

EMPLOYER STATUS DETERMINATION SHORT LINES, INCORPORATED

According to information provided by Dennis T. Prince, President of Short Lines, Inc. (SLI), the company was incorporated and began operations on November 25, 1987. Mr. Prince is the only employee of SLI,¹ which "provides management services to one operating railroad, Tennessee Southern Railroad Co., Inc."² Mr. Prince describes these services as "financing of debt, contract review, customer relations, asset acquisition, rehab project programs, and governmental relations. n The Board Chairman, President, Treasurer and Secretary of SLI (who also are the stockholders of SLI) are the Board Chairman, President, Treasurer and Secretary (as well as stockholders) of Tennessee Southern Railroad Co., Inc. 100% of SLI's business and revenues come from the management services provided to the Tennessee Southern.

Section l(a)(1) of the Railroad Retirement Act (RRA) (45 U.S.C. § 231(a)(1)) provides in pertinent part as follows:

The term "employer" shall include -

(i) any express company, sleeping car company, and carrier by railroad subject to subchapter I of the Interstate Commerce Act];

(ii) any company which is directly or indirectly owned or controlled by, or under common control with, one or more employers as defined in paragraph (i) of this subdivision, and which operates any equipment or facility or performs any service (except trucking service, casual service, and the casual operation of equipment or facilities) in connection with the transportation of passengers or property by railroad
* * *

A similar provision is contained in section l(a) of the Railroad Unemployment Insurance Act (RUIA) (45 U.S.C. §351(a)).

SLI clearly is not a rail carrier, and hence does not meet the definition of a rail carrier employer. Based upon the evidence in the file, however, SLI is under common ownership with, and is controlled by officers who control Tennessee Southern Railroad Company. Further, it is concluded that the services being performed by SLI for Tennessee Southern Railroad Co., Inc.

¹Mr. Prince is also an employee of Denbo Scrap Materials, Inc., a company in Pulaski, Tennessee, which is in the scrap processing business.

²Tennessee Southern Railroad Co., Inc., has been found to be an employer under the Acts. See Notice Number 88-13, April 6, 1988. Prior to August 1, 1990, SLI also provided services to Georgia Northeastern Railroad Co., Inc., another employer under the Acts. See Notice Number 88-17, April 19, 1988.

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are "services in connection with the transportation of passengers or property by railroad" (See Adams v. Railroad Retirement Board, 219 F. 2d 534 (9th Cir. 1954), holding that maintenance, accounting, purchasing, stenographic and repair services were services in connection with railroad transportation within the meaning of the Acts), and since these services generate 100% of SLI's total revenues, those services are not casual service. x 20 CFR 202.6.)

Based on the foregoing discussion, it is concluded that Short Lines, Incorporated is an employer under the Acts, with creditable service from November 25, 1987, the date it began operations.

Glen L. Bower

V. M. Speakman, Jr.

Jerome F. Kever