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E.O. 11652: N/A

TAGS: PGOV, TQ

SUBJECT: BILL TO AMEND TITLE 73 OF TT CODE
DOTA NO. 305-TT

PLEASE PASS TO RESCOM ERWIN CANHAM AND JERRY FACEY.
FOLLOWING IS THE TEXT OF LEGISLATION DISCUSSED BY TELEPHONE
ON 6-23-76, 0900 SAIPAN TIME, BETWEEN CANHAM, FACEY, BERG,
YOFEE: QUOTE -- A BILL

TO AMEND TITLE 73 OF THE TRUST TERRITORY CODE AS IT
APPLIES TO THE NORTHERN MARIANA ISLANDS.

BE IT ENACTED BY THE NORTHERN MARIANA ISLANDS LEGISLATURE:

SECTION 1. SUBSECTION (3) OF SECTION 3 OF TITLE 73
OF THE TRUST TERRITORY CODE, AS AMENDED, AS IT APPLIES TO
THE NORTHERN MARIANA ISLANDS IS FURTHER AMENDED TO READ AS
FOLLOWS:

"(3) "EMPLOYMENT" MEANS ANY SERVICE BY AN
EMPLOYEE FOR THE TRUST TERRITORY EMPLOYER EMPLOY-
ING HIM, IRRESPECTIVE OF WHERE SUCH EMPLOYMENT
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SHALL BE PERFORMED, EXCEPT FAMILY EMPLOYMENT."

SECTION 2. SUBSECTION (6) OF SECTION 3 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS IS AMENDED TO READ AS FOLLOWS:

"(6) "WAGES" MEANS REMUNERATION PAID SUBJECT TO THE PROVISIONS OF THIS TITLE, INCLUDING THE CASH VALUE OF ALL REMUNERATION PAID IN ANY MEDIUM OTHER THAN CASH AND REMUNERATION ACCRUING TO A SELF-EMPLOYED PERSON. REMUNERATION ACCRUING TO A SELF-EMPLOYED PERSON SHALL BE DEEMED TO BE TWICE THE AMOUNT PAID TO THE HIGHEST PAID EMPLOYEE REPORTED BY THE SELF-EMPLOYED PERSON IN A QUARTER, SUBJECT TO ONE THOUSAND TWO HUNDRED DOLLARS MAXIMUM PER QUARTER. REMUNERATION ACCRUING TO A SELF-EMPLOYED PERSON WHO HAS NO COVERED EMPLOYEES SHALL BE DEEMED TO BE TWENTY-FIVE PERCENT PER QUARTER OF TEN PERCENT OF THE GROSS REVENUE OF HIS BUSINESS FOR THE PREVIOUS CALENDAR YEAR, SUBJECT TO ONE THOUSAND TWO HUNDRED DOLLARS MAXIMUM. REMUNERATION PAID FOR ANY SERVICE WHICH IS MORE OR LESS THAN A WHOLE DOLLAR SHALL, AS MAY BE PRESCRIBED BY REGULATIONS, BE COMPUTED TO THE NEAREST DOLLAR. WAGES SHALL NOT INCLUDE:

(A) THAT PART OF REMUNERATION IN EXCESS OF ONE THOUSAND TWO HUNDRED DOLLARS PAID IN A QUARTERLY REPORTING PERIOD BY ONE EMPLOYER.

(B) ANY PAYMENT ON ACCOUNT OF SICKNESS OR ACCIDENT DISABILITY, OR MEDICAL OR HOSPITALIZATION EXPENSES MADE BY AN EMPLOYER TO OR ON BEHALF OF AN EMPLOYEE.

(C) ANY PAYMENT MADE TO OR ON BEHALF OF AN EMPLOYEE OR TO HIS BENEFICIARY FROM A TRUST OR ANNUITY.

(D) REMUNERATION PAID IN ANY MEDIUM OTHER THAN CASH TO AN EMPLOYEE FOR SERVICE NOT IN THE COURSE OF THE EMPLOYER'S TRADE OR BUSINESS OR FOR

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DOMESTIC SERVICE IN A PRIVATE HOME OF AN EMPLOYER.

(E) REMUNERATION PAID FOR CASUAL OR INTERMITTENT LABOR NOT PERFORMED IN THE COURSE OF THE EMPLOYER'S TRADE OR BUSINESS WHEN SUCH EMPLOYMENT DOES NOT EXCEED EMPLOYMENT IN MORE THAN ONE WEEK IN EACH CALENDAR MONTH OF EACH QUARTERLY REPORTING PERIOD."

SECTION 3. SUBSECTION (11) OF SECTION 3 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS IS HEREBY AMENDED TO READ AS FOLLOWS:

"(11) "EARNINGS TEST" SHALL MEAN THAT AN INDIVIDUAL WHO RECEIVES A RETIREMENT OR SURVIVOR'S PENSION AND WHO WORKS IN COVERED OR NONCOVERED EMPLOYMENT SHALL HAVE HIS QUARTERLY BENEFIT REDUCED BY DOLLAR 1 FOR EACH DOLLAR 2 EARNED IN A QUARTER, EXCEPT THERE SHALL BE NO REDUCTION FOR THE FIRST DOLLARS 200 EARNED IN A QUARTER. THE REDUCTION SHALL BE APPLIED IN THE SUBSEQUENT QUARTER IN WHICH THE EARNINGS WERE MADE AND SHALL BE PRORATED FOR EACH MONTH."

SECTION 4. THERE IS HEREBY ADDED TO CHAPTER 3 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS A NEW SECTION TO BE DESIGNATED SECTION 59 WHICH SHALL READ AS FOLLOWS:

"SECTION 59. SOCIAL SECURITY ADMINISTRATOR-- COMPENSATION--DUTIES. THE SOCIAL SECURITY INSURANCE PROGRAM AUTHORIZED BY THIS TITLE SHALL BE ADMINISTERED BY THE U.S. COMMISSIONER OF SOCIAL SECURITY THROUGH HIS NOMINEE ACTING FOR THE UNITED STATES IN ACCORDANCE WITH SECTION 606(A) OF THE "COVENANT TO ESTABLISH A COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS IN POLITICAL UNION WITH THE UNITED STATES OF AMERICA." ANY INDIVIDUAL NOMINATED BY THE U.S. COMMISSIONER OF SOCIAL SECURITY TO CARRY OUT HIS ADMINISTRATIVE RESPONSIBILITIES IN THE NORTHERN MARIANA ISLANDS SHALL BE CONFIRMED AS THE SOCIAL SECURITY ADMINISTRATOR OF THE NORTHERN MARIANA ISLANDS BY THE RESIDENT COMMISSIONER OF THE NORTHERN MARIANA

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ISLANDS. THE RESIDENT COMMISSIONER SHALL FIX THE COMPENSATION OF THE SOCIAL SECURITY ADMINISTRATOR AND MEMBERS OF THE ADMINISTRATOR'S STAFF AS EMPLOYEES OF THE GOVERNMENT OF THE NORTHERN MARIANA ISLANDS WITHIN THE LIMITS OF AVAILABLE ADMINISTRATIVE FUNDS BUDGETED FOR THE OPERATION OF THIS TITLE. A SOCIAL SECURITY ADMINISTRATOR SO APPOINTED MAY SERVE IN THAT POSITION UNTIL SUCH TIME AS THE U.S. COMMISSIONER OF SOCIAL SECURITY RESCINDS THE NOMINATION OR NOMINATES A SUCCESSOR.

"THE GENERAL ADMINISTRATION AND RESPONSIBILITY FOR THE PROPER OPERATION OF THIS TITLE SHALL BE VESTED IN THE SOCIAL SECURITY ADMINISTRATOR WHO SHALL HAVE POWER TO DELEGATE DUTIES AND RESPONSIBILITIES TO SUCH EMPLOYEES AS HE DEEMS FEASIBLE AND DESIRABLE TO CARRY OUT THE PROVISIONS OF THIS TITLE. THE SOCIAL SECURITY ADMINISTRATOR MAY ADOPT, AMEND, OR RESCIND REGULATIONS FOR THE ADMINISTRATION OF THIS TITLE SUBJECT TO THE APPROVAL OF THE RESIDENT COMMISSIONER OF THE NORTHERN MARIANA ISLANDS. HE MAY HIRE SUCH EMPLOYEES HE DEEMS NECESSARY WITHIN THE LIMITS OF AVAILABLE FUNDS BUDGETED FOR THE ADMINISTRATIVE OPERATION OF THIS TITLE. THE SOCIAL SECURITY ADMINISTRATOR SHALL REIMBURSE AGENCIES OF THE UNITED STATES GOVERNMENT FOR EXPENSES INCURRED IN PERFORMING SERVICES IN THE ADMINISTRATION OF THIS TITLE.

"THIS PROVISION SHALL TAKE PRECEDENCE OVER ANY PRESENT PROVISIONS OF THIS TITLE INCONSISTENT WITH THIS PROVISION."

SECTION 5. SUBSECTION (1) OF SECTION 101 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS AND SUBSECTION (2) OF SECTION 101 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS ARE HEREBY AMENDED TO READ AS FOLLOWS:

"SECTION 101. WHO IS COVERED. (1) ALL EMPLOYEES AS DEFINED BY THIS TITLE, WHEREVER EMPLOYED AS A TRUST TERRITORY EMPLOYER, SHALL BE COVERED BY THIS TITLE UNLESS THE EMPLOYEE IS CURRENTLY SUBJECT TO THE UNITED

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STATES SOCIAL SECURITY SYSTEM OF A RETIREMENT SYSTEM ESTABLISHED BY A LAW OF THE UNITED STATES. FOR THE PURPOSES OF THIS TITLE, ANY ELECTED OFFICIAL IN ANY GOVERNMENT UNIT OR BODY IN THE TRUST TERRITORY IS DEEMED TO BE AN EMPLOYEE EMPLOYED BY A TRUST TERRITORY EMPLOYER. THE GOVERNMENTAL UNIT OR BODY TO WHICH SUCH PERSON IS ELECTED IS SUBJECT TO THE PROVISIONS IN THIS TITLE RELATING TO THE DUTY AND OBLIGATIONS OF A TRUST TERRITORY EMPLOYER. THE FOLLOWING PERSONS ARE EXCEPTED FROM THE PROVISIONS OF THIS TITLE: PERSONS IN FAMILY EMPLOYMENT.

(2) EVERY PERSON WHO:

(A) IS A FULLY INSURED INDIVIDUAL, AS DEFINED IN THIS TITLE

(B) HAS ATTAINED AGE

(C) HAS FILED APPLICATION FOR OLD AGE INSURANCE SHALL BE ENTITLED TO AN OLD AGE INSURANCE BENEFIT FOR EACH MONTH BEGINNING WITH THE MONTH OF JULY, 1970, FOR WHICH BOTH PARAGRAPHS (A) AND (B) OF THIS SUBSECTION ARE SATISFIED WHICHEVER IS LATER AND ENDING WITH THE MONTH PRECEDING THE MONTH IN WHICH HE DIES, SUBJECT TO THE EARNINGS TEST AS DEFINED IN THIS TITLE."

SECTION 6. SUBSECTION (3) OF SECTION 104 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS IS AMENDED TO READ AS FOLLOWS:

(3) EVERY INDIVIDUAL WHO IS A FULLY AND CURRENTLY INSURED INDIVIDUAL AND IS DISABLED AND HAS BEEN DISABLED FOR AT LEAST FIVE FULL CALENDAR MONTHS, UPON FILING AN APPLICATION FOR DISABILITY INSURANCE BENEFITS, SHALL BE ENTITLED TO A DISABILITY RETIREMENT PENSION FOR EACH MONTH BEGINNING WITH THE MONTH OF JANUARY, 1974, OR THE MONTH THE INDIVIDUAL BECOMES ELIGIBLE FOR DISABILITY, WHICHEVER IS LATER, AND ENDING WITH THE MONTH PRECEDING THE MONTH IN

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WHICH HE DIES OR RECOVERS FROM HIS DISABILITY,
SUBJECT TO THE EARNINGS TEST AS DEFINED IN THIS TITLE."

SECTION 7. SECTION 105 OF TITLE 73 OF THE TRUST
TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA
ISLANDS IS AMENDED TO READ AS FOLLOWS:

*SECTION 105. RETIREMENT AND DISABILITY
INSURANCE BENEFITS--AMOUNTS.

(1) AN INSURED, ELIGIBLE INDIVIDUAL SHALL BE
PAID A MONTHLY OLD AGE RETIREMENT PENSION FOR
LIFE, EXCEPT FOR ANY MONTH OF DISQUALIFICATION
AS PROVIDED BY THIS TITLE IN AN AMOUNT CALCULATED
UPON AN ANNUAL BASIS OF 9.9 PERCENT OF THE FIRST
TEN THOUSAND DOLLARS OF CUMULATIVE COVERED
EARNINGS, PLUS 1.65 PERCENT OF CUMULATIVE COVERED
EARNINGS IN EXCESS OF TEN THOUSAND DOLLARS BUT
NOT IN EXCESS OF THE NEXT THIRTY THOUSAND
DOLLARS, PLUS .825 PERCENT OF CUMULATIVE COVERED
EARNINGS IN EXCESS OF FORTY THOUSAND DOLLARS.
EARNINGS FOR EMPLOYMENT AFTER COMMENCEMENT OF
PAYMENTS FOR OLD AGE OR DISABILITY INSURANCE
BENEFITS SHALL BE INCLUDED IN BENEFIT CALCULA-
TIONS UPON SUBSEQUENT APPLICATION FOR BENEFITS,
BUT SUCH EARNINGS SHALL BE APPLICABLE FOR
BENEFITS FOR MONTHS AFTER THE CALENDAR YEAR IN
WHICH SUCH EARNINGS OCCURRED.

(2) AN INSURED, ELIGIBLE INDIVIDUAL SHALL BE
PAID A MINIMUM MONTHLY PENSION OF TWENTY-SIX
DOLLARS AND FORTY CENTS IF THE PENSION AMOUNT
CALCULATED IN ACCORDANCE WITH SUBSECTION (1) OF
THIS SECTION IS LESS THAN TWENTY-SIX DOLLARS AND
FORTY CENTS MONTHLY.

(3) AN INDIVIDUAL WHO IS BOTH FULLY AND
CURRENTLY INSURED AND WHO HAS BEEN UNDER A
DISABILITY FOR FIVE FULL CALENDAR MONTHS SHALL BE
PAID A MONTHLY PENSION FOR LIFE OR UNTIL RECOVERY
FROM THE DISABILITY, EXCEPT FOR ANY MONTH OF

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DISQUALIFICATION AS PROVIDED BY THIS TITLE, IN AN AMOUNT CALCULATED IN ACCORDANCE WITH THE PRECEDING SUBSECTION OF THIS SECTION. FURTHER, THE AMOUNT OF THE PENSION AS SO DETERMINED SHALL, IF THE INDIVIDUAL IS RECEIVING A PERIODIC WORKMEN'S COMPENSATION BENEFIT, BE REDUCED EACH MONTH BY THE EXCESS OF THE SUM OF THE WORKMEN'S COMPENSATION BENEFIT FOR THAT MONTH PAYABLE UNDER THIS TITLE, OVER EIGHTY PERCENT OF ONE-TWELFTH OF THE HIGHEST ANNUAL COVERED WAGES IN THE PERIOD CONSISTING OF THE YEAR IN WHICH THE DISABILITY OCCURRED AND THE PRECEDING FIVE YEARS. IF A WORKMEN'S COMPENSATION BENEFIT WAS PAYABLE IN PERIODIC BENEFITS BUT WAS COMMUTED TO A LUMP SUM, FOR PURPOSES OF THIS SUBSECTION IT WILL BE CONSIDERED THAT THE PERIODIC BENEFIT ORIGINALLY AVAILABLE WAS PAID IN EACH MONTH THAT IT WOULD HAVE BEEN PAID IF THE COMMUTATION HAD NOT OCCURRED."

SECTION 8. SECTION 151 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS IS HEREBY AMENDED TO READ AS FOLLOWS:

"THERE IS HEREBY IMPOSED ON THE INCOME OF EVERY EMPLOYEE A TAX EQUAL TO THE FOLLOWING PERCENTAGES OF WAGES RECEIVED BY HIM WITH RESPECT TO EMPLOYMENT SUBJECT TO THIS TITLE:

(1) WITH RESPECT TO WAGES PAID FROM JULY 1, 1976 THROUGH DECEMBER 31, 1976, THE RATE SHALL BE ONE AND ONE-HALF PERCENT;

(2) WITH RESPECT TO WAGES PAID DURING CALENDAR YEARS 1977 THROUGH 1980, THE RATE SHALL BE TWO PERCENT;

(3) WITH RESPECT TO WAGES PAID DURING CALENDAR YEARS 1981 THROUGH 1985, THE RATE SHALL BE THREE PERCENT;

(4) WITH RESPECT TO WAGES PAID DURING

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CALENDAR YEARS 1986 THROUGH 1990, THE RATE SHALL BE FOUR PERCENT;

(5) WITH RESPECT TO WAGES PAID AFTER 1990, THE RATE SHALL BE FIVE PERCENT."

SECTION 9. SECTION 152 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS IS HEREBY AMENDED TO READ AS FOLLOWS:

"SECTION 152. EMPLOYER CONTRIBUTIONS. THERE IS HEREBY IMPOSED ON EVERY EMPLOYER AN EXCISE TAX, WITH RESPECT TO HAVING AN INDIVIDUAL IN HIS EMPLOY, EQUAL TO THE FOLLOWING PERCENTAGES OF WAGES, PAID BY HIM WITH RESPECT TO EMPLOYMENT SUBJECT TO THIS TITLE:

(1) WITH RESPECT TO WAGES PAID FROM JULY 1, 1976, THROUGH DECEMBER 31, 1976, THE RATE SHALL BE ONE AND ONE-HALF PERCENT;

(2) WITH RESPECT TO WAGES PAID DURING CALENDAR YEARS 1977 THROUGH 1980, THE RATE SHALL BE TWO PERCENT;

(3) WITH RESPECT TO WAGES PAID DURING CALENDAR YEARS 1981 THROUGH 1985, THE RATE SHALL BE THREE PERCENT;

(4) WITH RESPECT TO WAGES PAID DURING CALENDAR YEARS 1986 THROUGH 1990, THE RATE SHALL BE FOUR PERCENT;

(5) WITH RESPECT TO WAGES PAID AFTER 1990, THE RATE SHALL BE FIVE PERCENT."

SECTION 10. SECTION 153 OF TITLE 73 OF THE TRUST TERRITORY CODE AS IT APPLIES TO THE NORTHERN MARIANA ISLANDS IS AMENDED TO READ AS FOLLOWS:

"SECTION 153. EMPLOYEE REFUNDS. WHEN A COVERED EMPLOYEE IS CREDITED WITH EARNINGS IN EXCESS OF THE

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QUARTERLY MAXIMUM PROVIDED BY LAW FOR A QUARTER AND AND TAXES ON THE EXCESS ARE WITHHELD AND PAID INTO THE TRUST TERRITORY SOCIAL SECURITY RETIREMENT FUND, THE EXCESS EMPLOYEE'S TAX CREDITED TO THE EMPLOYEE DURING THE FOUR QUARTERS ENDING JUNE 30TH OF EACH YEAR, SHALL BE REFUNDED TO THE EMPLOYEE WITHIN NINETY DAYS OF THAT DATE; PROVIDED, THAT THE EXCESS EMPLOYEE'S TAXES ARE ONE DOLLAR OR MORE. NO REFUND, HOWEVER, SHALL BE GRANTED TO THE EMPLOYER OR EMPLOYERS OF SUCH EMPLOYEE OF TAXES PAID BY SUCH EMPLOYERS ON ACCOUNT OF WAGES PAID BY THEM TO THE EMPLOYEE."

SECTION 11. UPON APPROVAL BY THE RESIDENT COMMISSIONER, OR UPON ITS BECOMING LAW WITHOUT SUCH APPROVAL, THIS ACT SHALL TAKE EFFECT ON JULY 1, 1976. UNQUOTE.
END TEXT.

AS DISCUSSED TELECON,
RELATE TO INCREASE BOTH TAX AND BENEFITS. BILL ALSO PROVIDES FOR AN ADMINISTRATIVE STRUCTURE FOR NMI SOCIAL SECURITY RETIREMENT SYSTEM. COST OF THIS ADMINISTRATION IS AS STATED IN FACEY BUDGET FIRST YEAR COST DOLS 72,100. UNLESS NMIL WILL CONTRIBUTE TO ADMINISTRATIVE COST, DOTA FEELS NMI GOVT WILL HAVE TO BEAR APPROX DOLS 40,000. REMAINDER SHOULD COME FROM NMI SS TRUST FUND WHEN AVAILABLE. WE UNDERSTAND SUBSEQUENT ANNUAL COSTS OF ADMINISTRATION WILL APPROXIMATE DOLS 40,000. OUR THINKING IS THAT 50 PERCENT OF THESE LATER COSTS SHOULD COME FROM TRUST FUND. DETAILS OF ADMINISTRATIVE STRUCTURE INCLUDING SALARIES AND FACEY INVOLVEMENT SHOULD BE WORKED OUT BY RESCOM WITH CONSULTATION WITH TTHQ IF APPROPRIATE.

INTERIOR AND SSA HAVE NO OBJECTION TO INCORPORATION OF PROVISIONS OF TT PL 6-90 (PRIOR SERVICE) IN PROPOSED LEGISLATION ABOVE AS PER TELECON.

MORE DETAILED LETTER WILL FOLLOW. PLEASE ADVISE DOTA OF RECEIPT AND PROGRESS WITH LEGISLATURE.
DOTA SENDS. ROBINSON

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