

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

68-0157 (9-06) - 3091078 - EI

**GLENN W SMITH**  
Claimant

**APPEAL NO. 07A-UI-04868-H2T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**BUD MULCAHY'S JEEP INC**  
Employer

**OC: 11-05-06 R: 02**  
**Claimant: Appellant (1)**

Iowa Code § 96.3(5) – Layoff Due to Business Closing

**STATEMENT OF THE CASE:**

The claimant filed a timely appeal from the May 10, 2007, reference 04, decision that denied recalculation of his claim for unemployment insurance benefits due to a business closing. After due notice was issued, a hearing was held on May 30, 2007. The claimant did participate. The employer did not participate.

**ISSUE:**

The issue is whether the claim can be redetermined based upon a business closing.

**FINDINGS OF FACT:**

Having reviewed the testimony and all of the evidence in the record, the administrative law judge finds: Claimant was discharged from the employer's business in November 2006 before he even knew the business was going to close. The claimant has filed a claim for benefits every week since the end of November and did not return to work for the employer. The claimant's employment ended because of an altercation with another employee that led to his discharge, not because the business closed. The business continued to operate for two months after his discharge before he learned that it was going to be sold. The claimant did not return to work for the employer after his November discharge. He was not an employee of the business when it was sold.

**REASONING AND CONCLUSIONS OF LAW:**

For the reasons that follow, the administrative law judge concludes the claimant was not laid off due to a business closure.

Iowa Code § 96.3-5 provides:

5. Duration of benefits. The maximum total amount of benefits payable to an eligible individual during a benefit year shall not exceed the total of the wage credits accrued to the individual's account during the individual's base period, or twenty-six times the individual's weekly benefit amount, whichever is the lesser. The director shall maintain a

separate account for each individual who earns wages in insured work. The director shall compute wage credits for each individual by crediting the individual's account with one-third of the wages for insured work paid to the individual during the individual's base period. However, the director shall recompute wage credits for an individual who is laid off due to the individual's employer going out of business at the factory, establishment, or other premises at which the individual was last employed, by crediting the individual's account with one-half, instead of one-third, of the wages for insured work paid to the individual during the individual's base period. Benefits paid to an eligible individual shall be charged against the base period wage credits in the individual's account which have not been previously charged, in the inverse chronological order as the wages on which the wage credits are based were paid. However if the state "off indicator" is in effect and if the individual is laid off due to the individual's employer going out of business at the factory, establishment, or other premises at which the individual was last employed, the maximum benefits payable shall be extended to thirty-nine times the individual's weekly benefit amount, but not to exceed the total of the wage credits accrued to the individual's account.

871 IAC 24.29(1) provides:

Business closing.

(1) Whenever an employer at a factory, establishment, or other premises goes out of business at which the individual was last employed and is laid off, the individual's account is credited with one-half, instead of one-third, of the wages for insured work paid to the individual during the individual's base period. This rule also applies retroactively for monetary redetermination purposes during the current benefit year of the individual who is temporarily laid off with the expectation of returning to work once the temporary or seasonal factors have been eliminated and is prevented from returning to work because of the going out of business of the employer within the same benefit year of the individual. This rule also applies to an individual who works in temporary employment between the layoff from the business closing employer and the Claim for Benefits. For the purposes of this rule, temporary employment means employment of a duration not to exceed four weeks.

871 IAC 24.29(2) provides:

(2) Going out of business means any factory, establishment, or other premises of an employer which closes its door and ceases to function as a business; however, an employer is not considered to have gone out of business at the factory, establishment, or other premises in any case in which the employer sells or otherwise transfers the business to another employer, and the successor employer continues to operate the business.

The claimant's employment ended when he was discharged in November 2006. The claimant's employment did not end because the car dealership went out of business but because he was discharged before the business closed. When the claimant was discharged he had no idea the business was going to close and his discharge was due to an altercation with another employee, not due to the business closing. Since the claimant's discharge occurred before the business closed, he is not considered to have been discharged due to a business closing. Therefore, while claimant remains qualified for benefits based upon a discharge from this employer, he is not entitled to a recalculation of benefits.

**DECISION:**

The May 10, 2007, reference 04, decision is affirmed. The claimant was not laid off due to a business closure. Recalculation of benefits is denied.

---

Teresa K. Hillary  
Administrative Law Judge

---

Decision Dated and Mailed

tkh/css