

**PLACE WHERE CONTRACT OF HIRE IS MADE IS EXCLUSIVE TEST FOR  
APPLICABILITY OF THE ILLINOIS WORKERS' COMPENSATION ACT WHEN  
EMPLOYEE IS INJURED IN ANOTHER STATE**

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In Mahoney v. Industrial Commission, 2005 WL 66053 (Ill.App. 1<sup>st</sup> Dist., decided 1/12/05, rehearing denied 2/18/05), claimant sustained a foot injury in March, 1999 and a knee injury in January, 2001 while working for United Airlines at its Orlando, Florida facility. He was originally hired by United in Illinois in 1969 to work as a ramp serviceman at O'Hare Airport in Chicago; however he requested and was granted a voluntary transfer to Florida in 1993 and since that time had lived and worked continuously in Florida. Although claimant received benefits for both injuries according to Florida compensation laws he sought additional benefits in Illinois. The Illinois Workers' Compensation Commission denied benefits, determining that Illinois lacked jurisdiction because our Act "does not create a perpetual right to claimants who transfer to another state to recover benefits for work-related injuries in the new state of residence when the claimant has voluntarily severed relations with Illinois". However the Appellate Court reversed that decision, stating at the outset of its opinion:

"In this matter we are asked to determine whether the site of the contract for hire is the exclusive test for determining the applicability of the Illinois Workers' Compensation Act ... to persons whose employment is outside the state of Illinois where the contract of hire is made in Illinois.... We find that the contract for hire is the exclusive test in such cases, and the decision of the (Commission) to the contrary, that the site of the contract for hire is merely one factor to be considered within the totality of the arrangements, including significant contacts with Illinois, is erroneous".

The Commission had relied upon a five factor test for determining jurisdiction which had previously been announced in Carroll v. Industrial Commission, 205 Ill.App. 3d 885, 563 N.E.2d 890, 150 Ill. Dec. 763 (1st Dist. 1990), and United Airlines v. Industrial Commission, 252 Ill.App. 3d 972, 627 N.E.2d 1104, 194 Ill.Dec.462 (1<sup>st</sup>. Dist. 1993); that test required the Commission to determine jurisdiction by weighing the following factors: (1) the situs of the contract for hire; (2) the continuity of the employment between the time of the contract and the time of the injury; (3) whether the employment transfer from Illinois was voluntary; (4) the length of time between the employee's departure from Illinois and the injury; and (5) the significance of the employee's contact with Illinois following his departure from Illinois. Here the Commission found that although the situs of the original contract for hire weighed in favor of Illinois jurisdiction, all other factors weighed against it.

The Appellate Court initially observed that the “plain language of the Act clearly states that the site of the contract for hire is the exclusive test” for determining the issue presented in this case, and interpreted several earlier Illinois Supreme Court decisions to confirm that test. For example the Court cited Youngstown Sheet & Tube Co. V. Industrial Commission, 79 Ill. 425, 404 N.E.2d 253 (1980), as establishing the following “bright-line” test for future courts to follow:

“Under Youngstown, if the employment contract was made in Illinois, a claimant injured while working in another state was covered under the (Illinois) Act. Conversely, if the contract for hire was not entered into in Illinois, then there was no coverage.”

The Court also noted that the employee in Youngstown had actually ceased his employment in Illinois and was re-employed by the same company in Indiana, rather than transferring his employment to that state, and therefore Illinois did not have jurisdiction to adjudicate his claim for Illinois benefits for an injury occurring in Indiana. In that case claimant was originally hired in Illinois but his job ended when the company’s South Chicago plant closed and a completely new contract of hire was established when claimant began working in Indiana; Illinois jurisdiction was rejected even though all of his seniority rights were preserved pursuant to the collective bargaining agreement with the company.

Therefore, when an employee originally hired in Illinois transfers his employment with the same employer to another state and is later injured in that state, Illinois retains jurisdiction to adjudicate a claim for compensation benefits in Illinois. The Mahoney Court concluded its opinion by stating:

“We hold that the situs of the contract is the sole determinate of jurisdiction under the Act for a person whose employment is outside Illinois where the contract of hire is made within Illinois. To the extent that Carroll and its progeny deviate from this holding, they are overruled. Ultimately, we leave it to our supreme court whether to continue in this interpretation of the Act”.