

# Public Act: 94-0301

<b>Agency Name:</b>	<b>Department of Employment Security</b>
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<b>Admin Code Citation/Public Act Number:</b>	P.A. 94-0301
<b>Section Numbers:</b>	
<b>Illinois Register Citation (Page Number and Publication Date):</b>	
<b>Type of Rule (New/Emergency/Amended):</b>	
<b>Type of Impact (Reporting/Cost or Fee/Education Credit/Other - specify):</b>	Employer Contribution Rates for unemployment insurance
<b>Business or Industry Type Affected:</b>	Employer that acquires trade or business under certain circumstances
<b>Effective Date:</b>	January 1, 2006
<b>Plain Language Explanation:</b>	In general, the new legislation, referred to as the SUTA dumping law, prohibits the use of certain business transfers or reorganizations to reduce an employer's unemployment insurance contribution rate. Specifically, this law provides that if there is a transfer of trade or business and there is substantial common ownership, management or control between the transferor(s) and transferee(s), their experience rating records shall be combined for purposes of determining their contribution rates. If the transferor or transferee has a contribution rate applicable to it for the year in which the transfer occurs, it shall continue with that rate for the remainder of the year; if the transferee has no rate applicable to it for the year of transfer its rate shall be the same as the rate of the transferor(s), subject to a rate

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	<p>ceiling for small employers. This law also provides that the transfer of the experience rating record to an individual or entity that is not an employer is prohibited if the transfer was primarily for the purpose of obtaining a lower contribution rate.</p> <p>If an employer knowingly violates or attempts to violate this law, the employer shall be assigned a penalty contribution rate of 150% of its otherwise assigned rate for two years and be guilty of a Class B misdemeanor. An individual or entity that is not an employer and that knowingly advises another in a way that results in a violation of the law, shall be subject to a penalty of \$10,000, and be guilty of a Class B misdemeanor. Corporate officers shall be guilty of a Class B misdemeanor for knowingly violating this law.</p>
<b>Public Hearing Location (if applicable) (Include date, time and location):</b>	
<b>Advisory Opinion (if applicable):</b>	

Members of the public may submit comments to the agency contact listed above. Comments should be submitted within 45 days of publication in the *Illinois Register*.