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MINIMUM WAGE UPDATE

In December's edition of this newsletter, we told you about the minimum wage increase that will take place in Florida for 2005. [Last month's article contained a typo that mistakenly listed the effective date for the new minimum wage as 2004. This was obviously incorrect, and we apologize for our mistake.] We now have some additional information about the new state minimum wage to pass along to you. **According to state officials, the new statewide minimum wage of \$6.15 an hour will take effect on May 2, 2005.** It will increase in January of each year following, according to the inflation rate for that year.

At this time, we are being told that employers will not have to post a new poster advertising the new state minimum wage, but this could certainly change the closer we get to May. If you receive solicitations from poster companies in the mail telling you there is a new minimum wage for Florida, do not be fooled into buying an unnecessary poster! We will be the first to tell you if and when a new poster is required. Please watch future edition of this newsletter for more information as it becomes known.

NEW WORKERS' COMP RATES TAKE EFFECT JANUARY 1, 2005

The rates that Florida businesses pay for workers' compensation insurance coverage have gone down an average of 5.1% effective January 1, 2005. Please note: this is an average of all the new rates. Most rates have gone down by some percentage, but several classes will actually see a small rate increase. Some businesses in the construction industry will see a rate reduction of almost 9%.

The new rates must be used for new workers' compensation policies beginning January 1st and for renewal policies thereafter. The overall rate change by industry group is:

- Manufacturing -2.4%
- Contracting -8.8%
- Office & Clerical +1.4%
- Goods & Services -4.4%
- Miscellaneous -7.7%

Below are some of the specific rate changes for the construction industry that might affect the cost of workers' comp for your company. Rates are per \$100 of payroll in the specific class code.

<u>Code</u>	<u>Type of Operation</u>	<u>New Rate</u>	<u>% Change</u>
5183	Plumbing	\$10.82	+1.0%
5190	Electrical Wiring	\$10.16	-5.4%
5403	Carpentry	\$28.32	-8.9%
5437	Carpentry – Trim	\$19.24	-11.5%
5445	Drywall	\$18.80	-10.0%
5474	Painting	\$19.51	-8.7%
5479	Insulation Work	\$17.94	-18.6%
5478	Floor Installation	\$11.32	+1.3%
5480	Plastering	\$29.53	-18.6%
5491	Wallpaper	\$6.73	-16.7%
5536	Heating & A/C	\$12.83	+1.4%
5538	Sheet Metal	\$16.40	-9.4%
5551	Roofing	\$37.58	-18.6%
6400	Fence Construction	\$16.75	-18.6%
9000	Janitorial	\$8.99	-10.7%

If you have any questions about the new rates, please call your local insurance agent or workers' comp carrier.

SALES TAX CHANGING IN SIX FLORIDA COUNTIES

Starting January 1, 2005, Florida taxpayers in six counties will see change in the county sales tax rates. While the base sales tax rate statewide is 6%, counties are allowed to charge up to an additional 2% on top of the state sales tax. This extra amount is called the “county” or “discretionary” tax rate. By law, county sales tax rates can change only once a year, on January 1st.

Five counties will have their county tax rate increase. One county is actually decreasing its county rate. The new local rates are:

<u>County</u>	<u>New Rate (%)</u>	<u>Old Rate (%)</u>
Alachua	0.25	None
Hernando	0.5	None
Marion	0.5	1.0
Palm Beach	0.5	None
Pasco	1.0	None
Polk	1.0	0.5

Remember, the above numbers are just the new local portion of the sales tax. To get the total amount of state sales tax charged on transactions, add the above number appropriate for your county to the base Florida sales tax rate of 6%.

In November, the Florida Department of Revenue mailed complete tax rate information to businesses affected by these changes. If you did not get your information or if you have questions about how to apply the new rates, call your nearest Florida Department of Revenue service center (look in the Government blue pages in your local telephone book). Or, you can call the Department at 1-800-352-3671.

DEDUCTIBLE RELIEF FOR THOSE WITH HURRICANE DAMAGE

Because Florida was hit by four different storms this past hurricane season, many citizens were charged more than one deductible by their insurance company to coverage damage resulting from the different storms. In a recent Special Session, the Florida Legislature approved legislation giving these homeowners a total of \$150 million of relief. The new law requires that financial assistance be paid first to Floridians who paid two or more full deductibles, followed by those who paid part of a second or third

deductible. Floridians eligible for the program include homeowners, renters, manufactured homeowners, condominium unit homeowners and condominium associations, who paid one full deductible for hurricane losses and also incurred deductible losses from a second, third or even a fourth hurricane. Maximum reimbursements under the program are \$10,000 per qualifying event up to a maximum of \$20,000. Condominium associations can recover a maximum of \$3,000 per unit that did not have insurance for assessments. Any policyholder who paid more than one full deductible also may be eligible for relief.

Some common questions and answers about this new program are:

- How do I apply for relief? If your insurance company applied two deductibles to your losses, they will contact you and provide you with application forms. The deadline for companies to send this information out is January 20, 2005.
- What if I don't hear from my insurance company? If you don't receive the forms from your insurance company, that means that their records show they did not charge you two deductibles. You may still be eligible for relief, but you will need to apply on your own and will have to prove that you actually had two deductibles applied to your losses.
- What is the deadline to apply? Your application must be postmarked no later than March 1, 2005, and must be either mailed to the Tallahassee address listed on the application or hand-carried to the Tallahassee office. Faxes and emails are not acceptable.
- When can I expect my reimbursement? The state will have to verify all reimbursement requests to make sure the reimbursement amount is correct. At this time, it is not known how long the verification process will take, but it is not expected that reimbursements will be sent before April 15, 2005.
- I had to pay two deductibles, one from the hurricane and one non-hurricane deductible from a power surge after the storm. Am I eligible? No, only hurricane deductibles are reimbursable. If your insurance company charges you one hurricane deductible and one non-hurricane deductible, you are not eligible.
- What if I received a FEMA grant? Reimbursement will not be paid for loss amounts for which you received a grant to cover your deductible. However, grants used solely other things like generators or tarps do not disqualify you.