

Hot Topics for Tennessee cities and towns

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Social Security/Medicare Changed for Election Officials and Workers

by Jim Leuty
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According to Public Law 103-296, cities may not have to withhold Social Security/Medicare from election officials/workers who earn less than \$1,000 per calendar year prior to the calendar year 2000, and less than the adjusted amount for calendar years after 1999. The law, which became effective Jan. 1, 1995, changed the "exclusion rule" amount from \$100.

To take advantage of the change, cities must pass an authorizing ordinance, amend their Section 218 agreement, and send both to the state OASI Agency for approval.

Without taking these steps, local governments that currently operate under the \$100 exclusion must continue to do so. Some cities use the exclusion rule and other cities withhold on any amount paid, depending on the terms of their Section 218 agreement. If cities don't establish any amount for withholding, wages of election officials/workers are subject to withholding for every dollar paid in a calendar year.

Election officials/workers are considered local government employees for Social Security/Medicare purposes, and their annual earnings must be reported on W-2 forms. Even though it's sometimes difficult, you must determine whether the city or the county is the appropriate employer.

Regardless of the employer/employee status, cities that want to apply the exclusion rule to election officials/workers, now and in the future, should pass an ordinance to that effect and amend their 218 agreement.

Mary Smith, state OASI director, has written to county and city officials about this option and enclosed an agreement draft. The agency has copies of the Section 218 agreements and is responsible for approving all changes to existing agreements. Cities can eliminate any confusion or technical errors by calling Ms. Smith in Nashville at (615) 741-7902.

A sample authorizing ordinance is on the reverse side of this page.



ORDINANCE NO. _____

WHEREAS, Public Law 103-296 changed the exclusion for election officials/workers, so that payments received for services performed by election officials/workers are excluded from Social Security/Medicare coverage, for services performed in these positions in a calendar year, if the payments amount to less than \$1,000 in a calendar year, commencing on or after January 1, 1995, ending on or before December 31, 1999, and further provides for an adjusted amount to be determined for any calendar year commencing on or after January 1, 2000, with respect to services performed during such calendar year; and

WHEREAS, the city desires to exclude from its coverage group under the federal system of Old Age, Survivors, Disability, Health Insurance, the services of election officials/workers who fit into the above categories;

NOW THEREFORE, BE IT ENACTED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF _____, TENNESSEE, AS FOLLOWS:

Section 1. Notwithstanding any provision(s) heretofore contained in the Social Security Agreement between said parties, it is now the intent and purpose of the board of mayor and aldermen of the city of _____, Tennessee, to amend the Social Security Agreement by and between the city of _____, Tennessee, and the state Old Age and Survivors Insurance Agency, to exclude from its coverage group under the federal system of Old Age, Survivors, Disability, Health Insurance, the services of election officials/workers if the enumeration paid for such services in a calendar year is less than \$1,000 on or after January 1, 1995, ending on or before December 31, 1999, and the adjusted amount thereafter determined under Section 218(c)(8)(B) of the Social Security Act, for any calendar year commencing on or after January 1, 2000.

Section 2. The mayor of the city of _____, Tennessee, is hereby authorized and directed to execute all the necessary agreements and amendments thereto with the state executive director of Old Age Insurance, as agent or agency to give effect to Section 1.

Section 3. Any ordinance or provision of an ordinance inconsistent with this ordinance is hereby repealed to the extent of the inconsistency.

Passed first reading: _____

Passed second reading: _____

[Pass as many times as required by the city's charter]

(Mayor)

(Recorder)

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By sharing information, responding to client requests, and anticipating the ever-changing municipal government environment, MTAS promotes better local government and helps cities develop and sustain effective management and leadership.

MTAS offers assistance in areas such as accounting and finance, administration and personnel, fire, public works, law, ordinance codification, communications, and wastewater management. MTAS houses a comprehensive library and publishes scores of documents annually.

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