§ 138. Contributions by political subdivisions and employees thereof. 1. Each political subdivision, the agreement of which has been approved, is hereby authorized and directed to pay into the contribution fund at such time or times as the director may prescribe in his regulations, contributions with respect to wages of its employees covered thereunder equal to the amount of the taxes which would be imposed by sections thirty-one hundred one and thirty-one hundred eleven of the federal insurance contributions act, if the services covered by the agreement constituted employment within the meaning of that act.

2. Each political subdivision, the agreement of which has been approved, is hereby authorized and directed to deduct and collect from the wages paid to each employee covered by its agreement contributions equal to the amount of the tax which would be imposed by section thirty-one hundred one of the federal insurance contributions act, if the services covered by the agreement constituted employment within the meaning of that act. Contributions so deducted and collected shall be held in trust for payment to the contributions fund by the political subdivision as required by subdivision one of this section. Failure to collect or deduct such contributions shall not relieve the political subdivisions or the employee of liability therefor.

3. If the correct amount shall not have been paid into the contribution fund by any political subdivision, proper adjustments, or refund without interest if the director shall determine that adjustment is impractical, shall be made.

4. If the correct amount shall not have been deducted and collected by a political subdivision from the wages of an employee pursuant to this article, proper adjustments, or refund without interest if adjustment is determined to be impractical, shall be made by such political subdivision, in such manner and at such times as may be prescribed in the regulations of the director.