

HOUSE BILL REPORT

HB 1354

*As Passed House
March 14, 1991*

Title: An act relating to industrial insurance assessments.

Brief Description: Changing notice and withhold requirements when industrial insurance taxes are in arrears.

Sponsor(s): Representatives Franklin, Jones and Cole; by request of Department of Labor & Industries.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 19, 1991, DP;
Passed House, March 14, 1991, 82-12.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *Do pass.* Signed by 7 members:
Representatives Heavey, Chair; Cole, Vice Chair; Franklin;
Jones; R. King; O'Brien; and Prentice.

Minority Report: *Do not pass.* Signed by 4 members:
Representatives Fuhrman, Ranking Minority Member; Lisk,
Assistant Ranking Minority Member; Vance; and Wilson.

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.

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.

In addition to personal service, certified mail with an affidavit of service may be used to serve notices to withhold and deliver a business's property for industrial insurance premium collection purposes.

Fiscal Note: Not requested.

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

Testimony For: This bill would give the Department of Labor and Industries the same time frame as the Department of Revenue has to notify the purchaser of a business that back premiums are overdue. The department would be able to use quarterly report statements to determine that premiums had not been paid.

Testimony Against: None.

Witnesses: Jeff Johnson, Washington State Labor Council; Doug Connell, Department of Labor and Industries; and Clif Finch, Association of Washington Business.