

THIRD REGULAR SESSION, 1986

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AN ACT

To authorize the Director of Finance to continue to collect Social Security taxes at the applicable rates from CNMI employees until such time as the Commonwealth of the Northern Mariana Islands decides to accept or reject coverage by the United States Social Security System for its employees and for other purposes.

BE IT ENACTED BY THE FIFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Short Title. This Act shall be known as and may be cited as "The CNMI Interim Social Security Withholding Act of 1986."

Section 2. Purpose. On November 3, 1986 the President of the United States of America terminated the Trust Territory of the Pacific Islands status for the Northern Mariana Islands. With such termination, Section 606(b) of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States became fully operative. Section 606(b) imposes upon the Commonwealth of the Northern Marianas all excise or self-employment taxes required for participation in the United States Social Security System. As of January 1, 1987 the Commonwealth of the Northern Marianas Social Security System ceases to exist and all private sector employers and employees must participate in the United States Social Security System. The Government of the Commonwealth of the Northern Marianas, under Federal law, has several options; it may elect to participate fully in the United States Social System; it may "opt" out, or it may elect to "opt" in at a later date, creating a gap in coverage. Because the termination of the Trust Territory came to so suddenly the CNMI Government has not had sufficient time to render an informed decision on its options. Many questions have yet to be answered by the United States before the CNMI

Government can make its decisions. In that the CNMI Social Security System will no longer exist as of January 1, 1987 this Act will allow the Director of Finance to continue to make the applicable Social Security deductions from CNMI employees' paychecks and place said deductions into a trust pending a decision by the Government as to its participation in the United States Social Security System.

Section 3. Social Security Deductions. Director of Finance to Continue to Withhold. Notwithstanding any other law, the Director of Finance shall continue to collect all CNMI employer and employee contributions at the applicable United States Social Security System rates until such time as the Government of the Commonwealth of the Northern Mariana Islands determines to participate in or elects not to participate in the United States Social Security System.

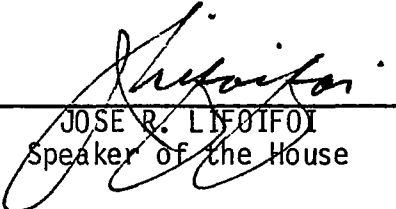
Section 4. Separate Account. All funds collected by the Director of Finance pursuant to Section 3 shall be deposited into a separate special account and held pending disposition by the legislature.

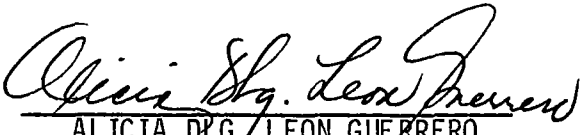
Section 5. Severability. If any provision of this Act, or the application of such provision to any person or circumstance shall be held invalid by a court of competent jurisdiction, the remainder of this Act, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

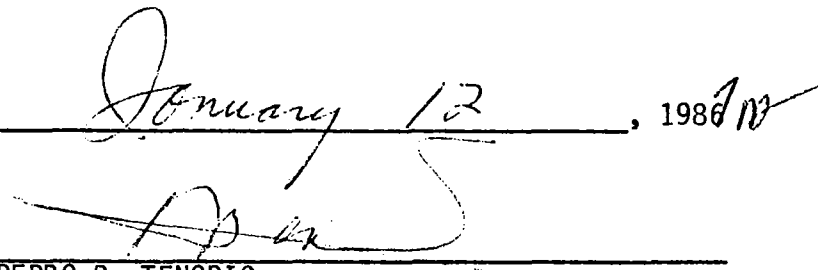

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Section 6. Effective Date. This Act, upon its approval by the Governor or upon its becoming law without such approval, shall take effect January 1, 1987.

ATTEST:

  
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JOSE R. LIFOIFOI  
Speaker of the House

  
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ALICIA D.L.G. LEON GUERRERO  
Acting House Clerk

  
\_\_\_\_\_, 1987  
  
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PEDRO P. TENORIO  
Governor  
Commonwealth of the Northern Mariana Islands