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SENATE BILL NO. 547

Offered January 14, 2004

Prefiled January 14, 2004

A BILL to amend and reenact §§ 65.2-101, 65.2-500, 65.2-502 and 65.2-512 of the Code of Virginia, relating to eligibility for workers' compensation.

Patron—Puckett

Referred to Committee on Commerce and Labor**Be it enacted by the General Assembly of Virginia:**

1. That §§ 65.2-101, 65.2-500, 65.2-502 and 65.2-512 of the Code of Virginia are amended and reenacted as follows:

§ 65.2-101. Definitions.

As used in this title:

"Average weekly wage" means:

1. a. The earnings of the injured employee in the employment in which he was working at the time of the injury during the period of 52 weeks immediately preceding the date of the injury, divided by 52; but if the injured employee lost more than seven consecutive calendar days during such period, although not in the same week, then the earnings for the remainder of the 52 weeks shall be divided by the number of weeks remaining after the time so lost has been deducted. When the employment prior to the injury extended over a period of less than 52 weeks, the method of dividing the earnings during that period by the number of weeks and parts thereof during which the employee earned wages shall be followed, provided that results fair and just to both parties will be thereby obtained. When, by reason of a shortness of time during which the employee has been in the employment of his employer or the casual nature or terms of his employment, it is impractical to compute the average weekly wages as above defined, regard shall be had to the average weekly amount which during the 52 weeks previous to the injury was being earned by a person of the same grade and character employed in the same class of employment in the same locality or community.

b. When for exceptional reasons the foregoing would be unfair either to the employer or employee, such other method of computing average weekly wages may be resorted to as will most nearly approximate the amount which the injured employee would be earning were it not for the injury.

2. Whenever allowances of any character made to an employee in lieu of wages are a specified part of the wage contract, they shall be deemed a part of his earnings. For the purpose of this title, the average weekly wage of the members of the Virginia National Guard, the Virginia Naval Militia and the Virginia State Defense Force, registered members on duty or in training of the United States Civil Defense Corps of this Commonwealth, volunteer firefighters engaged in firefighting activities under the supervision and control of the Department of Forestry, and forest wardens shall be deemed to be such amount as will entitle them to the maximum compensation payable under this title; however, any award entered under the provisions of this title on behalf of members of the National Guard, the Virginia Naval Militia or their dependents, or registered members on duty or in training of the United States Civil Defense Corps of this Commonwealth or their dependents, shall be subject to credit for benefits paid them under existing or future federal law on account of injury or occupational disease covered by the provisions of this title.

3. Whenever volunteer firefighters, volunteer lifesaving or volunteer rescue squad members, volunteer law-enforcement chaplains, auxiliary or reserve police, auxiliary or reserve deputy sheriffs, volunteer emergency medical technicians and members of volunteer search and rescue organizations are deemed employees under this title, their average weekly wage shall be deemed sufficient to produce the minimum compensation provided by this title for injured workers or their dependents. For the purposes of workers' compensation insurance premium calculations, the monthly payroll for each volunteer firefighter or volunteer lifesaving or volunteer rescue squad member shall be deemed to be \$300.

4. The average weekly wage of persons, other than those covered in subdivision 3 of this definition, who respond to a hazardous materials incident at the request of the Department of Emergency Management shall be based upon the earnings of such persons from their primary employers.

"Award" means the grant or denial of benefits or other relief under this title or any rule adopted pursuant thereto.

"Change in condition" means a change in physical condition of the employee as well as any change in the conditions under which compensation was awarded, suspended, or terminated which would affect the right to, amount of, or duration of compensation.

INTRODUCED

SB547

59 "Client company" means any person that enters into an agreement for professional employer services
60 with a professional employer organization.

61 "Coemployee" means an employee performing services pursuant to an agreement for professional
62 employer services between a client company and a professional employer organization.

63 "Commission" means the Virginia Workers' Compensation Commission as well as its former
64 designation as the Virginia Industrial Commission.

65 "Employee" means:

66 1. a. Every person, including aliens and minors, in the service of another under any contract of hire
67 or apprenticeship, written or implied, whether lawfully or unlawfully employed, except (i) one whose
68 employment is not in the usual course of the trade, business, occupation or profession of the employer
69 or (ii) as otherwise provided in subdivision 2 of this definition.

70 b. Any apprentice, trainee, or retrainee who is regularly employed while receiving training or
71 instruction outside of regular working hours and off the job, so long as the training or instruction is
72 related to his employment and is authorized by his employer.

73 c. Members of the Virginia National Guard and the Virginia Naval Militia, whether on duty in a paid
74 or unpaid status or when performing voluntary service to their unit in a nonduty status at the request of
75 their commander.

76 Income benefits for members of the National Guard or Naval Militia shall be terminated when they
77 are able to return to their customary civilian employment or self-employment. If they are neither
78 employed nor self-employed, those benefits shall terminate when they are able to return to their military
79 duties. If a member of the National Guard or Naval Militia who is fit to return to his customary civilian
80 employment or self-employment remains unable to perform his military duties and thereby suffers loss
81 of military pay which he would otherwise have earned, he shall be entitled to one day of income
82 benefits for each unit training assembly or day of paid training which he is unable to attend.

83 d. Members of the Virginia State Defense Force.

84 e. Registered members of the United States Civil Defense Corps of this Commonwealth, whether on
85 duty or in training.

86 f. Except as provided in subdivision 2 of this definition, all officers and employees of the
87 Commonwealth, including (i) forest wardens, (ii) judges, clerks, deputy clerks and employees of juvenile
88 and domestic relations district courts and general district courts, and (iii) secretaries and administrative
89 assistants for officers and members of the General Assembly employed pursuant to § 30-19.4 and
90 compensated as provided in the general appropriation act, who shall be deemed employees of the
91 Commonwealth.

92 g. Except as provided in subdivision 2 of this definition, all officers and employees of a municipal
93 corporation or political subdivision of the Commonwealth.

94 h. Except as provided in subdivision 2 of this definition, (i) every executive officer, including
95 president, vice president, secretary, treasurer or other officer, elected or appointed in accordance with the
96 charter and bylaws of a corporation, municipal or otherwise and (ii) every manager of a limited liability
97 company elected or appointed in accordance with the articles of organization or operating agreement of
98 the limited liability company.

99 i. Policemen and firefighters, sheriffs and their deputies, town sergeants and their deputies, county
100 and city commissioners of the revenue, county and city treasurers, attorneys for the Commonwealth, and
101 clerks of circuit courts and their deputies, officers and employees, who shall be deemed employees of
102 the respective cities, counties and towns in which their services are employed and by whom their
103 salaries are paid or in which their compensation is earnable.

104 j. Members of the governing body of any county, city or town in the Commonwealth, whenever
105 coverage under this title is extended to such members by resolution or ordinance duly adopted.

106 k. Volunteers, officers and employees of any commission or board of any authority created or
107 controlled by a local governing body, or any local agency or public service corporation owned, operated
108 or controlled by such local governing body, whenever coverage under this title is authorized by
109 resolution or ordinance duly adopted by the governing board of any county, city, town, or any political
110 subdivision thereof.

111 l. Except as provided in subdivision 2 of this definition, volunteer firefighters, volunteer lifesaving or
112 rescue squad members, volunteer law-enforcement chaplains, auxiliary or reserve police, auxiliary or
113 reserve deputy sheriffs, volunteer emergency medical technicians, members of volunteer search and
114 rescue organizations, and volunteer members of regional hazardous materials emergency response teams,
115 who shall be deemed employees of (i) the political subdivision or state institution of higher education in
116 which the principal office of such volunteer fire company, volunteer lifesaving or rescue squad,
117 volunteer law-enforcement chaplains, auxiliary or reserve police force, auxiliary or reserve deputy sheriff
118 force, volunteer emergency medical technicians, volunteer search and rescue organization, or regional
119 hazardous materials emergency response team is located if the governing body of such political
120 subdivision or state institution of higher education has adopted a resolution acknowledging such

volunteer firefighters, volunteer lifesaving or rescue squad members, volunteer law-enforcement chaplains, auxiliary or reserve police, auxiliary or reserve deputy sheriffs, volunteer emergency medical technicians, members of volunteer search and rescue organizations, or regional hazardous materials emergency response team members as employees for the purposes of this title or (ii) in the case of volunteer firefighters or volunteer lifesaving or rescue squad members, the companies or squads for which volunteer services are provided whenever such companies or squads elect to be included as an employer under this title.

m. (1) Volunteer firefighters, volunteer lifesaving or rescue squad members, volunteer law-enforcement chaplains, auxiliary or reserve police, auxiliary or reserve deputy sheriffs, volunteer emergency medical technicians, members of volunteer search and rescue organizations and any other persons who respond to an incident upon request of the Department of Emergency Management, who shall be deemed employees of the Department of Emergency Management for the purposes of this title.

(2) Volunteer firefighters when engaged in firefighting activities under the supervision and control of the Department of Forestry, who shall be deemed employees of the Department of Forestry for the purposes of this title.

n. Any sole proprietor or all partners of a business electing to be included as an employee under the workers' compensation coverage of such business if the insurer is notified of this election. Any sole proprietor or the partners shall, upon such election, be entitled to employee benefits and be subject to employee responsibilities prescribed in this title.

When any partner or proprietor is entitled to receive coverage under this title, such person shall be subject to all provisions of this title as if he were an employee; however, the notices required under §§ 65.2-405 and 65.2-600 of this title shall be given to the insurance carrier, and the panel of physicians required under § 65.2-603 shall be selected by the insurance carrier.

o. The independent contractor of any employer subject to this title at the election of such employer provided (i) the independent contractor agrees to such inclusion and (ii) unless the employer is self-insured, the employer's insurer agrees in writing to such inclusion. All or part of the cost of the insurance coverage of the independent contractor may be borne by the independent contractor.

When any independent contractor is entitled to receive coverage under this section, such person shall be subject to all provisions of this title as if he were an employee, provided that the notices required under §§ 65.2-405 and 65.2-600 are given either to the employer or its insurance carrier.

However, nothing in this title shall be construed to make the employees of any independent contractor the employees of the person or corporation employing or contracting with such independent contractor.

p. The legal representative, dependents and any other persons to whom compensation may be payable when any person covered as an employee under this title shall be deceased.

q. Jail officers and jail superintendents employed by regional jails or jail farm boards or authorities, whether created pursuant to Article 3.1 (§ 53.1-95.2 et seq.) or Article 5 (§ 53.1-105 et seq.) of Chapter 3 of Title 53.1, or an act of assembly.

r. AmeriCorps members who receive stipends in return for volunteering in local, state and nonprofit agencies in the Commonwealth.

2. "Employee" shall not mean:

a. Officers and employees of the Commonwealth who are elected by the General Assembly, or appointed by the Governor, either with or without the confirmation of the Senate. This exception shall not apply to any "state employee" as defined in § 51.1-124.3 nor to Supreme Court Justices, judges of the Court of Appeals, judges of the circuit or district courts, members of the Workers' Compensation Commission and the State Corporation Commission, or the Superintendent of State Police.

b. Officers and employees of municipal corporations and political subdivisions of the Commonwealth who are elected by the people or by the governing bodies, and who act in purely administrative capacities and are to serve for a definite term of office.

c. Any person who is a licensed real estate salesperson, or a licensed real estate broker associated with a real estate broker, if (i) substantially all of the salesperson's or associated broker's remuneration is derived from real estate commissions, (ii) the services of the salesperson or associated broker are performed under a written contract specifying that the salesperson is an independent contractor, and (iii) such contract includes a provision that the salesperson or associated broker will not be treated as an employee for federal income tax purposes.

d. Any taxicab or executive sedan driver, provided the Commission is furnished evidence that such individual is excluded from taxation by the Federal Unemployment Tax Act.

e. Casual employees.

f. Domestic servants.

g. Farm and horticultural laborers, unless the employer regularly has in service more than two full-time employees.

182 h. Employees of any person, firm or private corporation, including any public service corporation,
183 that has regularly in service less than three employees in the same business within this Commonwealth,
184 unless such employees and their employers voluntarily elect to be bound by this title. However, this
185 exemption shall not apply to the operators of underground coal mines or their employees. An executive
186 officer who is not paid salary or wages on a regular basis at an agreed upon amount and who rejects
187 coverage under this title pursuant to § 65.2-300 shall not be included as an employee for purposes of
188 this subdivision.

189 i. Employees of any common carrier by railroad engaging in commerce between any of the several
190 states or territories or between the District of Columbia and any of the states or territories and any
191 foreign nation or nations, and any person suffering injury or death while he is employed by such carrier
192 in such commerce. This title shall not be construed to lessen the liability of any such common carrier or
193 to diminish or take away in any respect any right that any person so employed, or the personal
194 representative, kindred or relation, or dependent of such person, may have under the act of Congress
195 relating to the liability of common carriers by railroad to their employees in certain cases, approved
196 April 22, 1908, or under §§ 8.01-57 through 8.01-62 or § 56-441.

197 j. Employees of common carriers by railroad who are engaged in intrastate trade or commerce.
198 However, this title shall not be construed to lessen the liability of such common carriers or take away or
199 diminish any right that any employee or, in case of his death, the personal representative of such
200 employee of such common carrier may have under §§ 8.01-57 through 8.01-61 or § 56-441.

201 k. Except as provided in subdivision 1 of this definition, a member of a volunteer fire-fighting,
202 lifesaving or rescue squad when engaged in activities related principally to participation as a member of
203 such squad whether or not the volunteer continues to receive compensation from his employer for time
204 away from the job.

205 l. Except as otherwise provided in this title, noncompensated employees and noncompensated
206 directors of corporations exempt from taxation pursuant to § 501 (c) (3) of Title 26 of the United States
207 Code (Internal Revenue Code of 1954).

208 m. Any person performing services as a sports official for an entity sponsoring an interscholastic or
209 intercollegiate sports event or any person performing services as a sports official for a public entity or a
210 private, nonprofit organization which sponsors an amateur sports event. For the purposes of this
211 subdivision, "sports official" includes an umpire, referee, judge, scorekeeper, timekeeper or other person
212 who is a neutral participant in a sports event. This shall not include any person, otherwise employed by
213 an organization or entity sponsoring a sports event, who performs services as a sports official as part of
214 his regular employment.

215 "Employer" includes (i) any person, the Commonwealth or any political subdivision thereof and any
216 individual, firm, association or corporation, or the receiver or trustee of the same, or the legal
217 representative of a deceased employer, using the service of another for pay and (ii) any volunteer fire
218 company or volunteer lifesaving or rescue squad electing to be included and maintaining coverage as an
219 employer under this title. If the employer is insured, it includes his insurer so far as applicable.

220 "Executive officer" means (i) the president, vice president, secretary, treasurer or other officer,
221 elected or appointed in accordance with the charter and bylaws of a corporation and (ii) the managers
222 elected or appointed in accordance with the articles of organization or operating agreement of a limited
223 liability company. However, such term does not include noncompensated officers of corporations exempt
224 from taxation pursuant to § 501 (c) (3) of Title 26 of the United States Code (Internal Revenue Code of
225 1954).

226 "Filed" means hand delivered to the Commission's office in Richmond or any regional office
227 maintained by the Commission; sent by telegraph, electronic mail or facsimile transmission; or posted at
228 any post office of the United States Postal Service by certified or registered mail. Filing by first-class
229 mail, telegraph, electronic mail or facsimile transmission shall be deemed completed only when the
230 application actually reaches a Commission office.

231 "Injury" means only injury by accident arising out of and in the course of the employment or
232 occupational disease as defined in Chapter 4 (§ 65.2-400 et seq.) of this title and does not include a
233 disease in any form, except when it results naturally and unavoidably from either of the foregoing
234 causes. However, such term does not include any injury, disease or condition resulting from an
235 employee's voluntary participation in employer-sponsored off-duty recreational activities which are not
236 part of the employee's duties. Such term shall include any injury, disease or condition:

237 1. Arising out of and in the course of the employment of (a) an employee of a hospital as defined in
238 § 32.1-123, (b) an employee of a health care provider as defined in § 8.01-581.1, (c) an employee of the
239 Department of Health or a local department of health, (d) a member of a search and rescue organization,
240 or (e) any person described in clauses (i) through (iv), (vi), and (ix) of subsection A of § 65.2-402.1
241 otherwise subject to the provisions of this title; and

242 2. Resulting from (a) the administration of vaccinia (smallpox) vaccine, Cidofivir and derivatives
243 thereof, or Vaccinia Immune Globulin as part of federally initiated smallpox countermeasures, or (b)

transmission of vaccinia in the course of employment from an employee participating in such countermeasures to a coemployee of the same employer.

"Professional employer organization" means any person that enters into a written agreement with a client company to provide professional employer services.

"Professional employer services" means services provided to a client company pursuant to a written agreement with a professional employer organization whereby the professional employer organization initially employs all or a majority of a client company's workforce and assumes responsibilities as an employer for all coemployees that are assigned, allocated, or shared by the agreement between the professional employer organization and the client company.

"Staffing service" means any person, other than a professional employer organization, that hires its own employees and assigns them to a client to support or supplement the client's workforce. It includes temporary staffing services that supply employees to clients in special work situations such as employee absences, temporary skill shortages, seasonal workloads, and special assignments and projects.

§ 65.2-500. Compensation for total incapacity; computation of average wage; exclusion of AmeriCorps members.

A. ~~When~~ *Except as provided in subsection E, when* the incapacity for work resulting from the injury is total, the employer shall pay, or cause to be paid, as hereinafter provided, to the injured employee during such total incapacity, a weekly compensation equal to 66 2/3 percent of his average weekly wages, with a minimum not less than 25 percent and a maximum of not more than 100 percent of the average weekly wage of the Commonwealth as defined herein. In any event, income benefits shall not exceed the average weekly wage of the injured employee. Any farm employer who continues to furnish benefits while the employee is incapacitated shall be given credit for the value of such benefits so furnished when computing the compensation due the employee.

B. For the purpose of this section the average wage in the Commonwealth shall be determined by the Commission as follows: On or before January 1 of each year, the total wages, excluding wages of United States government employees, reported on contribution reports to the Virginia Employment Commission for the ~~twelve~~ 12-month period ending the preceding June 30 shall be divided by the average monthly number of insured workers (determined by dividing the total insured workers reported for that ~~twelve~~ 12-month period by ~~twelve~~ 12). The average annual wage thus obtained shall be divided by ~~fifty-two~~ 52 and the average weekly wage thus determined rounded to the nearest dollar. The average weekly wage as so determined shall be applicable for the full period during which income benefits are payable, when the date of occurrence of injury or of disablement in the case of disease falls within the year commencing with the July 1 following the date of determination.

C. The minimum or the maximum weekly income benefits shall not be changed for any year unless the computation herein provided results in an increase or decrease of ~~two dollars~~ \$2 or more, raised to the next even dollar in the level of the minimum or the maximum weekly income benefits.

D. The weekly compensation on account of total and permanent incapacity as defined by § 65.2-503 C shall continue for the lifetime of the injured employee without limit as to total amount.

E. AmeriCorps members as defined in subsection r of § 65.2-101 shall not be eligible to receive weekly compensation for total incapacity, whether permanent or temporary, and regardless of whether the injury results in death.

§ 65.2-502. Compensation for partial incapacity; exclusion of AmeriCorps members.

A. Except as otherwise provided in § 65.2-503 or § 65.2-510, *or as provided in subsection B*, when the incapacity for work resulting from the injury is partial, the employer shall pay, or cause to be paid, as hereinafter provided, to the injured employee during such incapacity a weekly compensation equal to 66 2/3 percent of the difference between his average weekly wages before the injury and the average weekly wages which he is able to earn thereafter, but not more than 100 percent of the average weekly wage of the Commonwealth as defined in § 65.2-500. In case the partial incapacity begins after a period of total incapacity, the latter period shall be deducted from the maximum period herein allowed for partial incapacity. However, the employer shall not be required to pay, or cause to be paid, compensation under this section to any injured employee not eligible for lawful employment; nor shall any such injured employee not eligible for lawful employment who is partially incapacitated be entitled during partial incapacity to receive temporary total benefits under § 65.2-500.

B. AmeriCorps members as defined in subsection r of § 65.2-101 shall not be eligible to receive weekly compensation for partial incapacity, whether permanent or temporary, regardless of whether the injury results in death.

§ 65.2-512. Compensation to dependents of an employee killed; burial expenses.

A. ~~If~~ *Except as provided in subsection F, if* death results from the accident within nine years, the employer shall pay, or cause to be paid, compensation in weekly payments equal to 66 2/3 percent of the employee's average weekly wages, but not more than 100 percent of the average weekly wage of the Commonwealth as defined in § 65.2-500 nor less than 25 percent of the average weekly wage as defined

305 therein:

306 1. To those persons presumed to be wholly dependent upon the deceased employee as set forth in
307 subdivisions A 1, A 2, and A 3 of § 65.2-515, for a period of 500 weeks from the date of injury; or

308 2. If there are no total dependents pursuant to subdivision A 1, A 2, or A 3 of § 65.2-515, to those
309 persons presumed to be wholly dependent as set forth in subdivision A 4 of § 65.2-515, and to those
310 determined to be wholly dependent in fact, for a period of 400 weeks from the date of injury; or

311 3. If there are no total dependents, to partial dependents in fact, for a period of 400 weeks from the
312 date of injury.

313 B. The employer shall also pay burial expenses not exceeding \$10,000 and reasonable transportation
314 expenses for the deceased not exceeding \$1,000.

315 C. Benefits shall be divided equally among total dependents, to the exclusion of partial dependents.
316 If there are no total dependents, benefits shall be divided among partial dependents according to the
317 dependency of each upon the earnings of the employee at the time of the injury, in the proportion that
318 partial dependency bears to total dependency.

319 D. If benefits are terminated as to any member of a class herein, that member's share shall be
320 divided among the remaining members of the class proportionately according to their dependency.

321 E. When weekly payments have been made to an injured employee before his death, the
322 compensation to dependents shall begin from the date of the last of such payments but shall not
323 continue for a period longer than specified in subsection A of this section.

324 *F. No benefits shall be paid pursuant to this section to the dependents of an AmeriCorps member as*
325 *defined in subsection r of § 65.2-101.*