

Article - Labor and Employment

§8–613.

- (a) (1) In this section the following terms have the meanings indicated.
- (2) “Business” or “trade” includes the employer’s workforce.
- (3) “Reorganized employer” means:
- (i) an employer that alters its legal status, including changing from a sole proprietorship or a partnership to a corporation; or
- (ii) an employer that otherwise changes its trade name or business identity while remaining under any of the same ownership.
- (4) “Successor employer” means an employer that acquires, by sale or otherwise, all or part of the assets, business, organization, or trade of another employer.
- (b) (1) A reorganized employer shall be liable for all contributions, interest, and penalties owed by the employing unit before the reorganization.
- (2) A reorganized employer shall continue to pay contributions at the contribution rate of the employing unit before the reorganization from the date of the reorganization through the next December 31.
- (3) Beginning on the January 1 after the reorganization, the rate of contribution of the reorganized employer shall be based on its experience with payrolls and benefit charges, in combination with the experience with payrolls and benefit charges of the employing unit before the reorganization.
- (c) If a successor employer was not an employing unit before acquiring the assets, business, organization, or trade of a predecessor employer that is an employing unit, and has no common ownership, management, or control with the predecessor employer, then the successor employer shall be considered a new employing unit and shall be assigned a contribution rate in accordance with § 8–609 of this subtitle.
- (d) If a successor employer was an employing unit before acquiring the assets, business, organization, or trade of a predecessor employer that is an employing unit, and has no common ownership, management, or control with the predecessor employer:
- (1) the successor employer shall continue to pay contributions at the previously assigned rate from the date of the transfer through the next December 31;
- (2) beginning on the January 1 after the transfer, and for each calendar year thereafter, the rate of contribution of the successor employer shall be based on its experience with payrolls and benefit charges in combination with the proportionate share of payrolls and benefit charges acquired from the predecessor employer; and

(3) if two or more successor employers receive the transfer, beginning on the January 1 after the transfer, and for each calendar year thereafter, the rate of contribution of each successor employer shall be based on its experience with payrolls and benefit charges in combination with the proportionate share of payrolls and benefit charges acquired from the predecessor employer.

(e) (1) Notwithstanding any other provision of this title, if a successor employer has any common ownership, management, or control with the predecessor employer, the contribution rate of the successor employer beginning as of the quarter in which the date of transfer occurred through the next December 31 shall be based on the successor employer's experience with payrolls and benefit charges in combination with the payrolls and benefit charges of the predecessor employer.

(2) If the transfer of assets, business, organization, or trade was a partial transfer of the predecessor employer's business and the predecessor employer remains in business, beginning on the January 1 after the transfer, and for each calendar year thereafter, the rate of contribution of the successor employer shall be based on its experience with payrolls and benefit charges in combination with the proportionate share of payrolls and benefit charges acquired from the predecessor employer.

(3) If the predecessor employer does not remain in business after the transfer of all or part of the assets, business, organization, or trade of the predecessor employer, and there is one successor employer, then the rate of contribution of the successor employer beginning on the January 1 after the transfer, and for each calendar year thereafter, shall be based on the successor employer's experience with payrolls and benefit charges in combination with the payrolls and benefit charges of the predecessor employer.

(4) (i) If the predecessor employer does not remain in business after the transfer of all or part of the assets, business, organization, or trade of the predecessor employer, and there are two or more successor employers receiving the transfer, then the rate of contribution for each of the successor employers beginning on the January 1 after the transfer, and for each calendar year thereafter, shall be based on the successor employer's experience with payrolls and benefit charges in combination with the proportionate share of payrolls and benefit charges acquired from the predecessor employer.

(ii) Any remaining portion of the predecessor employer's experience shall be transferred to the successor employers according to each successor employer's proportionate share of the payroll.

(f) If a predecessor employer does not remain in business after the transfer of all or part of the assets, business, organization, or trade of the predecessor employer:

(1) the successor employer is liable for all contributions, interest, and penalties owed by the predecessor employer at the time of the transfer; and

(2) if two or more successor employers receive the transfer, the successor employers shall be liable in the same proportion as the payroll record of the unit being transferred is to the total business of the predecessor employer.

(g) (1) A predecessor employer shall continue to pay contributions at the previously assigned rate through the next December 31 if the predecessor employer:

(i) transfers only part of the assets, business, organization, or trade of the predecessor employer;

(ii) remains in business; and

(iii) has been assigned a contribution rate under this subtitle.

(2) If a predecessor employer has met each of the requirements to continue to pay contributions at the previously assigned rate through the December 31 after the transfer, beginning on the January 1 after the transfer the rate of contributions of the predecessor employer for each calendar year shall be based on:

(i) its experience with payrolls and benefit charges; and

(ii) its experience incurred before the transfer less any experience that was transferred to a successor employer.

(h) (1) To qualify for an earned rate that is based on a transfer and that is lower than the rate otherwise would be, within 120 days after the transfer, a successor employer or new employer shall report the transfer and apply for the lower rate on a form and in the manner that the Secretary provides.

(2) If the successor employer or new employer does not comply with paragraph (1) of this subsection in the time required, the Secretary shall adjust the earned rate as of the 1st calendar quarter after compliance.

(3) Notwithstanding paragraphs (1) and (2) of this subsection, where a transfer results in a higher earned rate to the successor employer, the Secretary may combine the earned rating record of the predecessor and successor employers and, for the purpose of rate determination, transfer to the successor employer the taxable wages and benefit charges of the predecessor employer at any time.