§ 45. Status of employees upon acquisition of private institution or enterprise by government. 1. Whenever the state or any civil division or public agency shall acquire a private institution or enterprise, for the purpose of operating it as a public function, such civil division, or public agency, as the case may be, may continue the employment of all officers or employees thereof deemed necessary, who shall have been in the employ of such private institution or enterprise for at least one year prior to such acquisition. The positions so held by such employees shall be in the non-competitive class, pending the classification or reclassification of such positions as hereinafter directed, and such employees shall continue to be employed in similar or corresponding positions and shall have the seniority theretofore held by them as among themselves. The state civil service department or municipal commission having jurisdiction, however, after notice to any such employee, of the reasons therefor, and after according such employee a hearing, may exclude him or her from further employment if found by such department or municipal commission not to be a person of good character. Notwithstanding the provisions of this section, no person shall be continued in employment in a position classified in the competitive class pursuant to the provisions of this subdivision unless he or she is a citizen or a noncitizen lawfully admitted for permanent residence in the United States.

2. Not later than one year after the acquisition of such private institution or enterprise, the state or municipal civil service commission having jurisdiction shall determine for which positions or class of positions competitive examinations are practicable and shall adopt rules classifying and reclassifying the various positions. The then incumbents of such positions who are employed therein at the time of the acquisition of the private institution or enterprise and who were so employed for at least one year prior to such acquisition shall continue to hold their positions without further examination and shall have all the rights and privileges of the jurisdictional class to which such positions may be allocated; provided, however that after such acquisition all new positions thereafter created and vacancies occurring in positions already established shall be filled in accordance with the provisions of this chapter and the rules adopted thereunder.