

FILED JAN 26 1980
BUSINESS & LABOR
SENATE FILE 2036
BY MILLER

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act to exempt a successor employer from assuming the
2 unemployment contribution rate of an insolvent predecessor.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2036
BUSINESS & LABOR

1 Section 1. Section 96.7, subsection 2, paragraph b,
2 unnumbered paragraph 1, Code Supplement 2003, is amended to
3 read as follows:

4 If an enterprise or business, or a clearly segregable and
5 identifiable part of an enterprise or business, for which
6 contributions have been paid is sold or transferred to a
7 subsequent employing unit, or if one or more employing units
8 have been reorganized or merged into a single employing unit,
9 and the successor employer, having qualified as an employer as
10 defined in section 96.19, subsection 16, paragraph "b",
11 continues to operate the enterprise or business, the successor
12 employer shall assume the position of the predecessor employer
13 or employers with respect to the predecessors' payrolls,
14 contributions, accounts, and contribution rates to the same
15 extent as if no change had taken place in the ownership or
16 control of the enterprise or business, unless the predecessor
17 employer is insolvent, as defined by section 554.1201,
18 subsection 23, at the time of sale or transfer, in which case
19 the successor employer shall initially pay contributions at
20 the applicable rate specified in paragraph "c".

21 PARAGRAPH DIVIDED. However, the successor employer shall
22 not assume the position of the predecessor employer or
23 employers with respect to the predecessor employer's or
24 employers' payrolls, contributions, accounts, and contribution
25 rates which are attributable to that part of the enterprise or
26 business transferred, unless the successor employer applies to
27 the department within ninety days from the date of the partial
28 transfer, and the succession is approved by the predecessor
29 employer or employers and the department.

30 Sec. 2. CODE EDITOR'S DIRECTIVE. The Code editor shall
31 number the unnumbered paragraphs of section 96.7, subsection
32 1, paragraph "b", as subparagraphs, retaining the first and
33 second unnumbered paragraphs under the same subparagraph.

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EXPLANATION

35 This bill relates to the unemployment contribution rate of

1 an employer who purchases or merges with another business.
2 Under current law the successor employer must assume the
3 contribution rate of the business which the successor is
4 purchasing or with which the successor is merging. The bill
5 provides that if the business being purchased or merged is
6 insolvent at the time of the purchase or merger, as defined by
7 the uniform commercial code, then the successor employer shall
8 not assume the predecessor's contribution rate but shall
9 initially pay contributions at the rate applicable to
10 employers newly subject to Code chapter 96. The bill provides
11 for the Code editor to number the unnumbered paragraphs of
12 Code section 96.7, subsection 2, paragraph "b".

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