

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NOS. 500 & 533

93RD GENERAL ASSEMBLY

Reported from the Committee on Workforce Development and Workplace Safety April 11, 2005 with recommendation that House Committee Substitute for House Bill Nos. 500 & 533 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(26)(f).

Reported from the Committee on Rules April 12, 2005 with recommendation that House Committee Substitute for House Bill Nos. 500 & 533 Do Pass - Federal Mandate, with no time limit for debate.

Taken up for Perfection April 26, 2005. House Committee Substitute for House Bill Nos. 500 & 533 ordered Perfected and printed, as amended.

STEPHEN S. DAVIS, Chief Clerk

1475L.02P

AN ACT

To repeal section 288.110, RSMo, and to enact in lieu thereof one new section relating to the transfer of employer accounts, with an effective date.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 288.110, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 288.110, to read as follows:

288.110. **1.** Any individual, type of organization or employing unit which has acquired substantially all of the business of an employer, excepting in any such case any assets retained by such employer incident to the liquidation of [his] **the employer's** obligations, and in respect to which the division finds that immediately after such change such business of the predecessor employer is continued without interruption solely by the successor, shall stand in the position of such predecessor employer in all respects, including the predecessor's separate account, actual contribution and benefit experience, annual payrolls, and liability for current or delinquent contributions, interest and penalties. If two or more individuals, organizations, or employing units acquired at approximately the same time substantially all of the business of an employer (excepting in any such case any assets retained by such employer incident to the liquidation of his obligations) and in respect to which the division finds that immediately after such change all

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

12 portions of such business of the predecessor are continued without interruption solely by such
13 successors, each such individual, organization, or employing unit shall stand in the position of
14 such predecessor with respect to the proportionate share of the predecessor's separate account,
15 actual contribution and benefit experience and annual payroll as determined by the portion of the
16 predecessor's taxable payroll applicable to the portion of the business acquired, and each such
17 individual, organization or employing unit shall be liable for current or delinquent contributions,
18 interest and penalties of the predecessor in the same relative proportion. Further, any successor
19 under this section which was not an employer at the time the acquisition occurred shall pay
20 contributions for the balance of the current rate year at the same contribution rate as the
21 contribution rate of the predecessor whether such rate is more or less than two and seven-tenths
22 percent, provided there was only one predecessor or there were only predecessors with identical
23 rates. If the predecessors' rates were not identical, the division shall calculate a rate as of the date
24 of acquisition applicable to the successor for the remainder of the rate year, which rate shall be
25 based on the combined experience of all predecessor employers. In the event that any successor
26 was, prior to an acquisition, an employer, and there is a difference in the contribution rate
27 established for such calendar year applicable to any acquired or acquiring employer, the division
28 shall make a recalculation of the contribution rate applicable to any successor employer based
29 upon the combined experience of all predecessor and successor employers as of the date of the
30 acquisition, unless the date of the acquisition is other than the first day of the calendar quarter.
31 If the date of any such acquisition is other than the first day of the calendar quarter, the division
32 shall make the recalculation of the rate on the first day of the next calendar quarter after the
33 acquisition. When the date of the acquisition is other than the first day of a calendar quarter, the
34 successor employer shall use its rate for the calendar quarter in which the acquisition was made.
35 The revised contribution rate shall apply to employment after the rate recalculation. For this
36 purpose a calculation date different from July first may be established. When the division has
37 determined that a successor or successors stand in the position of a predecessor employer, the
38 predecessor's liability shall be terminated as of the date of the acquisition.

39 **2. If an employer transfers its trade or business, or a portion thereof, to another**
40 **employer and at the time of the transfer there is substantially common ownership,**
41 **management, or control of the two employers, then the unemployment experience**
42 **attributable to the transferred trade or business shall be transferred to the employer to**
43 **whom such business is so transferred. The rates and liabilities of both employers shall be**
44 **recalculated and made effective under this section.**

45 **3. Whenever any individual, type of organization, or employing unit is not an**
46 **employer under this chapter at the time it acquires the trade or business of an employer,**
47 **the unemployment experience of the acquired business shall not be transferred to such**

48 individual, organization, or employing unit if the division finds that such individual,
49 organization, or employing unit acquired the business solely or primarily for the purpose
50 of obtaining a lower rate of contributions. Instead, such individual, organization, or
51 employing unit shall be assigned the applicable new employer rate under section 288.090.
52 In determining whether the business was acquired solely or primarily for the purpose of
53 obtaining a lower rate of contributions, the division shall use objective factors which may
54 include the cost of acquiring the business, whether the individual, organization, or
55 employing unit continued the business enterprise of the acquired business, how long such
56 business enterprise was continued, or whether a substantial number of new employees
57 were hired for performance of duties unrelated to the business activity conducted prior to
58 acquisition.

59 4. (1) If an individual, organization, or employing unit knowingly violates or
60 attempts to violate this section or any other provision of this chapter related to determining
61 the assignment of a contribution rate, or if an individual, organization or employing unit
62 knowingly advises another individual, organization, or employing unit in a manner that
63 results in a violation of such provision, the individual, organization, or employing unit shall
64 be subject to the following penalties:

65 (a) If the individual, organization, or employing unit is an employer under this
66 chapter, then for the current year and the three rate years immediately following this rate
67 year, such employer's base rate shall be the maximum base rate applicable to such type of
68 employer, or the employer's current base rate plus two percent, whichever is greater;

69 (b) If the individual, organization, or employing unit is not an employer under this
70 chapter, such individual, organization, or employing unit shall be subject to a civil
71 monetary penalty of not more than five thousand dollars. Any such fine shall be deposited
72 in the special employment security fund established under section 288.310.

73 (2) In addition to the penalty imposed by this subsection, any violation of this
74 section may be prosecuted under section 288.395.

75 5. For purposes of this section, the following terms mean:

76 (1) "Base rate", the employer's contribution rate as determined by section 288.090,
77 subsection 1, 2, or 3 of section 288.120, or section 288.126, or a federal base rate
78 assignment;

79 (2) "Knowingly", having actual knowledge of or acting with deliberate ignorance
80 or reckless disregard for the prohibition involved;

81 (3) "Violates or attempts to violate", includes, but is not limited to, intent to invade,
82 misrepresentation, or willful nondisclosure.

83 **6. The division shall establish procedures to identify the transfer or acquisition of**
84 **a business for purposes of this section.**

85 **7. This section shall be interpreted and applied in such a manner as to meet the**
86 **minimum requirements contained in any guidance or regulations issued by the United**
87 **States Department of Labor.**

Section B. Section A of this act shall become effective on January 1, 2006.