

JAN 29 2003

EMPLOYER STATUS DETERMINATION
South Central Tennessee Railroad Corporation

This is the decision of the Railroad Retirement Board regarding the continued status of the South Central Tennessee Railroad Corporation, as an employer under the Railroad Retirement Act (45 U.S.C. § 231, et seq.) (RRA) and the Railroad Unemployment Insurance Act (45 U.S.C. § 351, et seq.) (RUIA).

South Central Tennessee Railroad Corporation was held to be an employer under the Acts effective January 1, 1994 (B.A. Number 5561). On December 31, 2000, its assets were sold to SCTRR, LLC, which was ruled to be a covered employer under the Acts (B.A. No. 5582). [See Board Coverage Decision No. 01-55, June 5, 2001.] South Central Tennessee Railroad Corporation changed its name to South East Rail, Inc., an inactive corporation, and ceased operations as of the date of the transfer.

Section 202.11 of the Board's regulations provides that:

The employer status of any company or person shall terminate whenever such company or person loses any of the characteristics essential to the existence of an employer status.

Through the sale of its rail and other assets and its cessation of operations, South Central Tennessee Railroad Corporation has lost the characteristics essential to the existence of an employer status. Accordingly, the Board holds that South Central Tennessee Railroad Corporation ceased to be an employer under the Railroad Retirement and Railroad Unemployment Insurance Acts effective with the close of business on December 31, 2000. Cf. Rev Ruling 82-99, 1982-2 C.B. 154, wherein the Internal Revenue Service ruled that a railroad ceases to be an employer subject to taxes under the Railroad Retirement Tax Act

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when the railroad's employees stop performing services in connection with the railroad's carrier activities.

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