

FIFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
FIRST REGULAR SESSION, 1987

PUBLIC LAW NO. 5-34  
HOUSE BILL NO. 5-165,  
S.D.1

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AN ACT

To repeal Public Law 5-24; to direct the Director of Finance to cease withholding and collecting Social Security taxes from CNMI employees; to provide for the refund of all Social Security taxes withheld pursuant to said law and for other purposes.

BE IT ENACTED BY THE NORTHERN MARIANAS COMMONWEALTH LEGISLATURE :

Section 1. Short Title. This Act shall be known as and may be cited as "The CNMI Interim Social Security Repeal Act of 1987."

Section 2. Purpose. Public Law 5-24 was passed by this Legislature to allow for additional time wherein to study the options presented to the Commonwealth Government as a result of the termination of the Trust Territory of the Pacific Islands status for the Northern Marianas Islands. With the termination of the Trusteeship, 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; said Section imposes upon the Commonwealth all excise and self employment taxes required for participation in the United States Social Security System. The Government of the Commonwealth may elect for government employees, either to participate or not participate in the United States Social Security System. Public Law 5-24 was an interim measure which allowed the Director of Finance to withheld Social Security taxes from the wages of CNMI employees for the period of January 1 through March 31, 1987. Such an interim measure was deemed necessary in order to provide additional time to study the options presented the CNMI Government with the implementation of Covenant Section 606(b). This Legislature sees no reason at the present time to continue the withholding of the Social

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Security taxes from the paychecks of CNMI Government employees. The election by the CNMI Government to participate in the United States Social Security System can be made at a later date. As evidenced by correspondences from the United States Social Security Administration, there is now a gap in coverage since extension of time to decide was not granted. The withholding of the employees' monies as provided under Public Law 5-24 is not serving any purpose at all. Employees' monies are being unnecessarily escrowed without the benefit of coverage for Social Security. This Act provides for a refund to CNMI of all those taxes withheld as a result of Public Law 5-24.

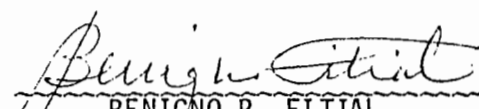
Section 3. Repealer, Refund of Withheld Social Security Taxes. Public Law 5-24 is hereby repealed. The Director of Finance is hereby directed to cease withholding of Social Security taxes from the wages of CNMI Government employees. The Director of Finance is further directed to within 30 days refund to each CNMI Government employee all monies withheld from each respective employees' wages as and for United States Social Security taxes.

Section 4. Severability. If any provision of this Act, or the application of such provision to any person or circumstances 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.

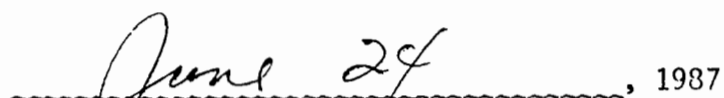
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Section 5. Effective Date. This Act shall take effect upon its approval by the Governor, or upon its becoming law without such approval.

ATTEST:

  
BENIGNO R. FITIAL  
Acting Speaker  
House of Representatives

  
FRANCES P. SABLÁN  
House Clerk

  
June 24, 1987

  
PEDRO P. TENORIO  
Governor  
Commonwealth of the Northern Mariana Islands