



Florida Department of Labor and Employment Security  
**Division of Workers' Compensation**  
*Director's Office*

**TO: All Exemption Holders**

**FROM: Annemarie Craft, Interim WC Administrator**

**DATE: June 20, 2002**

**SUBJECT: Law Changes Regarding Exemptions**

On July 1, 2002, important changes in the workers' compensation law regarding exemptions take effect. This Bulletin is intended to notify you of some of those changes. Exemption holders working on a commercial building project valued at \$250,000 or greater must purchase workers' compensation coverage, or be covered under a valid Florida Workers' Compensation policy.

The changes apply to you if you are:

A corporate officer of a corporation that is actively engaged in the construction industry;

A sole proprietor or partner who is actively engaged in the construction industry; or

A person who is actively engaged in the construction industry as an independent contractor.

1. Beginning July 1, 2002, if you are a corporate officer of a corporation that is actively engaged in the construction industry, or a sole proprietor or partner who is actively engaged in the construction industry, then your exemption will not apply to any work performed at a commercial building project valued at \$250,000 or greater. If you work at a commercial building project valued at \$250,000 or greater, then you must secure workers' compensation coverage in accordance with s. 440.38, F.S. The value of the project is the value of the entire project and not merely the value of a part, such as the amount attributed to a particular subcontract. This applies to projects in existence on July 1, 2002, as well as projects to be started on or after July 1, 2002.

2. With respect to any commercial building project estimated to be valued at \$250,000 or greater, a person who is actively engaged in the construction industry is not an independent contractor and is either an employer or an employee who may not be exempt from the coverage requirements of the workers' compensation law.

3. A commercial building is any building or structure intended for commercial or industrial use, or any building or structure intended for multifamily use of more than four dwelling units, as well as any accessory use structures constructed in conjunction with the principal structure. A commercial building does not include the conversion of any existing residential building to a commercial building.

4. The changes in the law regarding exemptions do not affect your exemption with regard to work:

- a. At a commercial building project valued at less than \$250,000; or
  - b. At a residential building, which is defined as any building or structure intended for residential use containing four or fewer dwelling units and any structures intended as an accessory use to the residential structure.
5. If you are a sole proprietor, partner, or corporate officer, you are permitted to maintain a certificate of election to be exempt issued pursuant to section 440.05, F.S. while actively working on a commercial building project valued at \$250,000 or greater; however, that exemption is not applicable with respect to work performed at a commercial building project valued at \$250,000, or greater.

For questions, please contact Philip Wilcox, Investigations Manager, and Bureau of Compliance, Division of Workers' Compensation at 850-488-2333, ext. 173.

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