

SENATE BILL REPORT

HB 1424

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, APRIL 1, 1993

**Brief Description:** Affecting insurance assessments notice.

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

**HOUSE COMMITTEE ON COMMERCE & LABOR**

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Cantu, Fraser, McAuliffe, Pelz, Vognild, and Wojahn.

**Staff:** Dave Cheal (786-7576)

**Hearing Dates:** March 30, 1993; April 1, 1993

**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:**

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.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

The Efficiency Commission recommended that the Department of Labor and Industries make its assessment deadline for successor business owners the same as the Departments of Revenue and Employment Security. The 180-day period conforms more nearly to billing cycles. Successor business owners can protect themselves by withholding part of the purchase price.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Douglas Connell, Dept. of Labor & Industries