

HOUSE BILL REPORT

HB 1424

As Passed House

March 9, 1993

Title: An act relating to industrial insurance assessments.

Brief Description: Affecting insurance assessments notice.

Sponsors: Representatives Heavey, G. Cole and Franklin; by request of Department of Labor & Industries.

Brief History:

Reported by House Committee on:

Commerce & Labor, February 12, 1993, DP;

Passed House, March 9, 1993, 98-0.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 9 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Conway; Horn; King; Springer; and Veloria.

Staff: Chris Cordes (786-7117).

Background: A person who purchases a business may be liable for industrial insurance premiums that the business owed to the Department of Labor and Industries prior to the sale. However, the successor owner will not be liable for the back premiums if the successor owner notifies the department of the purchase of the business and the department does not issue a notice of assessment against the business within 60 days. Because employers pay premiums on a quarterly basis, a default on premium payments by the predecessor employer may not be known within the 60 day notice period.

If an employer defaults on a payment due to the department, the department must serve a notice of assessment by certified mail, accompanied by an affidavit of service by mailing. To collect outstanding industrial insurance premiums, the department may issue a notice to any person, business, or government agency to withhold and deliver property that belongs to the business owing the premiums. The notice must be served by the county sheriff's department or by the director's authorized representative.

Summary of Bill: If a successor owner acquires a business owing industrial insurance premiums, the Department of Labor and Industries must issue any outstanding premium assessment against the business within 180 days, rather than 60 days, from the receipt of notice from the successor owner.

If an employer defaults on payments due to the department, the department may serve the notice of assessment by certified mail without the requirement for an affidavit of service by mailing. Notices to withhold and deliver a business's property for industrial insurance premium collection purposes may, in addition to personal service, be served by certified mail with return receipt requested.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The Efficiency Commission study recommended a number of changes in the way the Department of Labor and Industries pursues the premiums that employers have failed to pay. This bill fits in with the recommendations. It will give the department better tools for collection and put the department in the same position as the Department of Revenue and the Employment Security Department.

Testimony Against: None.

Witnesses: Douglas Connell, Department of Labor and Industries.