

**DEPARTMENT OF ECONOMIC OPPORTUNITY
Reemployment Assistance Appeals
THE CALDWELL BUILDING
107 EAST MADISON STREET
TALLAHASSEE FL 32399-4143**

PETITIONER:

Employer Account No. - 3018447
FLORIDA SUPPLY & CLEANING PROD
1640 MASON AVENUE
DAYTONA BEACH FL 32117

RESPONDENT:

State of Florida
DEPARTMENT OF ECONOMIC
OPPORTUNITY
c/o Department of Revenue

**PROTEST OF LIABILITY
DOCKET NO. 2013-18057R**

ORDER

This matter comes before me for final Department Order.

Having fully considered the Special Deputy's Recommended Order and the record of the case and in the absence of any exceptions to the Recommended Order, I adopt the Findings of Fact and Conclusions of Law as set forth therein. A copy of the Recommended Order is attached and incorporated in this Final Order.

In consideration thereof, it is ORDERED that the determination dated January 15, 2013, is AFFIRMED.

JUDICIAL REVIEW

Any request for judicial review must be initiated within 30 days of the date the Order was filed. Judicial review is commenced by filing one copy of a *Notice of Appeal* with the DEPARTMENT OF ECONOMIC OPPORTUNITY at the address shown at the top of this Order and a second copy, with filing fees prescribed by law, with the appropriate District Court of Appeal. It is the responsibility of the party appealing to the Court to prepare a transcript of the record. If no court reporter was at the hearing, the transcript must be prepared from a copy of the Special Deputy's hearing recording, which may be requested from the Office of Appeals.

Cualquier solicitud para revisión judicial debe ser iniciada dentro de los 30 días a partir de la fecha en que la Orden fue registrada. La revisión judicial se comienza al registrar una copia de un *Aviso de Apelación* con la Agencia para la Innovación de la Fuerza Laboral [*DEPARTMENT OF ECONOMIC OPPORTUNITY*] en la dirección que aparece en la parte superior de este *Orden* y una segunda copia, con los honorarios de registro prescritos por la ley, con el Tribunal Distrital de Apelaciones pertinente. Es la responsabilidad de la parte apelando al tribunal la de preparar una transcripción del registro. Si en la audiencia no se encontraba ningún estenógrafo registrado en los tribunales, la transcripción debe ser preparada de una copia de la grabación de la audiencia del Delegado Especial [*Special Deputy*], la cual puede ser solicitada de la Oficina de Apelaciones.

Nenpòt demann pou yon revizyon jiridik fèt pou l kòmanse lan yon peryòd 30 jou apati de dat ke Lòd la te depoze a. Revizyon jiridik la kòmanse avèk depo yon kopi yon *Avi Dapèl* ki voye bay DEPARTMENT OF ECONOMIC OPPORTUNITY lan nan adrès ki parèt pi wo a, lan tèt Lòd sa a e yon dezyèm kopi, avèk frè depo ki preskri pa lalwa, bay Kou Dapèl Distrik apwopriye a. Se responsabilite pati k ap prezante apèl la bay Tribinal la pou l prepare yon kopi dosye a. Si pa te gen yon stenograf lan seyans lan, kopi a fèt pou l prepare apati de kopi anrejistreman seyans lan ke Adjwen Spesyal la te fè a, e ke w ka mande Biwo Dapèl la voye pou ou.

DONE and ORDERED at Tallahassee, Florida, this _____ day of June, 2013.



Altemese Smith,
Bureau Chief,
Reemployment Assistance Program
DEPARTMENT OF ECONOMIC OPPORTUNITY

FILED ON THIS DATE PURSUANT TO § 120.52,
FLORIDA STATUTES, WITH THE DESIGNATED
DEPARTMENT CLERK, RECEIPT OF WHICH IS
HEREBY ACKNOWLEDGED.

Shanendra Y. Barnes

DEPUTY CLERK

DATE

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing Final Order have been furnished to the persons listed below in the manner described, on the _____ day of June, 2013.

Shanendra Y. Barnes

SHANEDRA Y. BARNES, Special Deputy Clerk
DEPARTMENT OF ECONOMIC
OPPORTUNITY
Reemployment Assistance Appeals
107 EAST MADISON STREET
TALLAHASSEE FL 32399-4143

By U.S. Mail:

FLORIDA SUPPLY & CLEANING PROD
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DAYTONA BEACH FL 32117

DEPARTMENT OF REVENUE
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5050 WEST TENNESSEE STREET
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State of Florida
DEPARTMENT OF ECONOMIC OPPORTUNITY
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DEPARTMENT OF ECONOMIC OPPORTUNITY

Reemployment Assistance Appeals

MSC 347 CALDWELL BUILDING

107 EAST MADISON STREET

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**PROTEST OF LIABILITY
DOCKET NO. 2013-18057R**

RESPONDENT:

State of Florida
DEPARTMENT OF ECONOMIC
OPPORTUNITY
c/o Department of Revenue

RECOMMENDED ORDER OF SPECIAL DEPUTY

TO: Altemese Smith,
Bureau Chief,
Reemployment Assistance Services
DEPARTMENT OF ECONOMIC OPPORTUNITY

This matter comes before the undersigned Special Deputy pursuant to the Petitioner's protest of the Respondent's determination dated January 15, 2013.

After due notice to the parties, a telephone hearing was held on April 18, 2013. The Petitioner was represented by its attorney. The Petitioner's managing member testified as a witness. The Petitioner's Director of Operations testified as a witness. The Respondent, represented by a Department of Revenue Tax Auditor III, appeared and testified.

The record of the case, including the recording of the hearing and any exhibits submitted in evidence, is herewith transmitted. Proposed Findings of Fact and Conclusions of Law were not received.

Issue:

Whether the Petitioner's tax rates were properly computed, pursuant to Section 443.131, Florida Statutes; Rules 73B-10.026; 10.031, Florida Administrative Code.

Whether the Petitioner's liability for reemployment assistance contributions was properly determined pursuant to Sections 443.1215, 1216, 1217; 443.131, Florida Statutes.

Findings of Fact:

1. Florida Supply & Cleaning, Inc. was a corporation formed in 1990 to operate a business involved in the sale and distribution of cleaning supplies. Trajan Sfera was the owner and president of Florida Supply & Cleaning, Inc.
2. Tony Sfera, son of Trajan Sfera, was employed by Florida Supply & Cleaning, Inc. as a salesman. Tony Sfera was not an owner or an officer of Florida Supply & Cleaning, Inc.

3. The unemployment compensation tax rate assigned to Florida Supply & Cleaning, Inc. for 2011 based on the unemployment experience of Florida Supply & Cleaning, Inc. was .0540.
4. On January 10, 2011, Tony Sfera formed the Petitioner, Florida Supply & Cleaning Products, LLC, to operate a business involved in the sale and distribution of cleaning supplies. Tony Sfera is the sole owner and the managing member of the Petitioner.
5. On April 13, 2011, the Petitioner submitted an *Application to Collect and/or Report Tax in Florida* on which the Petitioner listed the starting date of business activity as April 15, 2011, and that the Petitioner first employed workers on April 15, 2011.
6. On the *Application to Collect and/or Report Tax in Florida* the Petitioner stated that the Petitioner had not purchased the business from another entity. As a result, the Department of Revenue assigned the unemployment compensation tax rate that is assigned to all new businesses, .0270.
7. The Petitioner did not advertise to obtain employees and did not interview anyone for employment other than the employees of Florida Supply & Cleaning, Inc. The Petitioner acquired the workforce of Florida Supply & Cleaning, Inc. on or about the Petitioner's beginning of business, April 15, 2011.
8. At the end of the second calendar quarter 2011 Florida Supply & Cleaning, Inc. filed its quarterly unemployment tax report on which it reported wages paid to 18 employees during the quarter. During the third quarter 2011 Florida Supply & Cleaning, Inc. reported wages paid to two employees, Trajan Sfera and Joey Sfera, the Petitioner's Director of Operations. After closing out its business Florida Supply & Cleaning, Inc. notified the Department of Revenue that it had ceased business during the third quarter 2011.
9. At the end of the second calendar quarter 2011 the Petitioner filed its unemployment compensation tax report on which it reported wages paid to 17 of the employees reported by Florida Supply & Cleaning, Inc., including Trajan Sfera, Joey Sfera, and Tony Sfera.
10. The Department of Revenue has a computer program which identifies employees by social security numbers who have been transferred from one employer to another employer. The computer program identified the 17 employees which the Petitioner had acquired from Florida Supply & Cleaning, Inc. Further investigation revealed that Tony Sfera is the son of Trajan Sfera.
11. By determination mailed on or before January 15, 2013, the Department of Revenue notified the Petitioner that since it appeared that the Petitioner had acquired the workforce of Florida Supply & Cleaning, Inc. on or about July 1, 2011, and since it appeared that when the transfer occurred there was common ownership, management, or control of the two entities, the unemployment experience of Florida Supply & Cleaning, Inc. was transferred to the Petitioner resulting in an increase of the unemployment tax rate from .0270 to .0540 beginning July 1, 2011. The Petitioner filed a timely protest by letter dated February 4, 2013.

Conclusions of Law:

12. Section 443.131(3), Florida Statutes, provides:
 - (g) *Transfer of unemployment experience upon transfer or acquisition of a business.--* Notwithstanding any other provision of law, upon transfer or acquisition of a business, the following conditions apply to the assignment of rates and to transfers of unemployment experience:
 - 1.a. If an employer transfers its trade or business, or a portion thereof, to another employer and, at the time of the transfer, there is any common ownership, management, or control of the two employers, the unemployment experience attributable to the transferred trade or business shall be transferred to the employer to whom the business is so transferred. The rates of both employers shall be recalculated and made effective as of the beginning of the

calendar quarter immediately following the date of the transfer of the trade or business unless the transfer occurred on the first day of a calendar quarter, in which case the rate shall be recalculated as of that date.

13. Section 443.131(3)(g)7.b., Florida Statutes, provides that "trade or business" shall include the employer's workforce.
14. Rule 73B-10.031(3), Florida Administrative Code, provides in pertinent part that for the purpose of implementing Section 443.131(3)(g), F.S.:
 - (a) The term "ownership" means any proprietary interest in a business, including, but not limited to, shares of stock in a corporation, partnership interest in a partnership or membership interest in a Limited Liability Company (LLC).
 - (b) "Common ownership" exists when a person has ownership in two or more businesses.
 - (c) A person in "management" includes any officer or director of a corporation, owner of a sole proprietorship, partner in a partnership, manager of an LLC, or person with the ability to direct the activities of an employing unit, either individually or in concert with others.
 - (d) "Common management" exists when a person concurrently occupies management positions in two or more businesses.
 - (e) A person in "control" of a business includes any officer or director of a corporation, owner of a sole proprietorship, partner in a partnership, manager of an LLC, or other person with the ability, directly or indirectly, individually or in concert with others, to influence or direct management, activities or policies of the business through ownership of stock, voting rights, contract, or other means. Control exists when an employee leasing company dictates or specifies the businesses with which a client company must contract.
 - (f) "Common control" exists when a person or group of persons has control of two or more businesses.
 - (g) The phrase "transfer or acquisition" encompasses any and all types of transfers and acquisitions including, but not limited to, assignments, changes in legal identity or form, consolidations, conveyances, mergers, name changes, purchase and sale agreements, reorganizations, stock transfers and successions.
 - (h) The phrase "trade or business or a portion thereof" includes but is not limited to assets, customers, management, organization and workforce.
 - (i) For the purpose of determining issues relating to the transfer of employment records upon transfer or acquisition of a business, the term "person" has the meaning set forth in Section 7701(a)(1) of the Internal Revenue Code.
 - (j) In determining whether common management, ownership, or control exists, the Department may consider common relationships between owners or persons who exert control over or occupy management positions in the businesses under consideration. For purposes of this rule, a common relationship exists when persons are related to each other by marriage, step-relationships, direct line blood relationships such as grandchild, child, parent, grandparent (lineal consanguinity) or adoption. A common relationship is also deemed to exist between affiliated groups as defined by Section 199.023(8), F.S. and between affiliated corporations as defined in Section 1504(a) of the Internal Revenue Code. (Emphasis supplied)
15. The evidence presented in this case reveals that the Petitioner acquired the workforce of Florida Supply & Cleaning, Inc. on or about April 15, 2011.
16. At the time that the workforce of Florida Supply & Cleaning, Inc. was acquired by the Petitioner Trajan Sfera was the owner of Florida Supply & Cleaning, Inc. and Tony Sfera was the owner of the Petitioner. There is a direct line relationship, father and son, between Trajan Sfera and Tony Sfera. Based on that direct line relationship the Department of Revenue determined that there was common ownership, common management, or common control between the Petitioner and Florida Supply & Cleaning, Inc.

17. The law requires the transfer of the unemployment experience of Florida Supply & Cleaning, Inc. to the Petitioner and requires that the Petitioner's tax rate be recalculated effective the beginning of the quarter immediately following the quarter in which the transfer of workforce occurred. Thus, the effective date of the tax rate recalculation is July 1, 2011, as found by the Department of Revenue.

Recommendation: It is recommended that the determination dated January 15, 2013, be AFFIRMED.

Respectfully submitted on May 14, 2013.



R. O. SMITH, Special Deputy
Office of Appeals

A party aggrieved by the *Recommended Order* may file written exceptions to the Director at the address shown above within fifteen days of the mailing date of the *Recommended Order*. Any opposing party may file counter exceptions within ten days of the mailing of the original exceptions. A brief in opposition to counter exceptions may be filed within ten days of the mailing of the counter exceptions. Any party initiating such correspondence must send a copy of the correspondence to each party of record and indicate that copies were sent.

Una parte que se vea perjudicada por la *Orden Recomendada* puede registrar excepciones por escrito al Director Designado en la dirección que aparece arriba dentro de quince días a partir de la fecha del envío por correo de la *Orden Recomendada*. Cualquier contraparte puede registrar contra-excepciones dentro de los diez días a partir de la fecha de envío por correo de las excepciones originales. Un resumen en oposición a contra-excepciones puede ser registrado dentro de los diez días a partir de la fecha de envío por correo de las contra-excepciones. Cualquier parte que dé inicio a tal correspondencia debe enviarle una copia de tal correspondencia a cada parte contenida en el registro y señalar que copias fueron remitidas.

Yon pati ke Lòd Rekòmande a afekte ka prezante de eksklizyon alekri bay Direktè Adjwen an lan adrès ki parèt anlè a lan yon peryòd kenz jou apati de dat ke Lòd Rekòmande a te poste a. Nenpòt pati ki fè opozisyon ka prezante objeksyon a eksklizyon yo lan yon peryòd dis jou apati de lè ke objeksyon a eksklizyon orijinal yo te poste. Yon dosye ki prezante ann opozisyon a objeksyon a eksklizyon yo, ka prezante lan yon peryòd dis jou apati de dat ke objeksyon a eksklizyon yo te poste. Nenpòt pati ki angaje yon korespondans konsa dwe voye yon kopi kourye a bay chak pati ki enplike lan dosye a e endike ke yo te voye kopi yo.

Shanendra Y. Barnes

SHANEDRA Y. BARNES, Special Deputy Clerk

Date Mailed:
May 14, 2013

Copies mailed to:

Petitioner

Respondent

Joined Party

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