## 34:8-68 et al. LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2017 **CHAPTER:** 233

**NJSA:** 34:8-68 et al. (Concerns employee leasing agreements.)

BILL NO: S2512 (Substituted for A4446)

**SPONSOR(S)** Madden and others

DATE INTRODUCED: 9/12/2016

COMMITTEE: ASSEMBLY: ---

**SENATE:** Labor

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: ASSEMBLY: 7/31/2917

**SENATE:** 6/29/2017

**DATE OF APPROVAL:** 9/13/2017

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Fourth Reprint enacted)

Yes

S2512

**SPONSOR'S STATEMENT:** (Begins on page 6 of introduced bill) Yes

**COMMITTEE STATEMENT:** ASSEMBLY: No

**SENATE**: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes 5/25/2017

6/22/2017 6/26/2017

LEGISLATIVE FISCAL ESTIMATE: No

A4446

SPONSOR'S STATEMENT: (Begins on page 6 of introduced bill) Yes

**COMMITTEE STATEMENT:** ASSEMBLY: Yes

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: No

(continued)

VETO MESSAGE:	No
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes
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NEWSPAPER ARTICLES:	No
RH/CL	

### P.L.2017, CHAPTER 233, approved September 13, 2017 Senate, No. 2512 (Fourth Reprint)

1 AN ACT concerning <sup>1</sup> [the provision of workers' compensation 2 insurance under ] <sup>1</sup> employee leasing agreements and amending 3 P.L.2001, c.260 <sup>1</sup> and P.L.2011, c.118 <sup>1</sup>.

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**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

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- 1. Section 2 of P.L.2001, c.260 (C.34:8-68) is amended to read as follows:
- 2. a. Every employee leasing agreement shall provide that the employee leasing company:
- (1) Reserves a right of direction and control over each covered employee assigned to the client company's location. However, a client company may retain sufficient direction and control over the covered employee as is necessary to conduct the client company's business and without which the client company would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory or statutory requirement of the client company;
- (2) Assumes responsibility for the payment of wages to each covered employee without regard to payments by the client company to the employee leasing company, except that the provisions of this
  - paragraph shall not affect the client company's obligations with respect to the payment of wages to covered employees;
  - (3) Assumes responsibility for the payment of payroll taxes and collection of taxes from payroll on each covered employee;
  - (4) Retains authority to hire, terminate, discipline, and reassign each covered employee. However, no covered employee shall be reassigned to another client company without that covered employee's consent and the client company may have the right to accept or cancel the assignment of any covered employee;
  - (5) Has given written notice of the relationship between the employee leasing company and the client company to each covered employee it assigns to perform services at the client company's work site:
  - (6) Shall, except for newly established business entities, hire its initial employee complement from among employees of the client company at the time of execution of the employee leasing agreement at comparable terms and conditions of employment as are in existence

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>&</sup>lt;sup>1</sup>Senate SLA committee amendments adopted January 9, 2017.

<sup>&</sup>lt;sup>2</sup>Senate floor amendments adopted May 25, 2017.

<sup>&</sup>lt;sup>3</sup>Senate floor amendments adopted June 22, 2017.

<sup>&</sup>lt;sup>4</sup>Senate floor amendments adopted June 26, 2017.

at the client company at the time of execution of the employee leasing agreement and as designated by the client company. Throughout the term of the employee leasing agreement the covered employees shall be considered employees of the employee leasing company and the client company and upon the termination of the employee leasing agreement, the covered employees shall be considered employees of the client company;

(7) Continue to honor and abide by existing collective bargaining agreements applicable to covered employees. The client company shall also continue to honor and abide by all collective bargaining agreements applicable to covered employees. Every employee leasing company which enters into a contract with a client company, which has a collective bargaining representative for the covered employees, shall require that client company to enter into an agreement with the employee leasing company containing the following language:

"The client company shall continue to honor and abide by the terms of any applicable collective bargaining agreements, and upon expiration thereof, any obligations of the client company to bargain in good faith in connection with such collective bargaining agreements shall not be affected in any manner by the employee leasing agreement."

(8) Shall provide workers' compensation insurance for their covered employees, unless the client company, in agreement with the employee leasing company <sup>1</sup> Lat the inception of the employee leasing agreement, J¹ elects to assume the responsibility of providing the workers' compensation insurance coverage for those employees <sup>1</sup> in an arrangement with an employee leasing company, and the employee leasing company provides notice of the election and proof of coverage to the department within 30 days of the election or once forms or procedures are decided by the department <sup>1</sup>.

<sup>3</sup>[<sup>2</sup>A workers' compensation insurer shall notify the commissioner, the employee leasing company, and client company, in writing via certified mail to their respective legal mailing addresses, no later than 30 days prior to any lapse, non-renewal, or cancellation for any reason of workers' compensation coverage which was bound or secured in the client's name to provide coverage for the covered employees.]

A client company that assumes the responsibility to provide workers compensation insurance required by an employee leasing agreement, shall provide a copy of the agreement to the insurance carrier licensed in the State <sup>4</sup>of <sup>4</sup> New Jersey that issues the policy for the covered employees prior to the issuance of the policy or upon entering an employee leasing agreement as appropriate <sup>4</sup>[prior to policy issuance] <sup>4</sup>. The agreement shall contain a legal mailing address for the employee leasing company and the client company shall be obligated to update that address should it change over the policy period.

In the event that a policy issued to a client company is cancelled pursuant to R.S.34:15-81, the insurance carrier licensed in the State of

- 1 New Jersey that issues the policy shall provide the employee leasing 2 company copies of all notices required to be issued to the client 3 company pursuant to R.S.34:15-81 with at least 10 days' notice by
- 4 regular mail at the address set forth in the employee leasing agreement, 5 as updated.3

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Notwithstanding the provisions of this paragraph (8), if the client company, having elected to assume the responsibility of providing the workers' compensation insurance coverage for covered employees in an arrangement with an employee leasing company, fails to provide workers' compensation insurance coverage as required by law during the period of the agreement, then the employee leasing company shall provide workers' compensation insurance for the covered employees

- under the employee leasing agreement.<sup>2</sup> b. Every employee leasing agreement shall <sup>1</sup>[provide that] allocate responsibility between 1 the employee leasing company and the client company '[shall each retain a] regarding the right of direction and control over management of safety, risk and hazard control at the work site or sites affecting each covered employee
- 19 including: (1) Responsibility for performing safety inspections of client 20 company equipment and premises;
  - (2) Responsibility for the promulgation and administration of employment and safety policies; and
  - (3) Responsibility for the management of workers' compensation claims, the filings thereof, and procedures related thereto 1, unless the client company elects to assume the responsibility of providing workers' compensation insurance pursuant to paragraph (8) of subsection a. of this section, in which case the client company shall have sole responsibility for the management of workers' compensation claims, and all related filings and procedures **1**<sup>1</sup>.
  - c. Nothing in this section or [this act] any other section of P.L.2001, c.260 (C.34:8-67 et seq.) shall alter the rights or obligations of client companies, employee leasing companies or covered employees under the National Labor Relations Act, 29 U.S.C. s.151 et seq.
  - d. (1) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any employee leasing agreement shall diminish, abolish or remove any obligations of covered employees to a client company or any obligations of any client company to a covered employee existing prior to the effective date of an employee leasing agreement, or create any new or additional enforceable right of a covered employee against an employee leasing company that is not specifically provided by the appropriate employee leasing agreement or P.L.2001, c.260 (C.34:8-67 et seq.).
  - (2) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any employee leasing agreement shall affect, modify, or amend any contractual relationship or restrictive covenant between a covered employee and any client company in effect at the time an employee

leasing agreement becomes effective; nor shall it prohibit or amend any contractual relationship or restrictive covenant that is entered into subsequently between a client company and a covered employee. An employee leasing company shall have no responsibility or liability in connection with, or arising out of, any such existing or new contractual relationship or restrictive covenant unless the employee leasing company has specifically agreed otherwise in writing.

- e. (1) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any employee leasing agreement shall affect, modify or amend any state or local registration or certification requirement applicable to any client company or covered employee.
- (2) A covered employee who is required to be licensed, registered, or certified pursuant to any State law or regulation shall be considered solely an employee of the client company for purposes of that license, registration, or certification requirement.
- (3) An employee leasing company shall not be deemed to engage in any occupation, trade, profession, or other activity that is subject to licensing, registration, or certification requirements, or is otherwise regulated by a governmental entity, solely by entering into an employee leasing agreement with a client company who is subject to those requirements or regulations.
- (4) A client company shall have the sole right of direction and control of the professional or licensed activities of covered employees and the client company's business. Those covered employees and client companies shall remain subject to regulation by the regulatory or governmental entity responsible for licensing, registration, or certification of those covered employees or client companies.
- f. A client company's certification as a small, minority-owned, disadvantaged, woman-owned business enterprise or an historically underutilized business for the purposes of any bid, contract, purchase order, or agreement entered into with the State or a political subdivision of the State, shall not be affected because the client company has entered into an employee leasing agreement with an employee leasing company.
- g. Any benefit that a client company is required to provide to covered employees that is provided to covered employees by an employee leasing company through an employee leasing agreement shall be credited against the client company's obligation to fulfill the requirement.
- (cf: P.L.2011, c.118, s.2)
- <sup>1</sup>2. Section 6 of P.L.2011, c.118 (C.34:8-68.1) is amended to read as follows:
  - 6. a. Except to the extent otherwise expressly provided by an applicable employee leasing agreement, a client company shall be solely responsible for the quality, adequacy or safety of the goods or services produced or sold in the client company's business, for directing, supervising, training and controlling the work of the covered employees with respect to the business activities of the

client company, [and] for the acts, errors or omissions of covered employees with regard to those activities, and for accurately reporting wages to the employee leasing company.

- b. Except to the extent otherwise expressly provided by an applicable employee leasing agreement, a client company shall not be liable for the acts, errors or omissions of an employee leasing company, or of any covered employee when the covered employee is acting under the express direction and control of the employee leasing company, and an employee leasing company shall not be liable for the acts, errors, or omissions of a client company or of any covered employee when the covered employee is acting under the express direction and control of the client company.
- c. Except to the extent otherwise expressly provided by an applicable employee leasing agreement or other employment contract, insurance contract or bond, a covered employee shall not be considered, solely as the result of being a covered employee, an employee of the employee leasing company for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by the employee leasing company.

(cf: P.L.2011, c.118, s.6)<sup>1</sup>

- <sup>1</sup>3. Section 4 of P.L. 2001 c. 260 (C.34:8-70) is amended to read as follows:
- 4. a. An employee leasing company shall register with the commissioner and provide a list of its client companies with covered employees in this State, both upon the initial registration of the employee leasing company, and thereafter, annually by January 31st, listing all client companies as of the immediately preceding December 31st. The list shall include the following information with regard to each client company:
  - (1) Client company's name;
- (2) Client company's physical location address;
- 34 (3) Description of client company's economic activity;
  - (4) Client company's state tax identification number;
  - (5) Percent of client company's workforce being leased;
  - (6) Effective date and duration of employee leasing agreement;
  - (7) A copy of the standard form of agreement entered into between the employee leasing company and the client company;
  - (a) The standard form of agreement shall be accompanied by a certified list of all client companies with covered employees in this State contracting with the employee leasing company for its services.
  - (b) The employee leasing company shall be required to notify the Department of Labor and Workforce Development on an annual basis of any material changes in the standard form of agreement which relate to the requirements set forth in section 2 of [this act] P.L.2001, c.260 (C.34:8-68), and when any particular client

1 company has agreed to terms which deviate from the standard form of agreement;

- (8) Proof of written disclosure to client companies upon the signing of an employee leasing agreement, as required in section 8 of [this act] P.L.2001, c.260 (C.34:8-74);
- (9) Proof of current workers' compensation coverage, which may be in the form of a letter from the insurance carrier, and which shall include the name of the carrier, date of commencement of coverage under the policy, term of the coverage, and verification of premiums paid, except that, if the employee leasing company has entered into an employee leasing agreement with a client company who elects to maintain its own workers' compensation insurance, the client company shall provide that proof to the commissioner; and
- (10) Confirmation that all leased employees are covered by workers' compensation insurance, except that, if the employee leasing company has entered into an employee leasing agreement with a client company who elects to maintain its own workers' compensation insurance, the client company shall provide that confirmation to the commissioner.
- If an employee leasing company enters into an employee leasing agreement with a client company who elects to maintain its own workers' compensation insurance, the employee leasing company shall notify the department within 30 days of the election and provide the department with the name of the client company, name of the carrier and policy number.
- b. Employee leasing companies shall also report to the department, on a quarterly basis, wage information regarding each covered employee as required by law, rule or regulation.
- c. All records, reports and other information obtained from employee leasing companies under [this act] P.L.2001, c.260 (C.34:8-67 et seq.), except to the extent necessary for the proper administration by the department of [this] that act and all applicable labor laws, shall be confidential and shall not be published or open to public inspection other than to public employees in the performance of their public duties.
- d. The department shall establish a limited registration and renewal process and appropriate forms for an employee leasing company that (1) is not domiciled in this State; (2) is licensed or registered as an employee leasing company or professional employer organization in another state; (3) does not maintain an office in this State or directly solicit client companies located or domiciled in this State; and (4) is not responsible for more than 50 covered employees employed in this State on the date of registration or renewal. If during the term of a limited registration an employee leasing company becomes responsible for more than 50 covered employees, the employee leasing company shall reregister with the department pursuant to subsection a. of this section

within 30 days of the end of the quarter in which the employee leasing company became responsible for more than 50 covered employees, but shall not be charged any additional registration fee, if a registration fee is required. An employee leasing company requesting a limited registration pursuant to this subsection shall provide the department with a list of client companies and the number of covered employees at each of those companies and such other information as the department shall prescribe. Any employee leasing company receiving a limited registration from the department shall not be required to comply with the provisions of subsections a. and b. of section 5 of P.L.2001, c.260 (C.34:8-71).

- Two or more employee leasing companies that are majority owned by the same ultimate parent company, entity or person may register as an employee leasing company group, and may satisfy the registration requirements imposed pursuant to this section and the financial reporting required pursuant to section 5 of P.L.2001, c.260 (C.34:8-71), and any other filing requirements authorized by the department, on a combined or consolidated basis, provided that the employee leasing company group demonstrates positive working capital pursuant to section 5 of P.L.2001, c.260 (C.34:8-71). Each employee leasing company covered under an employee leasing company group registration shall guarantee the financial capacity obligations of each other employee leasing company covered under the employee leasing company group registration.
- The department may require that every initial application and subsequent annual reporting submitted pursuant to this section shall be accompanied by a fee of up to \$500. If such a fee is required, every initial application and subsequent annual reporting submitted by an employee leasing company group pursuant to subsection e. of this section shall be accompanied by a fee of the required amount for each employee leasing company included in the employee leasing company group.

(cf: P.L.2011, c.118, s.3)<sup>1</sup>

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- <sup>1</sup>[2.] <u>4.</u> Section 6 of P.L.2001, c.260 (C.34:8-72) is amended to read as follows:
- 6. a. An employee leasing company registered under [this act] P.L.2001, c.260 (C.34:8-67 et seq.) and the respective client companies with which it has entered into employee leasing agreements shall be the co-employers of their covered employees for the payment of wages and other employment benefits due, including the obligation under the workers' compensation law, R.S.34:15-1 et seq., to maintain insurance coverage for covered employees for personal injuries to, or for the death of, those employees by accident arising out of and in the course of employment through policies issued by an insurance carrier licensed in the State of New Jersey. Such policies shall state the name of the employee leasing company as the labor contractor for each client company, by name, unless the client company elects to assume the

#### **S2512** [4R]

responsibility of providing the workers' compensation insurance coverage for the employees pursuant to section 2 of P.L.2001, c.260 (C.34:8-68).

- b. For purposes of P.L.2001, c.260 (C.34:8-67 et seq.), the 4 5 agreement between the employee leasing company and the client 6 company shall be one of co-employment, whereby the employee 7 leasing company, having accepted the responsibilities set forth in section 2 of P.L.2001, c.260 (C.34:8-68), may submit reports to the 9 department and make contributions to the Unemployment 10 Compensation and State Disability Benefits Funds in the manner 11 prescribed in section 7 of P.L.2001, c.260 (C.34:8-73), on behalf of 12 those covered employees covered by the employee leasing 13 agreement. In addition, the provisions of R.S.34:15-8, regarding the 14 exclusivity of the remedy under the workers' compensation law for 15 personal injuries to, or for the death of, employees by accident 16 arising out of and in the course of their employment, shall apply to 17 the employee leasing company and the client company, and their 18 employees, regardless of which party provides workers' 19 compensation insurance coverage.
  - The employee leasing company shall file reports prescribed under the "unemployment compensation law," R.S.43:21-1 et seq. on behalf of its covered employees as set forth in section 3 of P.L.2013, c.225 (C.43:21-7.8).

(cf: P.L.2013, c.225, s.1)

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<sup>1</sup>[3.] <u>5.</u> This act shall take effect immediately , except that insurance carriers licensed in the State of New Jersey shall have up to 180 days following enactment to comply with the provisions of paragraph (8) of subsection a. of section 2 of P.L.2001, c.260  $(C.34:8-68)^3$ .

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Concerns employee leasing agreements.

## **SENATE, No. 2512**

## **STATE OF NEW JERSEY**

## 217th LEGISLATURE

INTRODUCED SEPTEMBER 12, 2016

Sponsored by: Senator FRED H. MADDEN, JR. District 4 (Camden and Gloucester)

#### **SYNOPSIS**

Concerns workers' compensation coverage under employee leasing agreements.

### **CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the provision of workers' compensation 2 insurance under employee leasing agreements and amending 3 P.L.2001, c.260.

4 5

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

- 1. Section 2 of P.L.2001, c.260 (C.34:8-68) is amended to read as follows:
- 2. a. Every employee leasing agreement shall provide that the employee leasing company:
- (1) Reserves a right of direction and control over each covered employee assigned to the client company's location. However, a client company may retain sufficient direction and control over the covered employee as is necessary to conduct the client company's business and without which the client company would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory or statutory requirement of the client company;
- (2) Assumes responsibility for the payment of wages to each covered employee without regard to payments by the client company to the employee leasing company, except that the provisions of this paragraph shall not affect the client company's obligations with respect to the payment of wages to covered employees;
- (3) Assumes responsibility for the payment of payroll taxes and collection of taxes from payroll on each covered employee;
- (4) Retains authority to hire, terminate, discipline, and reassign each covered employee. However, no covered employee shall be reassigned to another client company without that covered employee's consent and the client company may have the right to accept or cancel the assignment of any covered employee;
- (5) Has given written notice of the relationship between the employee leasing company and the client company to each covered employee it assigns to perform services at the client company's work site;
- (6) Shall, except for newly established business entities, hire its initial employee complement from among employees of the client company at the time of execution of the employee leasing agreement at comparable terms and conditions of employment as are in existence at the client company at the time of execution of the employee leasing agreement and as designated by the client company. Throughout the term of the employee leasing agreement the covered employees shall be considered employees of the

employee leasing company and the client company and upon the termination of the employee leasing agreement, the covered employees shall be considered employees of the client company;

(7) Continue to honor and abide by existing collective bargaining agreements applicable to covered employees. The client company shall also continue to honor and abide by all collective bargaining agreements applicable to covered employees. Every employee leasing company which enters into a contract with a client company, which has a collective bargaining representative for the covered employees, shall require that client company to enter into an agreement with the employee leasing company containing the following language:

"The client company shall continue to honor and abide by the terms of any applicable collective bargaining agreements, and upon expiration thereof, any obligations of the client company to bargain in good faith in connection with such collective bargaining agreements shall not be affected in any manner by the employee leasing agreement."

- (8) Shall provide workers' compensation insurance for their covered employees, unless the client company, in agreement with the employee leasing company at the inception of the employee leasing agreement, elects to assume the responsibility of providing the workers' compensation insurance coverage for those employees.
- b. Every employee leasing agreement shall provide that the employee leasing company and the client company shall each retain a right of direction and control over management of safety, risk and hazard control at the work site or sites affecting each covered employee including:
- (1) Responsibility for performing safety inspections of client company equipment and premises;
- (2) Responsibility for the promulgation and administration of employment and safety policies; and
- (3) Responsibility for the management of workers' compensation claims, the filings thereof, and procedures related thereto, unless the client company elects to assume the responsibility of providing workers' compensation insurance pursuant to paragraph (8) of subsection a. of this section, in which case the client company shall have sole responsibility for the management of workers' compensation claims, and all related filings and procedures.
- c. Nothing in this section or **[**this act**]** any other section of P.L.2001, c.260 (C.34:8-67 et seq.) shall alter the rights or obligations of client companies, employee leasing companies or covered employees under the National Labor Relations Act, 29 U.S.C. s.151 et seq.
- d. (1) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any employee leasing agreement shall diminish, abolish or remove any obligations of covered employees to a client company or any

obligations of any client company to a covered employee existing prior to the effective date of an employee leasing agreement, or create any new or additional enforceable right of a covered employee against an employee leasing company that is not specifically provided by the appropriate employee leasing agreement or P.L.2001, c.260 (C.34:8-67 et seq.).

- (2) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any employee leasing agreement shall affect, modify, or amend any contractual relationship or restrictive covenant between a covered employee and any client company in effect at the time an employee leasing agreement becomes effective; nor shall it prohibit or amend any contractual relationship or restrictive covenant that is entered into subsequently between a client company and a covered employee. An employee leasing company shall have no responsibility or liability in connection with, or arising out of, any such existing or new contractual relationship or restrictive covenant unless the employee leasing company has specifically agreed otherwise in writing.
- e. (1) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any employee leasing agreement shall affect, modify or amend any state or local registration or certification requirement applicable to any client company or covered employee.
- (2) A covered employee who is required to be licensed, registered, or certified pursuant to any State law or regulation shall be considered solely an employee of the client company for purposes of that license, registration, or certification requirement.
- (3) An employee leasing company shall not be deemed to engage in any occupation, trade, profession, or other activity that is subject to licensing, registration, or certification requirements, or is otherwise regulated by a governmental entity, solely by entering into an employee leasing agreement with a client company who is subject to those requirements or regulations.
- (4) A client company shall have the sole right of direction and control of the professional or licensed activities of covered employees and the client company's business. Those covered employees and client companies shall remain subject to regulation by the regulatory or governmental entity responsible for licensing, registration, or certification of those covered employees or client companies.
- f. A client company's certification as a small, minority-owned, disadvantaged, woman-owned business enterprise or an historically underutilized business for the purposes of any bid, contract, purchase order, or agreement entered into with the State or a political subdivision of the State, shall not be affected because the client company has entered into an employee leasing agreement with an employee leasing company.
- g. Any benefit that a client company is required to provide to covered employees that is provided to covered employees by an

employee leasing company through an employee leasing agreement shall be credited against the client company's obligation to fulfill the requirement.

4 (cf: P.L.2011, c.118, s.2)

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- 6 2. Section 6 of P.L.2001, c.260 (C.34:8-72) is amended to read as follows:
- 8 6. a. An employee leasing company registered under [this act] 9 P.L.2001, c.260 (C.34:8-67 et seq.) and the respective client 10 companies with which it has entered into employee leasing 11 agreements shall be the co-employers of their covered employees 12 for the payment of wages and other employment benefits due, 13 including the obligation under the workers' compensation law, 14 R.S.34:15-1 et seq., to maintain insurance coverage for covered 15 employees for personal injuries to, or for the death of, those employees by accident arising out of and in the course of 16 17 employment through policies issued by an insurance carrier licensed 18 in the State of New Jersey. Such policies shall state the name of the 19 employee leasing company as the labor contractor for each client 20 company, by name, unless the client company elects to assume the 21 responsibility of providing the workers' compensation insurance 22 coverage for the employees pursuant to section 2 of P.L.2001, c.260 23 (C.34:8-68).
  - b. For purposes of P.L.2001, c.260 (C.34:8-67 et seq.), the agreement between the employee leasing company and the client company shall be one of co-employment, whereby the employee leasing company, having accepted the responsibilities set forth in section 2 of P.L.2001, c.260 (C.34:8-68), may submit reports to the department and make contributions to the Unemployment Compensation and State Disability Benefits Funds in the manner prescribed in section 7 of P.L.2001, c.260 (C.34:8-73), on behalf of those covered employees covered by the employee leasing agreement. In addition, the provisions of R.S.34:15-8, regarding the exclusivity of the remedy under the workers' compensation law for personal injuries to, or for the death of, employees by accident arising out of and in the course of their employment, shall apply to the employee leasing company and the client company, and their employees, regardless of which party provides workers' compensation insurance coverage.
  - c. The employee leasing company shall file reports prescribed under the "unemployment compensation law," R.S.43:21-1 et seq. on behalf of its covered employees as set forth in section 3 of P.L.2013, c.225 (C.43:21-7.8).
- 44 (cf: P.L.2013, c.225, s.1)

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46 3. This act shall take effect immediately.

### S2512 MADDEN

1	STATEMENT
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3	This bill provides that, under an employee leasing agreement, a
4	client company may, in agreement with the employee leasing
5	company at the inception of the employee leasing agreement, elect
6	to assume the responsibility of providing the workers'
7	compensation insurance coverage for its employees.
8	The bill further provides that if the client company elects to
9	assume the responsibility of providing workers' compensation
10	insurance, the client company shall have sole responsibility for the
11	management of workers' compensation claims, and all related

Finally, the bill reaffirms that the exclusivity of the workers' compensation remedies applies to both the employee leasing company and the client firm, regardless of which party provides the workers' compensation insurance coverage.

 filings and procedures.

Current law requires that the employee leasing company provide workers' compensation insurance and be responsible for the management of workers' compensation claims.

### SENATE LABOR COMMITTEE

#### STATEMENT TO

### SENATE, No. 2512

with committee amendments

## STATE OF NEW JERSEY

DATED: JANUARY 9, 2017

The Senate Labor Committee reports favorably, and with committee amendments, Senate Bill, No. 2512.

As amended by the committee, the bill provides that, under an employee leasing agreement, a client company may, in agreement with the employee leasing company, elect to assume the responsibility of providing the workers' compensation insurance coverage for its employees.

The bill further provides that if the client company elects to assume the responsibility of providing workers' compensation insurance, the client company shall have sole responsibility for the management of workers' compensation claims, and all related filings and procedures, including providing proof of workers' compensation coverage to the Commissioner of Labor and Workforce Development.

The bill requires that if a client company elects to maintain their own workers' compensation insurance, the employee leasing company shall notify the department within 30 days of the election and provide the department with the name of the client, name of the carrier and policy number.

The bill makes a client company responsible for accurately reporting wages to the employee leasing company.

Finally, the bill reaffirms that the exclusivity of the workers' compensation remedies applies to both the employee leasing company and the client firm, regardless of which party provides the workers' compensation insurance coverage.

Current law requires that the employee leasing company provide workers' compensation insurance and be responsible for the management of workers' compensation claims.

#### **COMMITTEE AMENDMENTS:**

The amendments adopted by the committee:

- 1. Remove the bill's previous requirement that a client company may not assume responsibility for workers' compensation coverage unless that is agreed to at the inception of the employee leasing agreement.
- 2. Change the current law so that every employee leasing agreement allocates responsibility between the employee leasing

company and the client company, rather than provides that both retain rights and responsibilities regarding health and safety issues and workers' compensation, and remove the bill's amendment to the law which stated that a client company has the option of taking sole responsibility for management of workers' compensation.

- 3. Make a client company responsible for accurately reporting wages to the employee leasing company.
- 4. Shift the responsibility of providing proof of workers' compensation coverage for all leased employees from the employee leasing company to the client company if the client company agrees to maintain workers compensation coverage.
- 5. Require that if an employee leasing company enters into an employee leasing agreement with a client who elects to maintain their own workers' compensation insurance, the employee leasing company shall notify the department within 30 days of the election and provide the department with the name of the client, name of the carrier and policy number.

# [First Reprint] **SENATE, No. 2512**

with Senate Floor Amendments (Proposed by Senator MADDEN)

ADOPTED: MAY 25, 2017

These Senate amendments provide, with respect to workers' compensation coverage in connection with employee leasing agreements, that:

- 1. If there is any lapse, non-renewal, or cancellation of workers' compensation coverage which was bound or secured in the client's name to provide coverage for the covered employees, the workers' compensation insurer is required to notify the Commissioner of Labor and Workforce Development, the employee leasing company, and the client company, in writing via certified mail, no later than 30 days prior to the lapse, non-renewal, or cancellation; and
- 2. If the client company elects to assume the responsibility of providing the workers' compensation insurance coverage for covered employees in an arrangement with an employee leasing company, but fails to provide the required workers' compensation insurance coverage during the period of the agreement, then the employee leasing company is required to provide workers' compensation insurance for the covered employees under the employee leasing agreement.

# [Second Reprint] **SENATE, No. 2512**

with Senate Floor Amendments (Proposed by Senator MADDEN)

ADOPTED: JUNE 22, 2017

#### These Senate amendments:

- 1. Remove the requirement that a workers' compensation insurer must notify the commissioner, the employee leasing company, and client company, in writing via certified mail to their respective legal mailing addresses, no later than 30 days prior to any lapse, non-renewal, or cancellation for any reason of workers' compensation coverage which was bound or secured in the client's name to provide coverage for the covered employees;
- 2. Provide that a client company that assumes the responsibility to provide workers compensation insurance is required to provide a copy of the employee leasing agreement to the insurance carrier prior to the issuance of the policy or upon entering an employee leasing agreement as appropriate prior to policy issuance, with a legal mailing address for the employee leasing company and the client company, and is obligated to update that address as needed during the policy period;
- 3. Provide that, if the policy issued to a client company is cancelled pursuant to R.S.34:15-81, the insurance carrier is required to provide the employee leasing company copies of all notices required to be issued to the client company pursuant to R.S. 34:15-81 with at least 10 days' notice; and
- 4. Provide insurance carriers up to 180 days following enactment to comply with certain provisions of the bill regarding notification.

# [Third Reprint] **SENATE No. 2512**

with Senate Floor Amendments (Proposed by Senator MADDEN)

**ADOPTED: JUNE 26, 2017** 

These amendments provide that a client company that assumes the responsibility to provide workers compensation insurance required by an employee leasing agreement may provide a copy of the agreement to the insurance carrier that issues the policy upon entering the employee leasing agreement and is not required to provide the copy prior to policy issuance.

## ASSEMBLY, No. 4446

## **STATE OF NEW JERSEY**

## 217th LEGISLATURE

INTRODUCED JANUARY 10, 2017

Sponsored by: Assemblywoman ANNETTE QUIJANO District 20 (Union)

#### **SYNOPSIS**

Concerns workers' compensation coverage under employee leasing agreements.

### **CURRENT VERSION OF TEXT**

As introduced.



AN ACT concerning the provision of workers' compensation insurance under employee leasing agreements and amending P.L.2001, c.260.

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> BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

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- 1. Section 2 of P.L.2001, c.260 (C.34:8-68) is amended to read as follows:
- 2. a. Every employee leasing agreement shall provide that the employee leasing company:
- (1) Reserves a right of direction and control over each covered employee assigned to the client company's location. However, a client company may retain sufficient direction and control over the covered employee as is necessary to conduct the client company's business and without which the client company would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory or statutory requirement of the client company;
- (2) Assumes responsibility for the payment of wages to each covered employee without regard to payments by the client company to the employee leasing company, except that the provisions of this paragraph shall not affect the client company's obligations with respect to the payment of wages to covered employees;
- (3) Assumes responsibility for the payment of payroll taxes and collection of taxes from payroll on each covered employee;
- (4) Retains authority to hire, terminate, discipline, and reassign each covered employee. However, no covered employee shall be reassigned to another client company without that covered employee's consent and the client company may have the right to accept or cancel the assignment of any covered employee;
- (5) Has given written notice of the relationship between the employee leasing company and the client company to each covered employee it assigns to perform services at the client company's work site;
- (6) Shall, except for newly established business entities, hire its initial employee complement from among employees of the client company at the time of execution of the employee leasing agreement at comparable terms and conditions of employment as are in existence at the client company at the time of execution of the employee leasing agreement and as designated by the client company. Throughout the term of the employee leasing agreement the covered employees shall be considered employees of the employee leasing company and the client company and upon the

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

termination of the employee leasing agreement, the covered employees shall be considered employees of the client company;

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(7) Continue to honor and abide by existing collective bargaining agreements applicable to covered employees. The client company shall also continue to honor and abide by all collective bargaining agreements applicable to covered employees. Every employee leasing company which enters into a contract with a client company, which has a collective bargaining representative for the covered employees, shall require that client company to enter into an agreement with the employee leasing company containing the following language:

"The client company shall continue to honor and abide by the terms of any applicable collective bargaining agreements, and upon expiration thereof, any obligations of the client company to bargain in good faith in connection with such collective bargaining agreements shall not be affected in any manner by the employee leasing agreement."

- (8) Shall provide workers' compensation insurance for their covered employees, unless the client company, in agreement with the employee leasing company at the inception of the employee leasing agreement, elects to assume the responsibility of providing the workers' compensation insurance coverage for those employees.
- b. Every employee leasing agreement shall provide that the employee leasing company and the client company shall each retain a right of direction and control over management of safety, risk and hazard control at the work site or sites affecting each covered employee including:
- (1) Responsibility for performing safety inspections of client company equipment and premises;
- (2) Responsibility for the promulgation and administration of employment and safety policies; and
- management (3) Responsibility for the of compensation claims, the filings thereof, and procedures related thereto, unless the client company elects to assume the responsibility of providing workers' compensation insurance pursuant to paragraph (8) of subsection a. of this section, in which case the client company shall have sole responsibility for the management of workers' compensation claims, and all related filings and procedures.
- c. Nothing in this section or [this act] any other section of P.L.2001, c.260 (C.34:8-67 et seq.) shall alter the rights or obligations of client companies, employee leasing companies or covered employees under the National Labor Relations Act, 29 U.S.C. s.151 et seq.
- 45 d. (1) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any 46 employee leasing agreement shall diminish, abolish or remove any 47 obligations of covered employees to a client company or any 48 obligations of any client company to a covered employee existing

prior to the effective date of an employee leasing agreement, or create any new or additional enforceable right of a covered employee against an employee leasing company that is not specifically provided by the appropriate employee leasing agreement or P.L.2001, c.260 (C.34:8-67 et seq.).

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- (2) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any employee leasing agreement shall affect, modify, or amend any contractual relationship or restrictive covenant between a covered employee and any client company in effect at the time an employee leasing agreement becomes effective; nor shall it prohibit or amend any contractual relationship or restrictive covenant that is entered into subsequently between a client company and a covered An employee leasing company shall have no employee. responsibility or liability in connection with, or arising out of, any such existing or new contractual relationship or restrictive covenant unless the employee leasing company has specifically agreed otherwise in writing.
- (1) Nothing in P.L.2001, c.260 (C.34:8-67 et seq.) or in any employee leasing agreement shall affect, modify or amend any state or local registration or certification requirement applicable to any client company or covered employee.
- (2) A covered employee who is required to be licensed, registered, or certified pursuant to any State law or regulation shall be considered solely an employee of the client company for purposes of that license, registration, or certification requirement.
- (3) An employee leasing company shall not be deemed to engage in any occupation, trade, profession, or other activity that is subject to licensing, registration, or certification requirements, or is otherwise regulated by a governmental entity, solely by entering into an employee leasing agreement with a client company who is subject to those requirements or regulations.
- (4) A client company shall have the sole right of direction and control of the professional or licensed activities of covered employees and the client company's business. Those covered employees and client companies shall remain subject to regulation by the regulatory or governmental entity responsible for licensing, registration, or certification of those covered employees or client companies.
- A client company's certification as a small, minority-owned, disadvantaged, woman-owned business enterprise or an historically underutilized business for the purposes of any bid, contract, purchase order, or agreement entered into with the State or a political subdivision of the State, shall not be affected because the client company has entered into an employee leasing agreement with an employee leasing company.
- Any benefit that a client company is required to provide to covered employees that is provided to covered employees by an employee leasing company through an employee leasing agreement

1 shall be credited against the client company's obligation to fulfill 2 the requirement.

3 (cf: P.L.2011, c.118, s.2)

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- 5 2. Section 6 of P.L.2001, c.260 (C.34:8-72) is amended to read 6 as follows:
- 7 6. a. An employee leasing company registered under [this act] 8 P.L.2001, c.260 (C.34:8-67 et seq.) and the respective client 9 companies with which it has entered into employee leasing 10 agreements shall be the co-employers of their covered employees 11 for the payment of wages and other employment benefits due, 12 including the obligation under the workers' compensation law, 13 R.S.34:15-1 et seq., to maintain insurance coverage for covered 14 employees for personal injuries to, or for the death of, those 15 employees by accident arising out of and in the course of 16 employment through policies issued by an insurance carrier licensed 17 in the State of New Jersey. Such policies shall state the name of the 18 employee leasing company as the labor contractor for each client 19 company, by name, unless the client company elects to assume the 20 responsibility of providing the workers' compensation insurance 21 coverage for the employees pursuant to section 2 of P.L.2001, c.260 22 (C.34:8-68).
  - b. For purposes of P.L.2001, c.260 (C.34:8-67 et seq.), the agreement between the employee leasing company and the client company shall be one of co-employment, whereby the employee leasing company, having accepted the responsibilities set forth in section 2 of P.L.2001, c.260 (C.34:8-68), may submit reports to the department and make contributions to the Unemployment Compensation and State Disability Benefits Funds in the manner prescribed in section 7 of P.L.2001, c.260 (C.34:8-73), on behalf of those covered employees covered by the employee leasing agreement. In addition, the provisions of R.S.34:15-8, regarding the exclusivity of the remedy under the workers' compensation law for personal injuries to, or for the death of, employees by accident arising out of and in the course of their employment, shall apply to the employee leasing company and the client company, and their employees, regardless of which party provides workers' compensation insurance coverage.
  - The employee leasing company shall file reports prescribed under the "unemployment compensation law," R.S.43:21-1 et seq. on behalf of its covered employees as set forth in section 3 of P.L.2013, c.225 (C.43:21-7.8).
- (cf: P.L.2013, c.225, s.1) 43

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45 3. This act shall take effect immediately.

1	STATEMENT
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3	This bill provides that, under an employed

This bill provides that, under an employee leasing agreement, a client company may, in agreement with the employee leasing company at the inception of the employee leasing agreement, elect to assume the responsibility of providing the workers' compensation insurance coverage for its employees.

The bill further provides that if the client company elects to assume the responsibility of providing workers' compensation insurance, the client company shall have sole responsibility for the management of workers' compensation claims, and all related filings and procedures.

Finally, the bill reaffirms that the exclusivity of the workers' compensation remedies applies to both the employee leasing company and the client firm, regardless of which party provides the workers' compensation insurance coverage.

Current law requires that the employee leasing company provide workers' compensation insurance and be responsible for the management of workers' compensation claims.

### ASSEMBLY LABOR COMMITTEE

#### STATEMENT TO

### ASSEMBLY, No. 4446

with committee amendments

## STATE OF NEW JERSEY

**DATED: JUNE 5, 2017** 

The Assembly Labor Committee reports favorably and with committee amendments Assembly Bill No. 4446.

As amended by the committee, the bill provides that, under an employee leasing agreement, a client company may, in agreement with the employee leasing company, elect to assume the responsibility of providing the workers' compensation insurance coverage for its employees.

The bill further provides that if the client company elects to assume the responsibility of providing workers' compensation insurance, the client company shall have sole responsibility for the management of workers' compensation claims, and all related filings and procedures, including providing proof of workers' compensation coverage to the Commissioner of Labor and Workforce Development.

The bill provides that if a client company elects to maintain its own workers' compensation insurance, the employee leasing company shall notify the department within 30 days of the election and provide the department with the name of the client, name of the carrier and policy number.

The bill also provides notification procedures for lapses, non-renewals, or cancellations of workers' compensation coverage.

The bill makes a client company responsible for accurately reporting wages to the employee leasing company.

The bill provides that the employee leasing company is required to provide workers' compensation insurance coverage for covered employees under an employee leasing agreement if the client company elects to assume the responsibility of providing that coverage, but fails to provide the coverage during the period of the agreement.

Finally, the bill reaffirms that the exclusivity of the workers' compensation remedies applies to both the employee leasing company and the client firm, regardless of which party provides the workers' compensation insurance coverage.

Current law requires that the employee leasing company provide workers' compensation insurance and be responsible for the management of workers' compensation claims.

As amended by the committee, this bill is identical to Senate Bill No. 2512(2R).

#### **COMMITTEE AMENDMENTS:**

The committee amended the bill to:

- 1. Remove the bill's previous requirement that a client company may not assume responsibility for workers' compensation coverage unless that is agreed to at the inception of the employee leasing agreement.
- 2. Change the current law so that every employee leasing agreement allocates responsibility between the employee leasing company and the client company, rather than provides that both retain rights and responsibilities regarding health and safety issues and workers' compensation, and remove the bill's amendment to the law which stated that a client company has the option of taking sole responsibility for management of workers' compensation.
- 3. Make a client company responsible for accurately reporting wages to the employee leasing company.
- 4. Shift the responsibility of providing proof of workers' compensation coverage for all leased employees from the employee leasing company to the client company if the client company agrees to maintain workers compensation coverage.
- 5. Require that if an employee leasing company enters into an employee leasing agreement with a client who elects to maintain its own workers' compensation insurance, the employee leasing company shall notify the department within 30 days of the election and provide the department with the name of the client, name of the carrier and policy number.
- 6. Provide notification procedures for lapses, non-renewals, or cancellations of workers' compensation coverage.
- 7. Provide that, if the client company elects to assume the responsibility of providing the workers' compensation insurance coverage for covered employees in an arrangement with an employee leasing company, but fails to provide the required workers' compensation insurance coverage during the period of the agreement, then the employee leasing company is required to provide workers' compensation insurance for the covered employees under the employee leasing agreement.

# [First Reprint] **ASSEMBLY, No. 4446**

with Assembly Floor Amendments (Proposed by Assemblywoman QUIJANO)

ADOPTED: JUNE 29, 2017

These Assembly amendments:

- 1. Remove the requirement that a workers' compensation insurer must notify the commissioner, the employee leasing company, and client company, in writing via certified mail to their respective legal mailing addresses, no later than 30 days prior to any lapse, non-renewal, or cancellation for any reason of workers' compensation coverage which was bound or secured in the client's name to provide coverage for the covered employees;
- 2. Provide that a client company that assumes the responsibility to provide workers compensation insurance is required to provide a copy of the employee leasing agreement to the insurance carrier prior to the issuance of the policy or upon entering an employee leasing agreement as appropriate prior to policy issuance, with a legal mailing address for the employee leasing company and the client company, and is obligated to update that address as needed during the policy period;
- 3. Provide that, if the policy issued to a client company is cancelled pursuant to R.S.34:15-81, the insurance carrier is required to provide the employee leasing company copies of all notices required to be issued to the client company pursuant to R.S. 34:15-81 with at least 10 days' notice; and
- 4. Provide insurance carriers up to 180 days following enactment to comply with certain provisions of the bill regarding notification.

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#### Governor Christie Takes Action On Pending Legislation

Wednesday, September 13, 2017

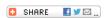
Tags: Bill Action



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#### **BILLS SIGNED:**

S-2512/A-4446 (Madden, Beach/Quijano) - Concerns employee leasing agreements

S-2563/A-4163 (Weinberg, T. Kean/Vainieri Huttle, Lampitt, O'Scanlon, McKnight) - Clarifies DCA rulemaking authority over free-standing residential health care facilities, and prohibits eviction of residents from such facilities, except for good cause

A-1661/S-3217 (Schaer, Danielsen, Dancer, Sumter/Cunningham) - Expands eligibility of inmates for medical parole and requires inmate's enrollment in Medicaid under certain circumstances

ACS for A-2511/SCS for S-2211 (Eustace/Turner) - Requires life insurers to use federal death master file to identify potential matches

A-3433/S-2527 (Greenwald, Jones, Singleton, Webber/Diegnan) - "Uniform Fiduciary Access to Digital Assets Act"; authorizes executor, agent, guardian, or trustee, under certain circumstances, to manage electronic records of decedent, principal, incapacitated person, or trust creator

**Press Contact:** Brian Murray 609-777-2600



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