

REDRAFT  
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Section 605. (a) Those laws of the United States which impose taxes to support the Old-Age, Survivors, Disability and Health Insurance Trust Funds will be applicable to the Northern Mariana Islands, provided that the tax schedule with respect to employers and employees in the Northern Mariana Islands for the first year after the effective date of this Section will be the same as the schedule relating to the Trust Territory Social Security Retirement Fund on the day preceding the effective date of this Section. Thereafter, the tax will increase by one percentage point (or fraction thereof) on both employer and employee with respect to much of the employee's income as is subject to tax under the laws of the United States each year until the tax imposed in the Northern Mariana Islands is the same as that in a State of the Union.

[Section 60[5].

(a) Those laws of the United States which impose taxes to support the Old-Age, Survivors, Disability and Health Insurance Trust Funds, shall be applicable within the Northern Mariana Islands, but the tax on employees and employers within the Northern Mariana Islands shall be at the rate of one percent of so much of the employee's income as is subject to tax during the first year after the effective date of this Section, and shall increase by one percentage point (or fraction thereof) on both the employer and employee each year until the rate of tax on employers and employees within the Northern Mariana Islands is the same as in a State.

(b) Persons in the Northern Mariana Islands shall receive benefits from the Old-Age, Survivors, Disability and Health Insurance Trust Funds of the United States in the same manner and to the same extent as persons in a State, provided, however, that no person who receives benefits under this Subsection and under Subsection (c) of this Section shall receive a total amount which exceeds the maximum to which he would have been entitled if he had contributed to the Old-Age, Survivors, Disability and Health Insurance Trust Funds throughout the entire period he contributed either to those Funds or to the Trust Territory Social Security Retirement Fund.

(c) That portion of the Trust Territory Social Security Retirement Fund which has been paid in by persons who are domiciled in the Northern Mariana Islands, together with interest and earnings

thereon, shall be paid over to the Social Security Administration of the United States to be held as a separate fund (and to be supplemented by the United States if necessary) to pay benefits to such persons eligible for benefits in accordance with the laws of the Trust Territory of the Pacific Islands upon the effective date of this Section.]

Section 60[6].

(a) All bonds issued by the Government of the Northern Mariana Islands or by its authority will be exempt, as to principal and interest, from taxation by the United States, or by any State, territory or possession of the United States, or any political subdivision of any of them.

(b) For so long as the United States Government provides direct financial assistance pursuant to Article VII of this Agreement, the Government of the Northern Mariana Islands will authorize no public indebtedness (other than bonds or other obligations of the Government payable solely from revenues derived from any public improvement or undertaking) in excess of ten percentum of the aggregate assessed valuation of the property within the Northern Mariana Islands.