



Commonwealth of the Northern Mariana Islands
Office of the Governor
Saipan, Mariana Islands 96950

Cable Address:
Gov. OFI Saipan

OCT 15 1980

The Honorable Joaquin I. Pangelinan
Speaker
House of Representatives

and

The Honorable Pedro P. Tenorio
President, The Senate
Second Northern Marianas Commonwealth Legislature
Saipan, CM 96950

Dear Speaker Pangelinan and President Tenorio:

I am pleased to inform you that I have approved this date the following Act passed by the Second Northern Marianas Commonwealth Legislature, Second Regular Session, 1980 as follow:

House Bill No. 143 H.D.1, S.D.I, H.D.2, entitled: "An Act to amend the Northern Mariana Islands Social Security Act to increase benefits for retirement, disability, and survivors, rollback the increase in tax rates for contributions after 1980, increase base amount for 1981, increase the amount which may be earned without reduction of benefits, exempt persons over 72 years from any reduction due to earnings, change the method for computing self-employment taxes, and for other purposes", as Public Law No. 2-6.

I am also pleased to have signed this bill into law so that Social Security beneficiaries would have received an increased payments effective July 1, 1980.

Certified copy of the above Act bearing my signature is forwarded herewith for your file.

Hafa Adai,

CARLOS S. CAMACHO
Governor

GOV. COMM. NO. 22 _____
(House of Representatives)

SECOND NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SECOND REGULAR SESSION, 1980

AN ACT

To amend the Northern Mariana Islands Social Security Act to increase benefits for retirement, disability, and survivors, roll back the increase in tax rates for contributions after 1980, increase base amount for 1981, increase the amount which may be earned without reduction of benefits, exempt persons over 72 years from any reduction due to earnings, change the method for computing self-employment taxes, and for other purposes.

Offered by Representative Vicente M. Sablan

Date: July 1, 1980

House Action

Referred to: Committee on Appropriations

Standing Committee Report No. 2-33

First Reading: July 15, 1980

Second Reading: July 16, 1980

Further Amendments: September 25, 1980

Senate Action

Referred to: Committee on Programs

Standing Committee Report No. 2-49 and 2-62

First Reading: August 20, 1980

Second Reading: September 11, 1980

Amendments agreed to: September 30, 1980



Esteban I. Pangelinan
Clerk
House of Representatives

SECOND REGULAR SESSION, 1980

AN ACT

To amend the Northern Mariana Islands Social Security Act to increase benefits for retirement, disability, and survivors, roll back the increase in tax rates for contributions after 1980, increase base amount for 1981, increase the amount which may be earned without reduction of benefits, exempt persons over 72 years from any reduction due to earnings, change the method for computing self-employment taxes, and for other purposes.

BE IT ENACTED BY THE NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 Section 1. Short Title. This Act may be cited as the "Social
2 Security Amendments of 1980".

3 Section 2. Definition. For purposes of this Act the term "the
4 Act" means the Northern Mariana Islands Social Security Act.

5 Section 3. Benefits Increase. Section 106 of the Act is amended
6 by moving the table printed in the Act at the end of such section to
7 the end of subsection (4) of such section, redesignating subsection
8 (5) of such section as subsection (6) and inserting a new subsection
9 (5) to read as follows:

10 "(5) Benefits payable in or after July 1980. The monthly
11 old-age retirement benefit or disability benefit payable to an
12 individual under this Title shall be in an amount as determined
13 under the following table. Cumulative covered earnings shall
14 not include wages for employment or self-employment income
15 received in the year of commencement of benefits; wages for
16 employment and self-employment income received in the year of
17 commencement of payments for old-age or disability insurance
18 benefits or in later years shall be included in benefit
19 calculations upon subsequent application for benefits, but
20 such wages and self-employment income shall be applicable
21 for benefits for months after the calendar year in which
22 such earnings were received.

1	"If an individual's cumulative		The Monthly
2	covered earnings are...		Benefit Amount
3	<u>At least--</u>	<u>But not more than--</u>	<u>shall be--</u>
4	\$ 0	\$ 22,200	\$ 111.50
5	22,201	22,800	113.20
6	22,801	23,400	115.80
7	23,401	23,700	118.00
8	23,701	24,200	120.00
9	24,201	24,800	122.60
10	24,801	25,400	124.90
11	25,401	26,000	126.80
12	26,001	26,200	129.40
13	26,201	26,800	131.60
14	26,801	27,400	132.70
15	27,401	28,000	135.90
16	28,001	28,300	138.40
17	28,301	28,800	140.60
18	28,801	29,400	143.30
19	29,401	29,700	145.40
20	29,701	30,300	147.80
21	30,301	30,900	150.60
22	30,901	31,100	153.10
23	31,101	31,700	155.30
24	31,701	32,900	157.80
25	32,901	34,300	160.00

HOUSE BILL NO. 143, H.D.1, S.D.1, H.D.2

1	34,301	35,500	162.40
2	35,501	36,900	165.00
3	36,901	38,300	167.40
4	38,301	39,500	169.70
5	39,501	40,900	172.00
6	40,901	42,400	174.50
7	42,401	43,500	177.10
8	43,501	45,000	179.20
9	45,001	46,400	181.80
10	46,401	47,600	184.10
11	47,601	49,000	186.50
12	49,001	50,500	189.10
13	50,501	51,600	191.20
14	51,601	53,000	193.80
15	53,001	54,500	196.10
16	54,501	55,900	198.70
17	55,901	57,100	201.20
18	57,101	58,500	203.40
19	58,501	59,900	206.10
20	59,901	61,100	208.50
21	61,101	62,500	210.40
22	62,501	64,000	213.20
23	64,001	65,100	215.50
24	65,101	66,600	218.10
25	66,601	68,000	220.50

HOUSE BILL NO. 143, H.D.1, S.D.1, H.D.2

1	68,001	69,200	223.20
2	69,201	70,600	225.30
3	70,601	72,000	227.50
4	72,001	73,200	230.30
5	73,201	74,600	232.60
6	74,601	76,100	234.60
7	76,101	77,200	237.50
8	77,201	78,700	239.70
9	78,701	80,100	242.30
10	80,101	81,300	244.60
11	81,301	82,700	247.00
12	82,701	84,100	249.60
13	84,101	85,300	251.60
14	85,301	86,700	254.40
15	86,701	88,200	256.50
16	88,201	89,300	258.90
17	89,301	90,800	261.60
18	90,801	92,200	263.70
19	92,201	93,300	266.20
20	93,301	94,800	268.80
21	94,801	96,200	270.90
22	96,201	97,400	273.70
23	97,401	98,800	275.60
24	98,801	100,300	278.20
25	100,301	101,400	280.90

1	101,401	102,900	283.00
2	102,901	104,300	285.70
3	104,301	105,400	288.00
4	105,401	106,900	290.20"

5 Section 4. Rate Roll-Back. Sections 151 and 152 of the Act are
6 amended by deleting paragraphs (6) and (7) from each such section and
7 inserting in each case the following new paragraph:

8 "(6) With respect to wages paid from January 1, 1980,
9 and thereafter, the rate shall be five and one-tenth percent."

10 Section 5. Base for Contributions. (a)(1) The introductory
11 paragraph of Section 3(4) of the Act is amended by inserting ", and a
12 maximum of \$22,900 effective January 1, 1981" after "effective January
13 1, 1979" each time it appears.

14 (2) The third sentence of such paragraph is amended by
15 deleting "Prior to January 1, 1979, remuneration" and inserting in
16 lieu thereof "Remuneration".

17 (b) Paragraph (a) of such section is amended by deleting
18 the first sentence of such subsection and inserting in lieu thereof
19 "That part of remuneration in excess of a maximum of \$22,900 paid in a
20 calendar year after 1980 by one employer. Prior to January 1, 1981,
21 but after December 31, 1978, wages shall not include that part of
22 remuneration in excess of a maximum of \$13,350 paid in a calendar year
23 by one employer."

24 Section 6. Earnings Test. (a) Section 3 of the Act is amended
25 by deleting subsection (9) of such section and renumbering succeeding

1 subsections accordingly.

2 (b) The Act is further amended by inserting a new section
3 after Section 111 to read as follows:

4 "Section 112. Earnings Test.

5 "(1) Prior to January 1, 1978, an individual who
6 receives a retirement, disability, or survivor's benefit
7 under this Title and who works in covered or noncovered
8 employment shall have his quarterly benefit reduced by
9 \$1 for each \$2 earned in a quarter, except there shall
10 be no reduction for the first \$100 earned in a quarter
11 before July 1, 1976, the first \$200 earned in a quarter
12 after June 30, 1976, and before January 1, 1977, and the
13 first \$300 earned in any quarter after December 31, 1976,
14 and before January 1, 1978. The reduction shall be applied
15 in the subsequent quarter in which the earnings were paid
16 and shall be prorated for each month.

17 "(2) Effective January 1, 1978, an individual who
18 receives a retirement, disability, or survivor's benefit
19 under this Title and who works in covered or noncovered
20 employment shall have his benefits reduced by \$1 for each
21 \$2 of annual earnings in excess of \$1,860: Provided, that
22 regardless of the individual's total annual earnings, no
23 reduction shall be made in the benefit payable for any month
24 in which he did not engage in self-employment and did not
25 render services for wages of more than \$155.

1 "(3) Effective January 1, 1979, an individual who
2 receives a retirement or survivor's benefit (except a
3 benefit payable to a disabled child age 18 or older
4 whose disability began before age 22) under this Title
5 and who works in covered or noncovered employment shall
6 have his benefits reduced by \$1 for each \$2 of annual
7 earnings in excess of \$2,520: Provided, that regardless
8 of the individual's total annual earnings, no reduction
9 shall be made in the benefit payable for any month in
10 which he did not engage in self-employment and did not
11 render services for wages of more than \$210.

12 "(4) Effective January 1, 1980, an individual
13 who receives a retirement or survivor's benefit (except
14 a benefit payable to a disabled child age 18 or older
15 whose disability began before age 22) under this Title
16 and who works in covered or noncovered employment or
17 self-employment shall have his benefits reduced by \$1
18 for each \$2 of annual earnings in excess of \$3,240:
19 Provided, that regardless of the individual's total
20 annual earnings, no reduction shall be made in the
21 benefit payable for any month (a) in which he did not
22 engage in self-employment and did not render services
23 for wages of more than \$270, or (b) in which he was age
24 72 or over: Provided further, that if the United States
25 Social Security System exempts persons from reduction of

1 benefits due to excess earnings at a lower age than 72,
2 such lower age shall apply for purposes of this Title."

3 (c) Sections 103 and 105 of the Act are amended by
4 deleting "as defined in this Title" each time the phrase appears
5 and inserting in lieu thereof "as provided in Section 112 of this
6 Title".

7 Section 7. Self-Employment. (a) Paragraphs (c) and (d) of Section
8 3(1) of the Act are hereby amended by inserting "prior to January 1,
9 1981," before "any person" in each such paragraph.

10 (b) The first sentence of subsection (4) of Section 3
11 of the Act is amended by inserting ", prior to the first taxable
12 year to which an election pursuant to Section 155(2)(b) of this
13 Act applies," before "remuneration accruing to a self-employed
14 person."

15 (c)(1) Paragraph (b) of subsection (5) of Section 3
16 of the Act is amended by inserting "or a quarter beginning after
17 December 31, 1980, in which the individual has been credited with
18 more than \$100 of self-employment income" after "employment subject
19 to this Title".

20 (2) Such subsection is further amended by inserting
21 at the end thereof a new paragraph as follows:

22 "(c) For the purposes of determining quarters
23 of coverage, the amount of self-employment income derived
24 during any taxable year shall be credited to calendar
25 quarters as follows:

1 "(i) In the case of a taxable year which
2 is a calendar year, the self-employment income of
3 such taxable year shall be credited equally to each
4 quarter of such calendar year;

5 "(ii) In the case of any other taxable
6 year, the self-employment income of such taxable
7 year shall be credited equally to the calendar
8 quarter in which such taxable year ends and to
9 each of the next three or fewer preceding quarters
10 any part of which is in such taxable year."

11 (d) Section 3(7) of the Act is amended to read as follows:

12 "(7) 'Contributions' shall mean the tax imposed
13 upon income of covered employees, the tax imposed
14 upon employers on account of wages paid to a covered
15 employee, and the tax imposed on income of self-employed
16 persons."

17 (e) Section 3 of the Act, as amended by Section 6 of this
18 Act, is further amended by adding at the end thereof the following new
19 subsections:

20 "(16) 'Net earnings from self-employment' has the
21 meaning given such term in Section 1402(a) of the United
22 States Internal Revenue Code of 1954.

23 "(17) 'Self-employment income' means the net
24 earnings from self-employment derived by an individual
25 who is self-employed in the Northern Mariana Islands, or

1 who is self-employed outside the Northern Mariana
2 Islands but is domiciled in the Northern Mariana
3 Islands, during any taxable year beginning after
4 1980, except that such term shall not include--

5 " (a) that part of the net earnings
6 from self-employment which is in excess of
7 (i) \$22,900, minus (ii) the amount of the
8 wages paid to such individual during the
9 taxable year; or

10 " (b) the net earnings from
11 self-employment, if such earnings for the
12 taxable year are less than \$400."

13 (f) The introductory paragraph of Section 101(1) of the
14 Act is amended to read as follows:

15 "(1) After December 31, 1975. All services for
16 wages received by a person after December 31, 1975,
17 and, effective for taxable years beginning after 1980,
18 all self-employment income derived by an individual,
19 shall be covered by this Title unless such wages or
20 self-employment income are derived from employment or
21 self-employment which:"

22 (g)(1) Section 108(1) of the Act is amended by inserting
23 "and self-employment income" after "wages" each time it appears.

24 (2) Section 109(1) of the Act is amended by inserting
25 "and self-employment income" after "wages".

1 (h) Sections 151 and 152 of the Act are amended by striking
2 the first word immediately following the title of each such section
3 and inserting in lieu thereof "Except as provided in Section 155 of
4 this Title, there".

5 (i) Section 155 of the Act is amended to read as follows:
6 "Section 155. Contributions payable by self-employed
7 persons.

8 (1) Prior to the first taxable year beginning
9 after December 31, 1980, there is hereby imposed on
10 the wages of every self-employed person a tax, in
11 lieu of the taxes imposed by Sections 151 and 152
12 of this Title, equal to the following percentages
13 of such wages as accrued to such person with
14 respect to self-employment subject to this Title:

15 (a) With respect to such wages so
16 accrued from July 1, 1977, through December 31,
17 1977, the rate shall be 4.00 percent;

18 (b) With respect to such wages so
19 accrued from January 1, 1978, through December
20 31, 1978, the rate shall be 5.10 percent;

21 (c) With respect to such wages so
22 accrued from January 1, 1979, through December
23 31, 1979, the rate shall be 6.20 percent; and

24 (d) With respect to such wages so
25 accrued after December 31, 1979, and before the

1 first taxable year with respect to which subsection
2 (2)(a) of this section is applicable to such person,
3 the rate shall be 7.30 percent.

4 "(2)(a) For the taxable year to which an
5 election pursuant to paragraph (b) of this subsection
6 first applies, and for each succeeding taxable year,
7 there is hereby imposed on the self-employment income
8 of every individual who has made such election a tax
9 equal to 7.30 percent of such self-employment income
10 for such taxable year.

11 "(b) After December 31, 1980, any person
12 subject to the tax imposed by subsection (1)(d) of
13 this section may, in lieu of such tax, elect instead
14 to file and pay tax on his self-employment income
15 pursuant to paragraph (a) of this subsection. Such
16 election shall be made not later than the fifteenth
17 day after the end of the calendar quarter following
18 the close of the first taxable year for which such
19 election is to be applicable. Such election shall
20 be irrevocable.

21 "(c) The provisions of Section 6015 of
22 the United States Internal Revenue Code of 1954
23 shall apply to the tax imposed by paragraph (a) of
24 this subsection, except that payments made pursuant
25 to subsection (1)(d) of this section prior to

1 making an election pursuant to paragraph (b) of
2 this subsection shall be deemed to be payments
3 of estimated tax under such provisions and no
4 penalty shall be imposed if such payments are
5 less than those required by such provisions."

6 (j) Section 58 of the Act is amended by deleting "Sections
7 151 and 152" and inserting in lieu thereof "Sections 151, 152, and 155".

8 (k) Section 202 of the Act is amended by inserting after
9 paragraph (2) thereof a new paragraph as follows:

10 "(3) all contributions of self-employed persons;"
11 and renumbering succeeding paragraphs accordingly.

12 Section 8. Refunds. (a) Section 153 of the Act is revised to read
13 as follows:

14 "Section 153. Refunds of excess taxes.

15 "(1) If by reason of an employee receiving wages
16 from more than one employer during a calendar year the
17 wages received by such employee from all employers during
18 such year are in excess of (a) \$13,500 for 1980, or (b)
19 \$22,900 after 1980, the employee shall be entitled to a
20 refund of any amount of tax imposed under Section 151 of
21 this Title with respect to such excess wages.

22 "(2) If the wages accruing to a self-employed
23 person with respect to his self-employment exceed--

24 "(a) for such wages so accrued from January
25 1, 1980, through December 31, 1980, \$13,350, or

1 "(b) for any period beginning January 1, 1981,
2 and ending the day before the first taxable year to
3 which an election pursuant to Section 155(2)(b) of
4 this Act applies, the product of (i) \$1,908.33 times
5 (ii) the number of months in such period,
6 such person shall be entitled to a refund of any amount of tax
7 imposed under Section 155(1)(d) of this Title with respect to
8 such excess wages.

9 "(3) If pursuant to an election made under Section
10 155(2)(b) of this Title a self-employed person accrues
11 remuneration from self-employment in excess of \$22,900,
12 such person shall be entitled to a refund of any amount
13 of tax imposed under Section 155(2)(a) of this Title
14 with respect to such excess remuneration.

15 "(4) If an employee receives wages from any number
16 of employers, and accrues wages as a self-employed person,
17 and the total of all such wages received or accrued exceeds--

18 "(a) for 1980, \$13,500, or

19 "(b) for any period beginning January 1, 1981,
20 and ending the day before the first taxable year to
21 which an election pursuant to Section 155(2)(b) of
22 this Act applies, the product of (i) \$1,908.33 times
23 (ii) the number of months in such period,
24 such employee shall be entitled to a refund of any amount
25 of tax imposed under Section 155(1)(d) of this Title with

1 respect to that part of such excess wages which accrues from
2 self-employment. If, after deducting all wages accruing from
3 self-employment, such total is still in excess, such employee
4 shall be entitled to a refund of any amount of tax imposed
5 under Section 151 of this Title with respect to that part of
6 his wages which causes such total to remain in excess.

7 "(5) If an employee receives wages from any number
8 of employers, and accrues remuneration from self-employment
9 pursuant to an election made under Section 155(2)(b) of this
10 Title, and the total of such wages and such remuneration, after
11 deducting any excess wages computed pursuant to subsection (1)
12 of this section, is in excess of \$22,900, such employee shall
13 be entitled to a refund of any amount of tax imposed under
14 Section 155(2)(a) of this Title with respect to that part of
15 such remuneration which causes such total to be in excess.

16 "(6)(a) Except as provided in paragraph (b) of this
17 subsection, the Social Security Administrator shall determine
18 the amount of any refund due under this section and shall make
19 such refund within 270 days after the end of the calendar year
20 to which such refund applies.

21 "(b) Any person entitled to a refund under this
22 section may apply to the Social Security Administrator and
23 present such evidence in support of such application as the
24 Social Security Administrator may require. The Social
25 Security Administrator shall make such refund within 30

1 days after receipt of such application and evidence.

2 "(7) Nothing in this section shall be taken to
3 relieve any employer of any tax imposed pursuant to
4 Section 152 of this Title with respect to wages paid
5 to any employee."

6 (b) Any refund due to any person under the Act on the
7 day before the effective date of the amendment made by subsection (a)
8 of this section, shall remain due until made to such person, without
9 regard to such amendment.

10 Section 9. Miscellaneous Amendments. (a)(1) Section 3(5)(b)(ii)
11 of the Act is amended by deleting "subject to (A)" and inserting in lieu
12 thereof "subject to subparagraphs (i) and (iii) of this paragraph".

13 (2) The amendment made by paragraph (1) of this
14 subsection shall be retroactive to January 1, 1979.

15 (b)(1) Section 3(6)(a)(i) of the Act is amended by deleting
16 "1978" and inserting in lieu thereof "1968".

17 (2) The amendment made by paragraph (1) of this
18 subsection shall be effective for monthly benefits payable for
19 months after June 1977.

20 (c)(1) Section 3(15)(a)(iii)(B) of the Act, as renumbered
21 by Section 6 of this Act, is amended by inserting "in the Northern
22 Mariana Islands or the United States" after "a court of competent
23 jurisdiction".

24 (2) Section 3(15) of the Act, as renumbered by
25 Section 6 of this Act, is further amended by redesignating paragraph

1 (b) thereof as paragraph (c) and inserting a new paragraph as follows:

2 "(b) For purposes of paragraph (a), a person shall
3 be deemed, as of the date of death of an individual, to
4 be the legally adopted child of such individual, if such
5 person was at the time of such individual's death living
6 in such individual's household and was legally adopted by
7 such individual's surviving spouse after such individual's
8 death, but only if (i) proceedings for the adoption of the
9 child had been instituted by such individual before his
10 death, or (ii) such child was adopted by such individual's
11 surviving spouse before the end of two years after the
12 day on which such individual died, except that this
13 sentence shall not apply if at the time of such
14 individual's death such person was receiving regular
15 contributions toward his support from someone other
16 than such individual or his spouse, or from any
17 public or private welfare organization which furnishes
18 services or assistance for children."

19 (d)(1) Section 105 of the Act is amended by deleting the
20 period at the end of clause (c) of subsection (2), inserting in lieu
21 thereof "; or", and inserting after such clause a new clause as follows:

22 "(d) Death."

23 (2) Subsection (3)(a) of such section is amended to
24 read as follows:

25 '(a) In determining whether an applicant is

1 the child of a fully or currently insured individual
2 for purposes of this section, the Social Security
3 Administrator shall apply the law that would be
4 applied in the Northern Mariana Islands in determining
5 the devolution of intestate personal property of the
6 insured individual."

7 (3) Subsection (6)(a)(1) of such section is amended to
8 read as follows:

9 "(i) such child was living with such individual
10 in the Northern Mariana Islands or the United States
11 and receiving at least one-half of his support from
12 such individual (A) for the year immediately before
13 the month in which such individual died, or (B) if
14 such individual had a period of disability which
15 continued until he died, for the year immediately
16 before the month in which such period of disability
17 began, and".

18 (e) Section 110 of the Act is amended by redesignating
19 clause (1) of such section as clause (2), inserting "or self-employment"
20 after "employment" in such clause, and inserting before such clause a
21 new clause as follows:

22 "(1) establishing entitlement to and the amount of
23 old-age, disability, and survivor's benefits based on a combination
24 of a person's periods of coverage under this Title and the Trust
25 Territory social security system, and".

1 Section 10. Exemption of Certain Nonresident Workers.

2 (a) Subsection (1) of Section 101 of the Act is amended
3 by striking the period at the end of paragraph (c) and inserting in
4 lieu thereof ", or".

5 (b) Such subsection is further amended by adding at the
6 end thereof a new paragraph as follows:

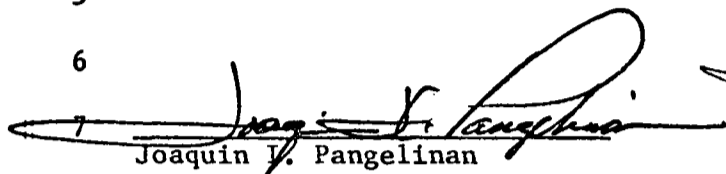
7 "(d) is performed on or after October 1, 1980,
8 in the Northern Mariana Islands by a resident of the
9 Republic of the Philippines or of the Republic of Korea
10 while in the Northern Mariana Islands on a temporary basis
11 as a nonresident worker admitted to the Northern Mariana
12 Islands under conditions substantially similar to Section
13 101(a)(15)(H)(ii) of the United States Immigration and
14 Nationality Act: Provided, that this paragraph shall
15 remain in effect only so long as the United States Social
16 Security System continues to exclude from coverage Filipino
17 and Korean workers admitted to Guam under such section of
18 such Act."

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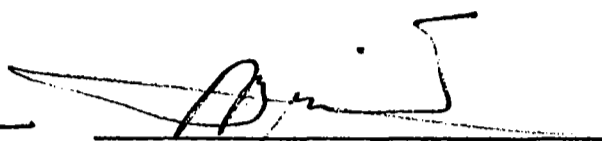
1 Section 11. Effective Date. Except as otherwise provided in this
2 Act, or in the amendments made by this Act, this Act shall take effect
3 upon its approval by the Governor, or upon its becoming law without such
4 approval.

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8 Joaquin V. Pangelinan
Speaker



Pedro P. Xenorio
President

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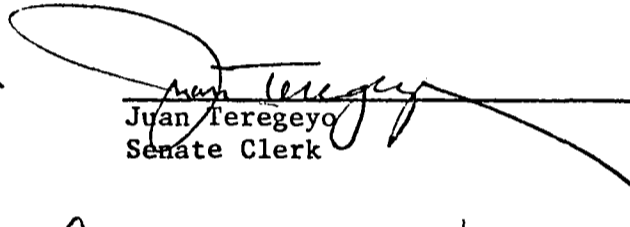
ATTEST:

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13 Esteban I. Pangelinan
House Clerk



Juan Teregeyo
Senate Clerk

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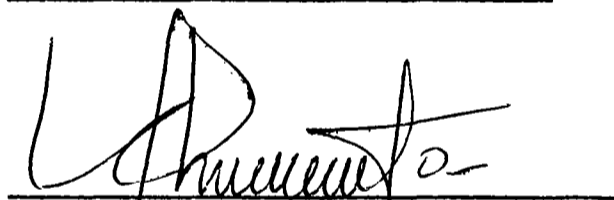
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October 15th, 1980

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19 Carlos S. Camacho
Governor
Commonwealth of the Northern Marianas

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