

LEGISLATIVE HISTORY CHECKLIST

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LAWS of 1999

CHAPTER: 51

NJSA:43:22-3

(Public schools and colleges -- Social Security -- exclude student employees)

BILL NO:A2906 (Substituted for S1699)

SPONSOR(S):Luongo and Crecco

DATE INTRODUCED: March 4, 1999

COMMITTEE:

ASSEMBLY: Appropriations

SENATE:-----

AMENDED DURING PASSAGE:No

DATE OF PASSAGE:

*ASSEMBLY:*March 15, 1999

*SENATE:*March 22, 1999

DATE OF APPROVAL:March 30, 1999

THE FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: *Yes*Original

(Amendments during passage denoted by superscript numbers)

A2906

SPONSORS STATEMENT: *Yes*(Begins on page 3 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY:*Yes*

SENATE:*No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *Yes*

S1699

SPONSORS STATEMENT: *Yes*(Begins on page 3 of original bill)
Bill and Sponsor's Statement identical to A2906

COMMITTEE STATEMENT:

ASSEMBLY: *No*

SENATE: *Yes*

FLOOR AMENDMENT STATEMENTS:*No*

LEGISLATIVE FISCAL ESTIMATE: *Yes*

GOVERNOR'S ACTIONS

VETO MESSAGE: *No*

GOVERNOR'S PRESS RELEASE ON SIGNING: *Yes*

THE FOLLOWING WERE PRINTED:

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REPORTS: *No*

HEARINGS: *No*

NEWSPAPER ARTICLES: *No*

Federal Law cited in statements:

"Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999"
P.L. 105-277, sec. 2023. (112 Stat. 2681-904)

P.L. 1999, CHAPTER 51, *approved March 30, 1999*
Assembly, No. 2906

1 AN ACT concerning Social Security coverage for student employees
2 of public schools and public institutions of higher education,
3 amending P.L.1951, c.253.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 3 of P.L.1951, c.253 (C.43:22-3) is amended to read as
9 follows:

10 3. The State agency, with the approval of the Governor or the
11 official designated by **[him]** the Governor, is hereby authorized to
12 enter on behalf of the State into an agreement with the Secretary of
13 Health**[, Education,]** and **[Welfare]** Human Services, consistent with
14 the terms and provisions of this act, for the purpose of extending the
15 benefits of the Federal old-age and survivors insurance system to
16 employees with respect to services specified in such agreement which
17 constitute "employment." Such agreement may contain such
18 provisions relating to coverage, benefits, contributions, effective date,
19 modification and termination of the agreement, administration, and
20 other appropriate provisions as the State agency and Secretary of
21 Health**[, Education]** and **[Welfare]** Human Services shall agree upon,
22 but, except as may be otherwise required by or under the Social
23 Security Act as to the services to be covered, such agreement shall
24 provide in effect that:

25 (1) Benefits will be provided for employees whose services are
26 covered by the agreement (and their dependents and survivors) on the
27 same basis as though such services constituted employment within the
28 meaning of Title II of the Social Security Act;

29 (2) The several employers other than the State shall pay to the State
30 agency and the State agency shall in turn pay to the Secretary of the
31 Treasury the amounts severally due on behalf of the State and of such
32 other employers, at such time or times as may be prescribed under the
33 Social Security Act, contributions with respect to wages (as defined
34 in section 2 of this act), equal to the sum of the taxes which would be
35 imposed by the Federal Insurance Contributions Act if the services
36 covered by the agreement constituted employment within the meaning
37 of that act and for the purpose of this paragraph, the amounts severally
38 due on behalf of the State and of such other employers may be
39 determined in accordance with section 218(e)(2) of the Social
40 Security Act (42 U.S.C. s.418);

41 (3) Such agreement shall be effective with respect to services in

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 employment covered by the agreement performed after a date
2 specified therein;

3 (4) All services which constitute employment as defined in section
4 2 and are performed in the employ of the State by employees of the
5 State, shall be covered by the agreement;

6 (5) All services which constitute employment as defined in section
7 2 and performed by the employees of any employer other than the
8 State in this State and are covered by a plan which is in conformity
9 with the terms of the agreement and has been approved by the State
10 agency shall be covered by the agreement;

11 (6) As modified, the agreement shall include all services described
12 in either paragraph (4) or paragraph (5) of this subsection and
13 performed by individuals to whom section 218(c)(3)(C) of the Social
14 Security Act (42 U.S.C. s.418) is applicable, and shall provide that the
15 services of any such individual shall continue to be covered by the
16 agreement in case he thereafter becomes eligible to be a member of a
17 retirement system; **[and]**

18 (7) As modified, the agreement shall include all services described
19 in either paragraph (4) or paragraph (5) of this subsection and
20 performed by individuals in positions covered by a retirement system
21 with respect to which a certificate has been issued to the Secretary of
22 Health**[, Education]** and **[Welfare]** Human Services pursuant to
23 section 6(b) of this amendatory and supplementary act; and

24 (8) As modified, the agreement shall exclude from coverage service
25 performed in the employ of a public school or a public institution of
26 higher education in this State by a student who is enrolled and is
27 regularly attending classes at that school or institution.

28 (cf: P.L.1961, c.117, s.2)

29

30 2. This act shall take effect immediately.

31

32

33

STATEMENT

34

35 This bill authorizes and directs the State Agency for Social Security
36 (the New Jersey Department of the Treasury) to modify the Social
37 Security coverage agreement between the State and the federal
38 government to exclude from coverage under the Social Security Act
39 service that is performed by students in the employ of public schools,
40 colleges, and universities, when the students are enrolled and are
41 regularly attending classes. Under the bill, remuneration for service
42 performed by such students would no longer be subject to Federal
43 Insurance Contributions Act (FICA) tax, the tax that provides for
44 Social Security and Medicare coverage. Students attending and
45 working at private colleges and universities already enjoy exclusion
46 from the FICA tax.

1 Prior to the October 21, 1998 enactment by Congress of the
2 "Omnibus Consolidated and Emergency Supplemental Appropriations
3 Act, 1999," Pub.L.105-277, New Jersey, Texas, and Pennsylvania
4 were the only states that did not have the option of excluding service
5 performed by student employees from the FICA tax. Other states had
6 taken advantage of a limited opportunity given by Congress in the
7 1970's to exclude service from the FICA tax. Under the omnibus
8 appropriations act, the State has a limited opportunity, during the
9 period from January 1 through March 31, 1999, to amend the Social
10 Security coverage agreement to provide for this exclusion. Currently,
11 the State and a State institution each pay a portion of the FICA tax
12 which, combined, equals one half of the total tax, and student
13 employees pay the other half. Therefore, enactment of the bill would
14 result in substantial savings for students, the State, and State
15 institutions.

16 The Social Security Administration has issued an explanation of the
17 new federal law indicating that the exclusion for service performed by
18 student employees may be implemented on a statewide basis provided
19 there is authorization in state law to exclude such service coverage.
20 This bill provides that authorization.

21

22

23

24

25 Provides for exclusion of student employees of public schools and
26 higher education institutions from Social Security coverage.

ASSEMBLY, No. 2906

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED MARCH 4, 1999

Sponsored by:

Assemblyman GERALD J. LUONGO

District 4 (Camden and Gloucester)

Assemblywoman MARION CRECCO

District 34 (Essex and Passaic)

Co-Sponsored by:

**Assemblymen Biondi, Gusciora, Thompson, Assemblywoman Watson
Coleman, Senators Bucco, Kyrillos and Inverso**

SYNOPSIS

Provides for exclusion of student employees of public schools and higher education institutions from Social Security coverage.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/23/1999)

1 AN ACT concerning Social Security coverage for student employees
2 of public schools and public institutions of higher education,
3 amending P.L.1951, c.253.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. Section 3 of P.L.1951, c.253 (C.43:22-3) is amended to read as
9 follows:

10 3. The State agency, with the approval of the Governor or the
11 official designated by **[him]** the Governor, is hereby authorized to
12 enter on behalf of the State into an agreement with the Secretary of
13 Health**[, Education,]** and **[Welfare]** Human Services, consistent with
14 the terms and provisions of this act, for the purpose of extending the
15 benefits of the Federal old-age and survivors insurance system to
16 employees with respect to services specified in such agreement which
17 constitute "employment." Such agreement may contain such
18 provisions relating to coverage, benefits, contributions, effective date,
19 modification and termination of the agreement, administration, and
20 other appropriate provisions as the State agency and Secretary of
21 Health**[, Education]** and **[Welfare]** Human Services shall agree upon,
22 but, except as may be otherwise required by or under the Social
23 Security Act as to the services to be covered, such agreement shall
24 provide in effect that:

25 (1) Benefits will be provided for employees whose services are
26 covered by the agreement (and their dependents and survivors) on the
27 same basis as though such services constituted employment within the
28 meaning of Title II of the Social Security Act;

29 (2) The several employers other than the State shall pay to the State
30 agency and the State agency shall in turn pay to the Secretary of the
31 Treasury the amounts severally due on behalf of the State and of such
32 other employers, at such time or times as may be prescribed under the
33 Social Security Act, contributions with respect to wages (as defined
34 in section 2 of this act), equal to the sum of the taxes which would be
35 imposed by the Federal Insurance Contributions Act if the services
36 covered by the agreement constituted employment within the meaning
37 of that act and for the purpose of this paragraph, the amounts severally
38 due on behalf of the State and of such other employers may be
39 determined in accordance with section 218(e)(2) of the Social
40 Security Act (42 U.S.C. s.418);

41 (3) Such agreement shall be effective with respect to services in
42 employment covered by the agreement performed after a date
43 specified therein;

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 (4) All services which constitute employment as defined in section
2 2 and are performed in the employ of the State by employees of the
3 State, shall be covered by the agreement;

4 (5) All services which constitute employment as defined in section
5 2 and performed by the employees of any employer other than the
6 State in this State and are covered by a plan which is in conformity
7 with the terms of the agreement and has been approved by the State
8 agency shall be covered by the agreement;

9 (6) As modified, the agreement shall include all services described
10 in either paragraph (4) or paragraph (5) of this subsection and
11 performed by individuals to whom section 218(c)(3)(C) of the Social
12 Security Act (42 U.S.C. s.418) is applicable, and shall provide that the
13 services of any such individual shall continue to be covered by the
14 agreement in case he thereafter becomes eligible to be a member of a
15 retirement system; **[and]**

16 (7) As modified, the agreement shall include all services described
17 in either paragraph (4) or paragraph (5) of this subsection and
18 performed by individuals in positions covered by a retirement system
19 with respect to which a certificate has been issued to the Secretary of
20 Health**[, Education]** and **[Welfare]** Human Services pursuant to
21 section 6(b) of this amendatory and supplementary act; and

22 (8) As modified, the agreement shall exclude from coverage service
23 performed in the employ of a public school or a public institution of
24 higher education in this State by a student who is enrolled and is
25 regularly attending classes at that school or institution.

26 (cf: P.L.1961, c.117, s.2)

27
28 2. This act shall take effect immediately.
29
30

31 STATEMENT
32

33 This bill authorizes and directs the State Agency for Social Security
34 (the New Jersey Department of the Treasury) to modify the Social
35 Security coverage agreement between the State and the federal
36 government to exclude from coverage under the Social Security Act
37 service that is performed by students in the employ of public schools,
38 colleges, and universities, when the students are enrolled and are
39 regularly attending classes. Under the bill, remuneration for service
40 performed by such students would no longer be subject to Federal
41 Insurance Contributions Act (FICA) tax, the tax that provides for
42 Social Security and Medicare coverage. Students attending and
43 working at private colleges and universities already enjoy exclusion
44 from the FICA tax.

45 Prior to the October 21, 1998 enactment by Congress of the
46 "Omnibus Consolidated and Emergency Supplemental Appropriations

A2906 LUONGO, CRECCO

1 Act, 1999," Pub.L.105-277, New Jersey, Texas, and Pennsylvania
2 were the only states that did not have the option of excluding service
3 performed by student employees from the FICA tax. Other states had
4 taken advantage of a limited opportunity given by Congress in the
5 1970's to exclude service from the FICA tax. Under the omnibus
6 appropriations act, the State has a limited opportunity, during the
7 period from January 1 through March 31, 1999, to amend the Social
8 Security coverage agreement to provide for this exclusion. Currently,
9 the State and a State institution each pay a portion of the FICA tax
10 which, combined, equals one half of the total tax, and student
11 employees pay the other half. Therefore, enactment of the bill would
12 result in substantial savings for students, the State, and State
13 institutions.

14 The Social Security Administration has issued an explanation of the
15 new federal law indicating that the exclusion for service performed by
16 student employees may be implemented on a statewide basis provided
17 there is authorization in state law to exclude such service coverage.
18 This bill provides that authorization.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2906

STATE OF NEW JERSEY

DATED: MARCH 4, 1999

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2906.

Assembly Bill No. 2906 authorizes the exclusion of student employees of New Jersey public schools and higher education institutions from Social Security coverage.

The bill directs the New Jersey agency for Social Security (the New Jersey Department of the Treasury) to modify the Social Security coverage agreement between the State and the federal government to exclude from coverage under the Social Security Act service that is performed by students in the employ of public schools, colleges, and universities, when the students are enrolled and are regularly attending classes. Under the bill, remuneration for service performed by such students would no longer be subject to Federal Insurance Contributions Act (FICA) tax, the tax that provides for Social Security and Medicare coverage. Students attending and working at private colleges and universities already enjoy exclusion from the FICA tax.

Prior to the October 21, 1998 federal enactment of the "Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999," Pub.L. 105-277, New Jersey, Texas, and Pennsylvania were the only states that did not have the option of excluding service performed by student employees from the FICA tax. Other states had taken advantage of a limited opportunity given by Congress in the 1970's to exclude service from the FICA tax. Under the omnibus appropriations act, New Jersey has a limited opportunity, during the period from January 1 through March 31, 1999, to amend the Social Security coverage agreement to provide for this exclusion.

The Social Security Administration has issued an explanation of the new federal law indicating that the exclusion for service performed by student employees may be implemented on a statewide basis provided there is authorization in state law to exclude such service coverage. This bill provides that authorization.

FISCAL IMPACT:

No specific information is available on the exact number of students or the amount of salary that would be excluded from taxation under this bill. The total FICA tax is equal to 15.3% of the first

\$68,400 earned by each employee in a calendar year. Currently, the student employees pay one-half of that tax and the State and the educational institution each pay one-quarter, so enactment of the bill would result in substantial savings for students, the State, and State institutions.

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 2906

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: APRIL 23, 1999

BILL SUMMARY

Assembly Bill No. 2906 of 1999 authorizes and directs the State Agency for Social Security (the New Jersey Department of the Treasury) to modify the Social Security coverage agreement between the State and the federal government to exclude from coverage under the Social Security Act service that is performed by students in the employ of public schools, colleges, and universities, when the students are enrolled and are regularly attending classes. Under the bill, remuneration for service performed by such students would no longer be subject to Federal Insurance Contributions Act (FICA) tax, the tax that provides for Social Security and Medicare coverage. Students attending and working at private colleges and universities already enjoy exclusion from the FICA tax.

Prior to the October 21, 1998 enactment by Congress of the "Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999," Pub.L.105-277, New Jersey, Texas, and Pennsylvania were the only states that did not have the option of excluding service performed by student employees from the FICA tax. Other states had taken advantage of a limited opportunity given by Congress in the 1970's to exclude service from the FICA tax. Under the omnibus appropriations act, the State has a limited opportunity, during the period from January 1 through March 31, 1999, to amend the Social Security coverage agreement to provide for this exclusion. Currently, the State and a State institution each pay a portion of the FICA tax which, combined, equals one half of the total tax, and student employees pay the other half. Therefore, enactment of the bill would result in substantial savings for students and State institutions.

The Social Security Administration has issued an explanation of the new federal law indicating that the exclusion for service performed by student employees may be implemented on a statewide basis provided there is authorization in state law to exclude such service coverage. This bill provides that authorization.

OFFICE OF LEGISLATIVE SERVICES COMMENT

Although the Executive has not furnished an estimate of the savings to be realized under this bill, data furnished by the New Jersey State College Governing Boards Association, the New Jersey Council of County Colleges and Rutgers University suggest that savings to the public colleges and universities will be approximately \$3 million per year. Students will experience a reduction of similar magnitude in the deductions from their pay checks.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

SENATE, No. 1699

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED JANUARY 28, 1999

Sponsored by:

Senator ANTHONY R. BUCCO

District 25 (Morris)

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Co-Sponsored by:

Senator Inverso

SYNOPSIS

Provides for exclusion of student employees of public schools and higher education institutions from Social Security coverage.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/23/1999)

S1699 BUCCO, KYRILLOS

2

1 AN ACT concerning Social Security coverage for student employees
2 of public schools and public institutions of higher education,
3 amending P.L.1951, c.253.

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10 3. The State agency, with the approval of the Governor or the
11 official designated by **him** the Governor, is hereby authorized to
12 enter on behalf of the State into an agreement with the Secretary of
13 Health**[, Education,]** and **[Welfare]** Human Services, consistent with
14 the terms and provisions of this act, for the purpose of extending the
15 benefits of the Federal old-age and survivors insurance system to
16 employees with respect to services specified in such agreement which
17 constitute "employment." Such agreement may contain such
18 provisions relating to coverage, benefits, contributions, effective date,
19 modification and termination of the agreement, administration, and
20 other appropriate provisions as the State agency and Secretary of
21 Health**[, Education]** and **[Welfare]** Human Services shall agree upon,
22 but, except as may be otherwise required by or under the Social
23 Security Act as to the services to be covered, such agreement shall
24 provide in effect that:

25 (1) Benefits will be provided for employees whose services are
26 covered by the agreement (and their dependents and survivors) on the
27 same basis as though such services constituted employment within the
28 meaning of Title II of the Social Security Act;

29 (2) The several employers other than the State shall pay to the
30 State agency and the State agency shall in turn pay to the Secretary of
31 the Treasury the amounts severally due on behalf of the State and of
32 such other employers, at such time or times as may be prescribed
33 under the Social Security Act, contributions with respect to wages (as
34 defined in section 2 of this act), equal to the sum of the taxes which
35 would be imposed by the Federal Insurance Contributions Act if the
36 services covered by the agreement constituted employment within the
37 meaning of that act and for the purpose of this paragraph, the amounts
38 severally due on behalf of the State and of such other employers may
39 be determined in accordance with section 218(e)(2) of the Social
40 Security Act (42 U.S.C. s.418);

41 (3) Such agreement shall be effective with respect to services in
42 employment covered by the agreement performed after a date
43 specified therein;

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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2 2 and are performed in the employ of the State by employees of the
3 State, shall be covered by the agreement;

4 (5) All services which constitute employment as defined in section
5 2 and performed by the employees of any employer other than the
6 State in this State and are covered by a plan which is in conformity
7 with the terms of the agreement and has been approved by the State
8 agency shall be covered by the agreement;

9 (6) As modified, the agreement shall include all services described
10 in either paragraph (4) or paragraph (5) of this subsection and
11 performed by individuals to whom section 218(c)(3)(C) of the Social
12 Security Act (42 U.S.C. s.418) is applicable, and shall provide that the
13 services of any such individual shall continue to be covered by the
14 agreement in case he thereafter becomes eligible to be a member of a
15 retirement system; **[and]**

16 (7) As modified, the agreement shall include all services described
17 in either paragraph (4) or paragraph (5) of this subsection and
18 performed by individuals in positions covered by a retirement system
19 with respect to which a certificate has been issued to the Secretary of
20 Health**[, Education]** and **[Welfare]** Human Services pursuant to
21 section 6(b) of this amendatory and supplementary act; and

22 (8) As modified, the agreement shall exclude from coverage service
23 performed in the employ of a public school or a public institution of
24 higher education in this State by a student who is enrolled and is
25 regularly attending classes at that school or institution.

26 (cf: P.L.1961, c.117, s. 2)

27

28 2. This act shall take effect immediately.

29

30

31

STATEMENT

32

33 This bill authorizes and directs the State Agency for Social Security
34 (the New Jersey Department of the Treasury) to modify the Social
35 Security coverage agreement between the State and the federal
36 government to exclude from coverage under the Social Security Act
37 service that is performed by students in the employ of public schools,
38 colleges, and universities, when the students are enrolled and are
39 regularly attending classes. Under the bill, remuneration for service
40 performed by such students would no longer be subject to Federal
41 Insurance Contributions Act (FICA) tax, the tax that provides for
42 Social Security and Medicare coverage. Students attending and
43 working at private colleges and universities already enjoy exclusion
44 from the FICA tax.

45 Prior to the October 21, 1998 enactment by Congress of the
46 "Omnibus Consolidated and Emergency Supplemental Appropriations

S1699 BUCCO, KYRILLOS

4

1 Act, 1999," Pub.L.105-277, New Jersey, Texas, and Pennsylvania
2 were the only states that did not have the option of excluding service
3 performed by student employees from the FICA tax. Other states had
4 taken advantage of a limited opportunity given by Congress in the
5 1970's to exclude service from the FICA tax. Under the omnibus
6 appropriations act, the State has a limited opportunity, during the
7 period from January 1 through March 31, 1999, to amend the Social
8 Security coverage agreement to provide for this exclusion. Currently,
9 the State and a State institution each pay a portion of the FICA tax
10 which, combined, equals one half of the total tax, and student
11 employees pay the other half. Therefore, enactment of the bill would
12 result in substantial savings for students, the State, and State
13 institutions.

14 The Social Security Administration has issued an explanation of the
15 new federal law indicating that the exclusion for service performed by
16 student employees may be implemented on a statewide basis provided
17 there is authorization in state law to exclude such service coverage.
18 This bill provides that authorization.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1699

STATE OF NEW JERSEY

DATED: MARCH 18, 1999

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1699.

This bill authorizes the exclusion of student employees of New Jersey public schools and higher education institutions from Social Security coverage.

The bill directs the State Agency for Social Security (the New Jersey Department of the Treasury) to modify the Social Security coverage agreement between the State and the federal government to exclude from coverage under the Social Security Act service that is performed by students in the employ of public schools, colleges, and universities, when the students are enrolled and are regularly attending classes. Under the bill, remuneration for service performed by those students would no longer be subject to Federal Insurance Contributions Act (FICA) tax, the tax that provides for Social Security and Medicare coverage. Students attending and working at private colleges and universities already enjoy exclusion from the FICA tax.

Prior to the October 21, 1998 enactment of the federal "Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999," Pub.L.105-277, the states of New Jersey, Texas, and Pennsylvania were the only ones that did not have the option of excluding service performed by student employees from the FICA tax. Other states had taken advantage of a limited opportunity given by Congress in the 1970's to exclude service from the FICA tax. Under the omnibus appropriations act, New Jersey has a limited opportunity, during the period from January 1 through March 31, 1999, to amend the Social Security coverage agreement to provide for this exclusion.

The Social Security Administration has issued an explanation of the new federal law indicating that the exclusion for service performed by student employees may be implemented on a statewide basis provided there is authorization in state law to exclude such service coverage. This bill provides that authorization.

FISCAL IMPACT

Data furnished by the New Jersey State College Governing Boards Association, the New Jersey Council of County Colleges, and Rutgers University suggest that savings to the public colleges and universities will be approximately \$3 million per year. Students will experience a reduction of similar magnitude in the deductions from their pay checks.

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 1699

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: MAY 3, 1999

BILL SUMMARY

Senate Bill No. 1699 of 1999 authorizes and directs the State Agency for Social Security (the New Jersey Department of the Treasury) to modify the Social Security coverage agreement between the State and the federal government to exclude from coverage under the Social Security Act service that is performed by students in the employ of public schools, colleges, and universities, when the students are enrolled and are regularly attending classes. Under the bill, remuneration for service performed by such students would no longer be subject to Federal Insurance Contributions Act (FICA) tax, the tax that provides for Social Security and Medicare coverage. Students attending and working at private colleges and universities already enjoy exclusion from the FICA tax.

Prior to the October 21, 1998 enactment by Congress of the "Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999," Pub.L. 105-277, New Jersey, Texas, and Pennsylvania were the only states that did not have the option of excluding service performed by student employees from the FICA tax. Other states had taken advantage of a limited opportunity given by Congress in the 1970's to exclude service from the FICA tax. Under the omnibus appropriations act, the State has a limited opportunity, during the period from January 1 through March 31, 1999, to amend the Social Security coverage agreement to provide for this exclusion. Currently, the State and a State institution each pay a portion of the FICA tax which, combined, equals one half of the total tax, and student employees pay the other half. Therefore, enactment of the bill would result in substantial savings for students and State institutions.

The Social Security Administration has issued an explanation of the new federal law indicating that the exclusion for service performed by student employees may be implemented on a statewide basis provided there is authorization in state law to exclude such service coverage. This bill provides that authorization.

OFFICE OF LEGISLATIVE SERVICES COMMENT

Although the Executive has not furnished an estimate of the savings to be realized under this bill, data furnished by the New Jersey State College Governing Boards Association, the New Jersey Council of County Colleges and Rutgers University suggest that savings to the public colleges and universities will be approximately \$3 million per year. Students will experience a reduction of similar magnitude in the deductions from their pay checks.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

Office of the Governor
NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Gene Herman
609-777-2600

RELEASE: April 8, 1999

Gov. Christie Whitman today signed the following pieces of legislation:

A-2906, sponsored by Assembly Members Gerald J. Luongo (R-Camden/Gloucester) and Marion Crecco (R-Essex/Passaic) and Senator Anthony R. Bucco (R-Morris) provides for exclusion of student employees of public schools, colleges and universities from Social Security coverage. Under the bill, remuneration for service performed by such students would no longer be subject to the Federal Insurance Contributions Act (FICA) tax, the tax that provides for Social Security and Medicare coverage. Students attending and working at private colleges and universities already enjoy exclusion from the FICA tax. The state has authority under the federal Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 to amend its Social Security coverage agreement with the federal government to provide for this exclusion.