof "14 percent"; by striking out "14 percent" from subdivision "(4)" and inserting in lieu thereof "14½ percent"; and by striking out "14½ percent" from subdivision "(5)" and inserting in lieu thereof "15 percent".

79 Stat. 862.
26 USC 3221.

(c) Section 3221(a) of such Code (relating to rate of tax on employers under the Railroad Retirement Tax Act) is amended by striking out "6¾ percent" from subdivision "(3)" and inserting in lieu thereof "7 percent"; by striking out "7 percent" from subdivision "(4)" and inserting in lieu thereof "7¼ percent"; and by striking out "7¼ percent" from subdivision "(5)" and inserting in lieu thereof "7½ percent".

SUPPLEMENTAL TAXES

(d) Section 3211 of such Code is further amended by inserting "(a)" after "SEC. 3211" and by adding at the end thereof the following new subsection:

"(b) In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to 2 cents for each man-hour for which compensation is paid to him for services rendered as an employee representative."

(e) Section 3221 of such Code is further amended by adding at the end thereof the following new subsection:

"(c) In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to 2 cents for each man-hour, for which compensation is paid. With respect to daily, weekly, or monthly rates of compensation such tax shall apply to the number of hours comprehended in the rate together with the number of overtime hours for which compensation is paid in addition to the daily, weekly, or monthly rate is paid. With respect to compensation paid on a mileage or piecework basis such tax shall apply to the number of hours constituting the hourly equivalent of the compensation paid.

"Each employer of employees whose supplemental annuities are reduced pursuant to section 3(j)(2) of the Railroad Retirement Act of 1937 shall be allowed as a credit against the tax imposed by this subsection an amount equivalent in each month to the aggregate amount of reductions in supplemental annuities accruing in such month to employees of such employer. If the credit so allowed to such an employer for any month exceeds the tax liability of such employer accru-

ing under this subsection in such month, the excess may be carried forward for credit against such taxes accruing in subsequent months but the total credit allowed by this paragraph to an employer shall not exceed the total of the taxes on such employer imposed by this subsection. At the end of each calendar quarter the Railroad Retirement Board shall certify to the Secretary of the Treasury with respect to each such employer the amount of credit accruing to such employer under this paragraph during such quarter and shall notify such employer as to the amount so certified."

(f) The amendments made by subsections (d) and (e) of this section shall be effective with respect to man-hours, for sixty months beginning with the first month following enactment of this Act, for which compensation is paid.

Approved October 30, 1966.

Effective date.

Public Law 89-700

AN ACT

To amend the Railroad Retirement Act of 1937, the Railroad Unemployment Insurance Act, and the Railroad Retirement Tax Act to make certain technical changes, to provide for survivor benefits to children ages eighteen to twenty-one, inclusive, and for other purposes.

October 30, 1966
[H. R. 14355]

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

TITLE I—AMENDMENTS TO THE RAILROAD RETIREMENT ACT OF 1937

SEC. 101. (a) Section 1(e) of the Railroad Retirement Act of 1937 is amended by striking out "Alaska, Hawaii,".

(b) The third sentence of section 1(h) (1) of such Act is amended by striking out "subsections (a), (c), and (d) of section 2 and subsection (a) of section 5" and inserting in lieu thereof "sections 2 and 5"; and by striking out "(1)" and "(2)" and inserting in lieu thereof "(i)" and "(ii)", respectively.

(c) Section 1(q) of such Act is amended by striking out "in 1965" and inserting in lieu thereof "from time to time".

SEC. 102. (a) Section 2(a) of the Railroad Retirement Act of 1937 is amended by striking out from the third sentence of the last paragraph thereof the phrase "the month" and inserting in lieu thereof the following: "the second month following the month".

Railroad Retirement Act of 1937, Railroad Unemployment Insurance Act, and Railroad Retirement Tax Act, amendment.

50 Stat. 308.
45 USC 228a.

79 Stat. 400.

60 Stat. 728.
45 USC 228b.