

SECOND REGULAR SESSION, 1984

AN ACT

To amend Division 3 of Title 3, of the Commonwealth Code, cited as the Northern Mariana Islands Social Security Act, to increase the earnings test exempt amount, and retirement disability, and survivors benefit amounts; to eliminate the earnings test for individuals aged 70 and over; to add provisions to pay auxiliary benefits to the spouses and children of life beneficiaries; to review tax rate changes; and for other purposes.

BE IT ENACTED BY THE NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Amendment. The first paragraph of 3 CMC Section 3003(d) is repealed and reenacted to read as follows:

"(d) 'Wages' shall mean remuneration paid subject to the provisions of this Division, including the cash value of all remuneration paid in any medium other than cash. 'Wages' also means remuneration accruing to a self-employed person prior to the first taxable year to which an election pursuant to Section 3505(b)(2) applies, but no later than the year prior to the first taxable year in which the taxes imposed by the income tax laws of the United States are collected in the Northern Mariana Islands pursuant to Section 601(a) of the Covenant. 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 a maximum of \$1,200 per quarter effective July 1, 1976, a maximum of \$9,075 per calendar year effective January 1, 1978, a maximum of \$13,350 per calendar year effective January 1, 1979, a maximum of 22,900 per calendar year effective January 1, 1981. Remuneration accruing to a self-employed person

who has no covered employees and who had more than \$10,000 of gross revenue in the preceding calendar year shall be deemed to be 2.5 percent per quarter of the gross revenue of his business for the previous calendar year, subject to a maximum of \$1,200 per quarter effective July 1, 1976, a maximum \$9,075 per calendar year effective January 1, 1978, a maximum of \$13,350 per calendar year effective January 1, 1979, a maximum of \$22,900 per calendar year effective January 1, 1981. For quarters ending prior to July 1, 1976, the maximum amounts applicable are equal to the quarterly maximum amounts in effect for such quarters under the Trust Territory Social Security Act. No remuneration accrues to a self-employed person who has no covered employees and whose gross revenue in the preceding calendar year was \$10,000 or less. 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."

Section 2. 3 CMC Section 3003(f) is repealed and reenacted to read as follows:

"(f) For the purposes of this Division:

(1) 'Fully insured individual' means:

(A) Any individual who has not less than one quarter of coverage for each year

beginning after December 31, 1968, or for each year after attaining the age of twenty-one, whichever is later, and up to but excluding the year in which he attained retirement age, or his period of disability began, or he died, whichever first occurred.

(B) In no case shall an individual be a fully insured individual unless he has at least 8 quarters of coverage.

(2) 'Currently insured individual' means any individual who has had not less than six quarters of coverage during the thirteen quarter period ending with:

(A) The quarter in which the individual died or,

(B) The quarter in which the individual became entitled to old age insurance benefits or,

(C) The quarter in which the individual's period of disability began, whichever first occurs."

Section 3. 3 CMC Section 3003(o) is repealed and reenacted to read as follows:

"(o)(1) 'Child' means:

(A) The child or legally adopted child of an individual;

(B) A stepchild who has been such stepchild for not less than 1 year immediately preceding the day on which application for child's benefits is filed or not less than 9 months immediately preceding the day on which the insured individual died; and

(C) A person who is the grandchild or stepgrandchild of an individual or his spouse but only if:

(i) There was no natural or adoptive parent (other than such a parent who was under a disability) of such person living at the time such individual became entitled to old-age insurance benefits or disability insurance benefits or died, or if such individual had a period of disability which continued until such individual became entitled to old-age insurance benefits or disability insurance benefits or died, there was no natural or adoptive parent of such person living at the time such individual's period of disability began; or

(ii) That person was legally adopted after the death of such individual by such individual's surviving spouse in an adoption

that was decreed by a court of competent jurisdiction in the Commonwealth or the United States and such person's natural or adopting parent or stepparent was not living in such individual's household and making regular contributions toward such person's support at the time such individual died.

(2) For purposes of subdivision (1)(A), a person shall be deemed, as of the date of death of an individual, to be the legally adopted child of such individual, if such person was at the time of such individual's death living in such individual's household and was legally adopted by such individual's surviving spouse after such individual's death, but only if:

(A) proceedings for the adoption of the child had been instituted by such individual before his death, or

(B) such child was adopted by such individual's surviving spouse before the end of two years after the day on which such individual died, except that this sentence shall not apply if at the time of such individual's death such person

was receiving regular contributions toward his support from someone other than such individual or his spouse, or from any public or private welfare organization which furnishes services or assistance for children.

(3) For purposes of subdivision (1)(B), a person who is not the stepchild of an individual shall be deemed the stepchild of such individual if such individual was not the parent or adopting parent of such person and such individual, and the parent or adopting parent of such person went through a marriage ceremony resulting in a purported marriage between them, which, but for a legal impediment--

(A) Resulting from the lack of dissolution of a previous marriage or otherwise arising out of such previous marriage or its dissolution, or

(B) Resulting from a defect in the procedure followed in connection with such purported marriage, would have been a valid marriage.

(4) An applicant who is the son or daughter of a fully or currently insured individual, but

who is not (and is not deemed to be) the child of such insured individual under subdivision (3), shall nevertheless be deemed to be the child of such insured individual if in the case of an insured individual entitled to old-age insurance benefits; entitled to disability insurance benefits; or in the case of a deceased individual--

(A) Such individual--

(i) Has acknowledged in writing that the applicant is his son or daughter,

(ii) Has been decreed by a court to be the father of the applicant, or

(iii) Has been ordered by a court to contribute to the support of the applicant because the applicant was his son or daughter, or

(B) Such insured individual is shown by evidence satisfactory to the Social Security administrator to be or have been the mother or father of the applicant, and such insured individual was living with or contributing to the support of the applicant at the time such applicant's application for

benefits was filed, or in the case of death at the time the insured died.

(5) A child shall be deemed dependent upon his parent or adopting parent unless, at the time specified in Section 3305(a)(2) or Section 3305(b)(2)(C), as appropriate, such parent or adopting parent was not living with or contributing to the support of such child and--

(A) Such child is neither the legitimate nor adopted child of such individual, or

(B) Such child has been adopted by some other individual. For purposes of this subdivision, a child deemed to be a child of an individual pursuant to subdivision (4) shall be deemed to be the legitimate child of such individual.

(6) A child shall be deemed dependent upon his stepparent if, at the time specified in Section 3305(a)(2) or Section 3305(b)(2)(C), as appropriate, the child was living with or was receiving at least one-half of his support from such stepparent.

(7)(A) A child who is a child of an individual under subdivision (1)(C) and is not a child of such individual under subdivisions (1)(A) or (B) shall be

deemed not to be dependent on such individual at the time specified in Section 3305(a)(2) or Section 3305 (b)(2)(C), as appropriate, unless:

(i) The child was living with the individual in the Commonwealth or in the United States are receiving at least one-half of his support from the individual (I) for the year immediately before the month in which the individual died, or (II) if the individual has a period of disability which continued until he died, for the year immediately before the month in which the period of disability began, and

(ii) The period during which the child was living with the individual began before the child attained age 18.

(B) In the case of a child who was born in the 1 year period during which the child must have been living with and receiving at least one-half of his support from the individual, the child shall be deemed to meet the requirements for the period if, as of the close of the period, such child has lived with the individual and received at least

one-half of his support from the individual for substantially all of the period which begins on the date of the child's birth."

Section 4. 3 CMC Section 3003(1)(1) is repealed and reenacted to read as follows:

"(1)(1) 'Period of trial work', with respect to an individual entitled to benefits on the basis of disability under Section 3304 or 3305(a)(2), means a period of months beginning and ending as provided in subdivisions (3) and (4)."

Section 5. 3 CMC Section 3305 is repealed and reenacted to read as follows:

"Section 3305.

(a) Survivors' insurance benefits--Eligibility.

(1) Every person who:

(A) Is the surviving spouse of a person who at the time of death was a fully insured individual and

(B) Has filed application for survivors' insurance benefits shall be entitled to a survivor's insurance benefit for each month beginning with the month of January 1976 for which subdivision (a)(1)(A) is satisfied, and ending with the month preceding

the month in which he or she dies or the month preceding the month in which he or she remarries, subject to the earnings test as provided in Section 3312.

(2) Every surviving child of an individual who dies a fully or currently insured individual who was dependent on such insured individual at the time of death (or, if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits or until the month of his death, was dependent at the beginning of such period of disability or at the time he became entitled to such benefits) upon filing for child's survivor's insurance benefits shall be entitled to a child's survivor's insurance benefit, subject to the earnings test as defined in this Division, for each month beginning with the month of January 1976 or the month of death of the individual, if later, and ending with the month preceding whichever of the following first occurs.

(A) Attainment of age 18 years, except the benefits are payable until the month before the attainment of age 22 so long as the beneficiary is a bona fide student, and except that benefits are payable during the disability of a child who was under a disability before he attained age 22;

(B) Marriage;

(C) Adoption (except for adoption subsequent to the death of the individual upon whom the child was dependent by a stepparent, grandparent, aunt, or uncle); or

(D) Death.

(3) A child's survivor's insurance benefits shall be paid to the person upon whom the child is currently dependent.

(b) Dependents' insurance benefits--Eligibility.

(1) Every person who:

(A) Is the spouse of an individual entitled to old-age or disability insurance benefits, if such spouse has filed an application for spouse's insurance benefits; and

(B) Has attained age 62 or has in his or her care a child under age 16 entitled to a child's insurance benefits on the basis of the income of such individual; and

1 (C) Is not entitled to old-age or
2 disability insurance benefits that are
3 more than one-half of the amount of such
4 individual's old-age or disability benefit,
5 shall be entitled to a spouse's benefit for
6 each month beginning with January 1985 and
7 ending with the month preceding the month in
8 which such spouse dies, such individual dies,
9 or the spouse is under age 62 and no longer
10 has in his or her care a child under age 16
11 entitled to benefits or entitled to childhood
12 disability benefits.

13 (2) Every child who:

14 (A) Is the child of an individual
15 entitled to old-age or disability insurance
16 benefits, if such child has filed an
17 application for child's insurance benefits; and

18 (B) Is unmarried and either under age
19 18, under age 19 and a bona fide student at
20 an elementary or secondary school or is under
21 a disability which began before age 22; and

22 (C) Is dependent on such individual at
23 the time the application is filed, at the
24 time the individual died or if the insured
25 had a period of disability that continued

until entitlement to old-age benefits or death, at the beginning of such period of disability or at the time he became entitled to such benefits, shall be entitled to a child's survivor's insurance benefits for each month beginning with January 1985 and ending with the month preceding the month in which such child dies, marries, attains age 18 and is no longer in elementary or secondary school, attains age 19, or is not under a disability which began before age 22.

(3) A child shall be deemed dependent on his parent or adopting parent at the time specified in subsection (2) (c) of this Section unless, at such time, such individual was not living with or contributing to the support of such child. In those cases see Section 3003(o)(5). For purposes of this subdivision a child deemed to be a child of a fully or currently insured individual pursuant to Section 3003(o) (5) shall be deemed to be the legitimate child of such individual.

(4) A child's insurance benefits shall be paid to the person upon whom the child is currently dependent."

Section 6. (a) 3 CMC Section 3306 is amended by:

- (1) Redesignating subdivision (f) as subdivision (i); and
- (2) Inserting after subdivision (e) the following new subdivisions:

"(f) Benefits payable in or after January 1985.

The monthly old-age retirement benefit or disability benefit payable to an individual under this Division shall be in an amount determined under the following table subject to the procedures specified in subdivision (h) of this Section.

TABLE FOR DETERMINING RETIREMENT AND DISABILITY
BENEFIT AMOUNTS BEGINNING JANUARY 1985

| I | II | | III |
|--|---|-------------|---|
| <u>Monthly Benefit Amount</u> (effective for July 1980) | <u>Average Monthly Wage</u> Or his average monthly wage is-- But not | | <u>Monthly Benefit Amount</u> Then his monthly benefit amount for January 1985 and after is-- |
| is-- | At least-- | more than-- | |
| \$ 111.50 | \$ 0 | \$ 112.12 | \$ 111.50 |
| 113.20 | 112.13 | 115.15 | 113.20 |
| 115.80 | 115.16 | 118.18 | 115.80 |
| 118.00 | 118.19 | 119.69 | 118.00 |
| 120.00 | 119.70 | 122.22 | 120.00 |
| 122.60 | 122.23 | 125.25 | 122.60 |

| If an individual's monthly benefit amount is-- | Or his average monthly wage is-- But not At least-- more than-- | Then his monthly benefit amount for January 1985 and after is-- |
|--|--|--|
| \$ 124.90 | \$ 125.26 \$ 128.28 | \$ 124.90 |
| 126.80 | 128.29 131.31 | 126.80 |
| 129.40 | 131.32 132.32 | 129.40 |
| 131.60 | 132.33 135.35 | 131.60 |
| 132.70 | 135.36 138.38 | 132.70 |
| 135.90 | 138.39 141.41 | 135.90 |
| 138.40 | 141.42 142.92 | 138.40 |
| 140.60 | 142.93 145.45 | 140.60 |
| 143.30 | 145.46 148.48 | 143.30 |
| 145.40 | 148.49 150.00 | 145.40 |
| 147.80 | 150.01 153.03 | 147.80 |
| 150.60 | 153.04 156.06 | 150.60 |
| 153.10 | 156.07 157.07 | 153.10 |
| 155.30 | 157.08 160.10 | 155.30 |
| 157.80 | 160.11 166.16 | 157.80 |
| 160.00 | 166.17 173.23 | 160.00 |
| 162.40 | 173.24 179.29 | 162.40 |
| 165.00 | 179.30 186.36 | 165.00 |
| 167.40 | 186.37 193.43 | 167.40 |
| 169.70 | 193.44 199.49 | 169.70 |
| 172.00 | 199.50 206.56 | 172.00 |

| If an individual's monthly benefit amount is-- | Or his average monthly wage is-- But not | | Then his monthly benefit amount for January 1985 and after is-- |
|--|--|--------------------|--|
| <u>is--</u> | <u>At least--</u> | <u>more than--</u> | <u>after is--</u> |
| \$ 174.50 | \$ 206.57 | \$ 214.14 | \$ 174.50 |
| 177.10 | 214.15 | 219.69 | 177.10 |
| 179.20 | 219.70 | 227.27 | 179.20 |
| 181.80 | 227.28 | 234.34 | 181.80 |
| 184.10 | 234.35 | 240.40 | 184.10 |
| 186.50 | 240.41 | 247.47 | 186.50 |
| 189.10 | 247.48 | 255.05 | 189.10 |
| 191.20 | 255.06 | 260.60 | 191.20 |
| 193.80 | 260.61 | 267.67 | 193.80 |
| 196.10 | 267.68 | 275.25 | 196.10 |
| 198.70 | 275.26 | 282.32 | 198.70 |
| 201.20 | 282.33 | 288.38 | 201.20 |
| 203.40 | 288.39 | 295.45 | 203.40 |
| 206.10 | 295.46 | 302.52 | 206.10 |
| 208.50 | 302.53 | 308.58 | 208.50 |
| 210.40 | 308.59 | 315.65 | 210.40 |
| 213.20 | 315.66 | 323.23 | 213.20 |
| 215.50 | 323.24 | 328.78 | 215.50 |
| 218.10 | 328.79 | 336.36 | 218.10 |
| 220.50 | 336.37 | 343.43 | 220.50 |
| 223.20 | 343.44 | 349.49 | 223.20 |

| If an individual's monthly benefit amount is-- | Or his average monthly wage is-- But not At least-- more than-- | Then his monthly benefit amount for January 1985 and after is-- |
|--|--|--|
| \$ 225.30 | \$ 349.50 \$ 356.56 | \$ 225.30 |
| 227.50 | 356.57 363.63 | 227.50 |
| 230.30 | 363.64 369.69 | 230.30 |
| 232.60 | 369.70 376.76 | 232.60 |
| 234.60 | 376.77 384.34 | 234.60 |
| 237.50 | 384.35 389.89 | 237.50 |
| 239.70 | 389.90 397.47 | 239.70 |
| 242.30 | 397.48 404.54 | 242.30 |
| 244.60 | 404.55 410.60 | 244.60 |
| 247.00 | 410.61 417.67 | 247.00 |
| 249.60 | 417.68 424.74 | 249.60 |
| 251.60 | 424.75 430.80 | 251.60 |
| 254.40 | 430.81 437.87 | 254.40 |
| 256.50 | 437.88 445.45 | 256.50 |
| 258.90 | 445.46 451.01 | 258.90 |
| 261.60 | 451.02 458.58 | 261.60 |
| 263.70 | 458.59 465.65 | 263.70 |
| 266.20 | 465.66 471.21 | 266.20 |
| 268.80 | 471.22 478.78 | 268.80 |
| 270.90 | 478.79 485.85 | 270.90 |
| 273.70 | 485.86 491.91 | 273.70 |

| If an individual's monthly benefit amount is-- | Or his average monthly wage is-- But not | | Then his monthly benefit amount for January 1985 and after is-- |
|--|--|--------------------|--|
| <u>is--</u> | <u>At least--</u> | <u>more than--</u> | <u>after is--</u> |
| \$ 275.60 | \$ 491.92 | \$ 498.98 | \$ 275.60 |
| 278.20 | 498.99 | 506.56 | 278.20 |
| 280.90 | 506.57 | 512.12 | 280.90 |
| 283.00 | 512.13 | 519.69 | 283.00 |
| 285.70 | 519.70 | 526.76 | 285.70 |
| 288.00 | 526.77 | 532.32 | 288.00 |
| 290.20 | 532.33 | 540.00 | 290.20 |
| | 540.01 | 550.00 | 293.40 |
| | 550.01 | 560.00 | 296.60 |
| | 560.01 | 570.00 | 299.80 |
| | 570.01 | 580.00 | 303.00 |
| | 580.01 | 590.00 | 306.20 |
| | 590.01 | 600.00 | 309.40 |
| | 600.01 | 610.00 | 312.60 |
| | 610.01 | 620.00 | 315.80 |
| | 620.01 | 630.00 | 319.00 |
| | 630.01 | 640.00 | 322.20 |
| | 640.01 | 650.00 | 325.40 |
| | 650.01 | 660.00 | 328.60 |
| | 660.01 | 670.00 | 331.80 |
| | 670.01 | 680.00 | 335.00 |

| If an individual's monthly benefit amount is-- | Or his average monthly wage is-- But not | | Then his monthly benefit amount for January 1985 and after is-- |
|--|--|-------------|--|
| | At least-- | more than-- | |
| | \$ 680.01 | \$ 690.00 | \$ 338.20 |
| | 690.01 | 700.00 | 341.40 |
| | 700.01 | 710.00 | 344.60 |
| | 710.01 | 720.00 | 347.80 |
| | 720.01 | 730.00 | 351.00 |
| | 730.01 | 740.00 | 354.20 |
| | 740.01 | 750.00 | 357.40 |
| | 750.01 | 760.00 | 360.60 |
| | 760.01 | 770.00 | 363.80 |
| | 770.01 | 780.00 | 367.00 |
| | 780.01 | 790.00 | 370.20 |
| | 790.01 | 800.00 | 373.40 |
| | 800.01 | 810.00 | 376.60 |
| | 810.01 | 820.00 | 378.10 |
| | 820.01 | 830.00 | 379.60 |
| | 830.01 | 840.00 | 381.10 |
| | 840.01 | 850.00 | 382.60 |
| | 850.01 | 860.00 | 384.10 |
| | 860.01 | 870.00 | 385.60 |
| | 870.01 | 880.00 | 387.10 |
| | 880.01 | 890.00 | 388.60 |

| If an individual's monthly benefit amount is-- | Or his average monthly wage is-- But not At least-- more than-- | Then his monthly benefit amount for January 1985 and after is-- |
|--|--|--|
| | \$ 890.01 \$ 900.00 | \$ 390.10 |
| | 900.01 910.00 | 391.60 |
| | 910.01 920.00 | 393.10 |
| | 920.01 930.00 | 394.60 |
| | 930.01 940.00 | 396.10 |
| | 940.01 950.00 | 397.60 |
| | 950.01 960.00 | 399.10 |
| | 960.01 970.00 | 400.60 |
| | 970.01 980.00 | 402.10 |
| | 980.01 990.00 | 403.60 |
| | 990.01 1,000.00 | 405.10 |
| | 1,000.01 1,010.00 | 406.60 |
| | 1,010.01 1,020.00 | 408.10 |
| | 1,020.01 1,030.00 | 409.60 |
| | 1,030.01 1,040.00 | 411.10 |
| | 1,040.01 1,050.00 | 412.60 |
| | 1,050.01 1,060.00 | 414.10 |
| | 1,060.01 1,070.00 | 415.60 |
| | 1,070.01 1,080.00 | 417.10 |
| | 1,080.01 1,090.00 | 418.60 |
| | 1,090.01 1,100.00 | 420.10 |

| If an individual's monthly benefit amount <u>is--</u> | Or his average monthly wage is-- But not <u>At least-- more than-</u> | Then his monthly benefit amount for January 1985 and <u>after is--</u> |
|---|--|---|
| | \$ 1,100.01 \$1,110.00 | \$ 421.60 |
| | 1,110.01 1,120.00 | 423.10 |
| | 1,120.01 1,130.00 | 424.60 |
| | 1,130.01 1,140.00 | 426.10 |
| | 1,140.01 1,150.00 | 427.60 |
| | 1,150.01 1,160.00 | 429.10 |
| | 1,160.01 1,170.00 | 430.60 |
| | 1,170.01 1,180.00 | 432.10 |
| | 1,180.01 1,190.00 | 433.60 |
| | 1,190.01 1,200.00 | 435.10 |
| | 1,200.01 1,210.00 | 436.60 |
| | 1,210.01 1,220.00 | 438.10 |
| | 1,220.01 1,230.00 | 439.60 |
| | 1,230.01 1,240.00 | 441.10 |
| | 1,240.01 1,250.00 | 442.60 |
| | 1,250.01 1,260.00 | 444.10 |
| | 1,260.01 1,270.00 | 445.60 |
| | 1,270.01 1,280.00 | 447.10 |
| | 1,280.01 1,290.00 | 448.60 |
| | 1,290.01 1,300.00 | 450.10 |
| | 1,300.01 1,310.00 | 451.60 |

| If an individual's monthly benefit amount is-- | Or his average monthly wage is-- But not At least-- more than-- | Then his monthly benefit amount for January 1985 and after is-- |
|--|--|--|
| | \$ 1,310.01 \$1,320.00 | \$ 453.10 |
| | 1,320.01 1,330.00 | 454.60 |
| | 1,330.01 1,340.00 | 456.10 |
| | 1,340.01 1,350.00 | 457.60 |
| | 1,350.01 1,360.00 | 459.10 |
| | 1,360.01 1,370.00 | 460.60 |
| | 1,370.01 1,380.00 | 462.10 |
| | 1,380.01 1,390.00 | 463.60 |
| | 1,390.01 1,400.00 | 465.10 |
| | 1,400.01 1,410.00 | 466.60 |
| | 1,410.01 1,420.00 | 468.10 |
| | 1,420.01 1,430.00 | 469.60 |
| | 1,430.01 1,440.00 | 471.10 |
| | 1,440.01 1,450.00 | 472.60 |
| | 1,450.01 1,460.00 | 474.10 |
| | 1,460.01 1,470.00 | 475.60 |
| | 1,470.01 1,480.00 | 477.10 |
| | 1,480.01 1,490.00 | 478.60 |
| | 1,490.01 1,500.00 | 480.10 |
| | 1,500.01 1,510.00 | 481.60 |
| | 1,510.01 1,520.00 | 483.10 |

| If an individual's monthly benefit amount is-- | Or his average monthly wage is-- But not At least-- more than-- | Then his monthly benefit amount for January 1985 and after is-- |
|--|--|--|
| | \$ 1,520.01 \$1,530.00 | \$ 484.60 |
| | 1,530.01 1,540.00 | 486.10 |
| | 1,540.01 1,550.00 | 487.60 |
| | 1,550.01 1,560.00 | 489.10 |
| | 1,560.01 1,570.00 | 490.60 |
| | 1,570.01 1,580.00 | 492.10 |
| | 1,580.01 1,590.00 | 493.60 |
| | 1,590.01 1,600.00 | 495.10 |
| | 1,600.01 1,610.00 | 496.60 |
| | 1,610.01 1,620.00 | 498.10 |
| | 1,620.01 1,630.00 | 499.60 |
| | 1,630.01 1,640.00 | 501.10 |
| | 1,640.01 1,650.00 | 502.60 |
| | 1,650.01 1,660.00 | 504.10 |
| | 1,660.01 1,670.00 | 505.60 |
| | 1,670.01 1,680.00 | 507.10 |

"(g) For the purposes of determining old-age and disability insurance benefits in any calendar year after 1985, the benefit table in subdivision (f) (or deemed to be in subdivision (f)) that was in effect in the year immediately preceding

the calendar year for which benefits are being determined, shall be revised by:

(1) Revising the date in the title of the table and in column III to be January of the year for which benefits are being determined;

(2) For benefits in any calendar year following a year in which a cost-of-living increase (or any other general benefit increase) was effective for Social Security benefits paid under the United States Social Security System, increasing the amounts shown in column III for the previous calendar year by the percentage increase applicable in the previous calendar year in the United States Social Security System and rounding the result, if not an even multiple of \$.10, to the next lower multiple of \$.10;

(3) Extending column II by (A) dividing the maximum cumulative covered earnings that could be credited to an individual's record from July 1968 through the year before the year for which benefits are being determined by 96, (B) adding new lines to the right-hand column of column II determined by adding \$10.00

to the amount shown in the previous line and continuing to add new lines by repeating this procedure until an amount exceeding the amount determined in subdivision (g)(3)(A) is reached and (C) increasing the amount shown in the right-hand column of the previous line by \$.01 to determine the amount to be shown in each line of the left-hand column of column II;

(4) For each line added to column II per subdivision (g)(3), extending column III (as adjusted, when required, by subdivision (g)(2)) by adding \$1.50 to the amount shown in this column on the previous; and

(5) For the purposes of revising the benefit table as provided by this subdivision (g);

(A) Revising the date in the heading of column I to be the month that the most recent benefit table went into effect, and

(B) Substituting the amounts shown in column III of the most recent benefit table (including amounts for which there was no corresponding column I amount on the same line) for the amounts shown in column I of said benefit table.

(6) The benefit table thus revised by this subdivision (g) shall be deemed to be in subdivision (f) for purposes of this Division.

(h) To use the benefit table provided in subdivision (f) (or deemed to be in subdivision (f)) of this Section --

(1) Determine cumulative covered earnings credited to the individual's record since July 1, 1968. Cumulative covered earnings shall not include wages for employment or self-employment income received in the year of commencement of benefits; wages for employment and self-employment income received in the year of commencement of payments for old-age or disability insurance benefits or in later years shall be included in benefit calculations upon subsequent application for benefits, but such wages and self-employment income shall be applicable for benefits for months after the calendar year in which such earnings were received.

(2) Determine the average monthly wage by dividing the cumulative covered earnings

determined in subdivision (h)(1) by the greater of (A) 96 months, or (B) the number of months elapsing beginning July 1968 or January of the year after the year in which the individual attains age 21, whichever is later, through December of the year prior to the year in which the individual attains age 62, becomes disabled, or dies, whichever is earlier, excluding months in years in which the individual is under a disability. The average monthly wage as computed in this subdivision, if not an even multiple of \$.01, shall be rounded to the next lower multiple of \$.01.

(3) The monthly benefit payable (except as modified by Section 3307 in the case of survivors' or dependents' benefits) is the monthly benefit amount that appears in Column III in the benefit table on the same line as the monthly benefit amount shown in Column I that had been payable for the month preceding the month in which the new benefit table becomes effective or, if greater, the monthly benefit amount that appears in the benefit table in Column III on the same line

as the average monthly wage as computed in subdivision (h)(2).", and

(3) Amending subdivision (i) (as redesignated by subdivision (a) of this Section) to read as follows:

"(i) If a person entitled to a disability insurance benefit under this Division is receiving a periodic worker's compensation benefit, the amount of the monthly disability benefit otherwise determined under this Section and the amount of any monthly benefit payable to a dependent spouse or dependent children of such disabled individual under Section 3307(b) shall be reduced by the excess of the sum of the worker's compensation benefit for that month and such disability insurance and dependents' benefits payable for that month over 80 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 5 years. If a worker's compensation benefit was payable in periodic benefits

but was commuted to a lump sum, for purposes of this subdivision 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. Whenever a reduction is made under this subdivision in the total of benefits otherwise payable for any month under this Division, each benefit, except the disability insurance benefit, shall first be proportionately decreased, and any excess of such reduction over the sum of all such benefits other than the disability insurance benefits shall then be applied to such disability insurance benefit."

(b) The amendments made by subdivision (a) of this Section are effective for monthly benefits payable after 1984.

Section 7. 3 CMC Section 3307 is repealed and reenacted to read as follows:

"Section 3307. (a) Survivors' insurance benefits--Amount.

(1) Benefits payable before January 1977.

(A) The monthly benefit payable to a surviving spouse under this Division shall

be in an amount equal to 50 percent of the retirement insurance benefit calculated for the deceased spouse at the date of death. If the surviving spouse is eligible for a monthly benefit under this Division based on his or her own wages the monthly survivor's insurance benefits shall be reduced by the amount of his or her monthly benefit.

(B) The monthly benefit payable to a surviving child under this Division shall be in an amount equal to 10 percent of the retirement insurance benefit calculated for the deceased parent at the date of death.

(C) In no event shall the total survivors' benefits paid to a spouse and children under this Division exceed the retirement insurance benefit calculated for the decedent as of the date of death, nor shall the total be less than \$24 a month, before any reduction under subdivision (a)(1)(A).

(2) Benefits payable in or after January 1977.

(A) The monthly benefit payable to a surviving spouse under this Division shall be in an amount equal to 60 percent of the retirement insurance benefit calculated for the deceased spouse at the date of death.

If the surviving spouse is eligible for a monthly benefit under this Division based on his or her own wages the monthly survivor's insurance benefits shall be reduced by the amount of his or her monthly benefit.

(B) The monthly benefit payable to a surviving child under this Division shall be in an amount equal to 15 percent of the retirement insurance calculated for the deceased parent at the date of death.

(C) In no event shall the total survivors' benefits paid to a spouse and child under this Division exceed the retirement insurance benefit calculated for the decedent as of the date of death, nor shall the total be less than \$43.40 a month, before any reduction under subdivision (a)(2)(A).

(3) Benefits payable in or after July 1977.

(A) In no event shall the total survivor's benefits paid to a spouse and children under this Division exceed the retirement insurance benefit calculated for the decedent as of the date of death, nor shall the total be less than \$46.50

a month, before any reduction under
subbdivision (a)(1)(A) or (a)(2)(A) of
this Section.

(4) Benefits payable in or after October 1978.

(A) The monthly benefit payable to a
surviving spouse under this Division shall
be in an amount equal to 70 percent of the
retirement insurance benefit calculated for
the deceased spouse at the date of death.
If the surviving spouse is eligible for a
monthly benefit under this Division based on
his or her own wages the monthly survivor's
insurance benefits shall be reduced by the
amount of his or her monthly benefit.

(B) The monthly benefit payable to a
surviving child under this Division shall
be an amount equal to 60 percent of the
retirement insurance benefit calculated for
the deceased parent as of the date of death.

(C) In no event shall the total
survivor's benefit paid to a spouse or
to the spouse and children under this
Division exceed 150 percent of the
retirement insurance benefit calculated
for the decedent as of the date of death.

(D) In no event shall the monthly benefit payable in or after October 1978 to a sole surviving spouse or a sole surviving child be less than \$46.50.

(5) Benefits payable in or after January 1985.

(A) The monthly benefit payable to a surviving spouse under this Division shall be in an amount equal to 70 percent of the retirement insurance benefit that would have been payable in such month to the deceased spouse if he or she had been otherwise entitled (except for his or her death) to a retirement insurance benefit. If the surviving spouse is eligible for a monthly benefit under this Division based on his or her own wages, the monthly survivor's insurance benefits shall be reduced by the amount of his or her monthly benefit.

(B) The monthly benefit payable to a surviving child under this Division shall be in an amount equal to 60 percent of the retirement insurance benefit that would have been payable in such month to the deceased parent if the deceased parent had been

otherwise entitled (except for his or her death) to a retirement insurance benefit.

(C) In no event shall the total survivors' benefits paid in a month to a spouse and/or children under this Division exceed 150 percent of the retirement insurance benefit that would have been payable to the decedent as calculated in subdivisions (a)(5)(A) or (a)(5)(B).

(b) Dependents' insurance benefits--Amount.

(1) Benefit payable in or after January 1985.

(A) The monthly benefit payable to a dependent spouse under this Division shall be in an amount equal to 50 percent of the retirement or disability insurance benefit calculated for the insured individual. If the entitled spouse is entitled to a monthly benefit under this Division based on his or her own wages the monthly dependent benefit shall be reduced by the amount of his or her monthly benefit.

(B) The monthly benefit payable to a dependent child under this Division shall be in an amount equal to 50 percent of the retirement or disability insurance benefit calculated for the insured individual.

(C) In no event shall the dependents' benefits paid to a spouse and/or children under this Division exceed 150 percent of the retirement or disability insurance benefit calculated for the insured individual."

Section 8. 3 CMC Section 3312 is amended to add the following new subsections:

"(e) Effective January 1, 1985, an individual who receives a retirement, dependent's or survivor's benefit (except a benefit payable to a disabled child age 18 or older whose disability began before age 22) under this Division and works in covered or noncovered employment or self-employment shall have his benefits reduced by \$1 for each \$2 of annual earnings in excess of \$4,440. Further, if an individual receiving retirement benefits under this Division works in covered or noncovered

employment or self-employment and has annual earnings in excess of \$4,400, any benefits payable to his dependents shall also be subject to the above mentioned reduction because of his excess earnings. However, regardless of the individual's total annual earnings, no reduction shall be made in the benefit payable for any month (1) in which he did not engage in self-employment and did not render services for wages of more than \$370, or (2) in which he was age 70 or over.

(f) Effective January 1, 1986 the monthly exempt amount will be the exempt amount determined under subsection 203(f)(8) of the U.S. Social Security Act with respect to individuals who have not reached age 65 and the annual amount will be twelve times that amount."

Section 9. 3 CMC Section 3503(c) and (e) are repealed and reenacted to read as follows:

"(c) If a person has self-employment income in excess of a specified amount, he shall be entitled to a refund of any amount of tax imposed under Section 3505(b) (1) or Section 3505(c) of this Division, as appropriate with respect to such excess amount.

(1) For purposes of this subdivision, excess remuneration is remuneration in excess of \$22,900 for 1981, 1982, 1983, 1984, and beyond.

(e) If an employee receives wages from any number of employers, and has self-employment income either pursuant to an election made under Section 3505(b)(2) or under Section 3505(c) of this Division, and the total of such wages and such self-employment income, after deducting any excess wages computed pursuant to subdivision (a) of this Section, is in excess of a specified amount, such employee shall be entitled to a refund of any amount of tax imposed under Section 3505(b)(1) or Section 3505(c) of this Division, as appropriate, with respect to that part of such self-employment income which causes such total to be in excess.

(1) For purposes of this subdivision, excess total wages and self-employment income are amounts in excess of \$22,900 for 1982, 1983, 1984, and beyond."

Section 10. 3 CMC Section 3505 is amended to include the following new subsection:

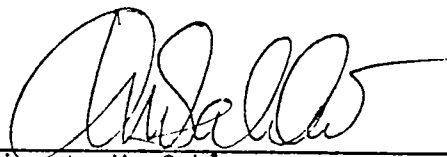
"(c) Beginning with the first taxable year for which the taxes imposed by the income tax

laws of the United States are collected in the Northern Mariana Islands pursuant to Section 601 (a) of the Covenant, there is hereby imposed on the self-employment income of every individual a tax equal to the following percentages of such income for such taxable year:

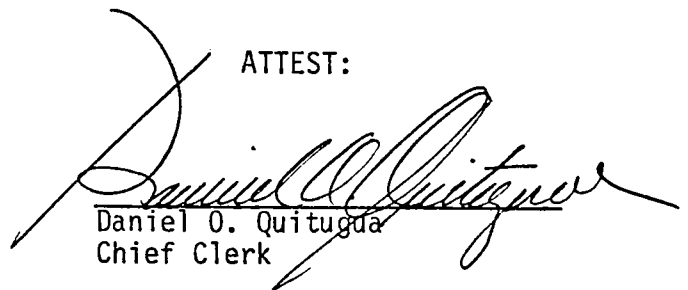
(1) For taxable years beginning after December 31, 1984, the tax shall be equal to 7.3 percent of the amount of the self-employment income for the taxable year."

Section 11. Tax Rate Review. Prior to October 1 of each fiscal year, the Legislature shall review revisions to the social security system base taxable income, tax rates, and benefits levels.

Section 12. Effective Date. Upon its approval by the Governor or upon its becoming law without such approval, this Act shall take effect on January 1, 1985.

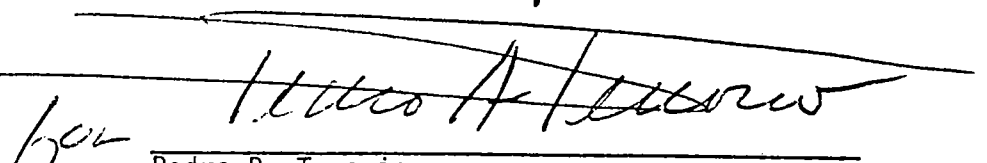


Vicente M. Sablan
Speaker of the House

ATTEST:


Daniel O. Quitugua
Chief Clerk

JANUARY 29, 1985



604
Pedro P. Tenorio
Governor
Commonwealth of the Northern Mariana Islands