



(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](http://www.njleg.state.nj.us))

<b>FLOOR AMENDMENT STATEMENT:</b>	No
<b>LEGISLATIVE FISCAL ESTIMATE:</b>	No
<b>VETO MESSAGE:</b>	No
<b>GOVERNOR'S PRESS RELEASE ON SIGNING:</b>	Yes

**FOLLOWING WERE PRINTED:**

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<b>REPORTS:</b>	No
<b>HEARINGS:</b>	No
<b>NEWSPAPER ARTICLES:</b>	Yes

"'Gig' workers get protections under new laws," The Star-Ledger, January 21, 2020  
[Le]gislation gives 'gig' workers," The Times, January 21, 2020  
"Murphy signs bills to crack down on worker," NJBIZ (New Brunswick, NJ) - January 20, 2020  
"Murphy signs bills to protect N.J.'s self," South Jersey Times, January 21, 2020

RWH/JA

P.L. 2019, CHAPTER 374, *approved January 20, 2020*  
Assembly, No. 5840 (*Second Reprint*)

1 AN ACT concerning joint and several liability for the payment of  
2 employer tax laws and amending R.S.34:11-57 and P.L.2019,  
3 c.212.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. R.S.34:11-57 is amended to read as follows:

9 34:11-57. As used in this article:

10 "Commissioner" means the Commissioner of Labor and  
11 Workforce Development or any person or persons in the department  
12 designated in writing by him for the purposes of this article.

13 "Community-based organization" means a public, or nonprofit  
14 private, organization funded with public or private funds, or both,  
15 that provides services to day laborers, migrant laborers, temporary  
16 laborers, low wage workers, or any other type of employee.

17 "Department" means the Department of Labor and Workforce  
18 Development.

19 "Employee" means any natural person who works for another for  
20 hire.

21 "Employer" means any person, partnership, firm or corporation  
22 employing another for hire.

23 "Legal services organization" means a public, or nonprofit  
24 private, organization funded with public or private funds, or both,  
25 that provides counseling or advice related to wage protection laws,  
26 preparation of legal documents, or representation of any person  
27 before a court or administrative agency.

28 "State employer tax laws" means the workers' compensation  
29 law, R.S.34:15-1 et seq., the "unemployment compensation law,"  
30 R.S.43:21-1 et seq., the "Temporary Disability Benefits Law,"  
31 P.L.1948, c.110 (C.43:21-25 et al.), P.L.2008, c.17 (C.43:21-  
32 39.1 et al.), and the "New Jersey Gross Income Tax Act,"  
33 N.J.S.54A:1-1 et seq.

34 "State wage and hour laws" means article 1 of chapter 11 of Title  
35 34 of the Revised Statutes and all acts supplementing that article  
36 (R.S.34:11-2 et al.), P.L.1966, c.113 and all acts supplementing that  
37 act (C.34:11-56a et al.), P.L.2005, c.379 (C.34:11-56.58 et seq.),  
38 and article 3 of chapter 11 of Title 34 of the Revised Statutes  
39 (R.S.34:11-57 et seq.), but "State wage and hour laws" do not  
40 include the "New Jersey Prevailing Wage Act," P.L.1963, c.150  
41 (C.34:11-56.25 et seq.), or "The Public Works Contractor  
42 Registration Act," P.L.1999, c.238 (C.34:11-56.48 et seq.).

**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>1</sup>Assembly ALA committee amendments adopted November 18, 2019.

<sup>2</sup>Assembly AAP committee amendments adopted December 12, 2019.

1 "Wages" means any moneys due an employee from the employer  
2 whether payable by the hour, day, week, semimonthly, monthly or  
3 yearly and shall include commissions, bonus, piecework  
4 compensation and any other benefits arising out of an employment  
5 contract.

6 (cf: P.L.2019, c.212, s.6)

7  
8 <sup>1</sup>[2. Section 9 of P.L.2019, c.212 (C.34:11-58.2) is amended to  
9 read as follows:

10 9. a. A client employer and a labor contractor providing  
11 workers to the client employer shall be subject to joint and several  
12 liability and shall share civil legal responsibility for any violations  
13 of the provisions of State wage and hour laws or State employer tax  
14 laws, or violations of the provisions of section 10 of P.L.1999, c.90  
15 (C.2C:40A-2) regarding compliance with State wage and hour laws  
16 or State employer tax laws, including provisions of those laws  
17 regarding retaliatory actions against employees for exercising their  
18 rights under any of those laws and provisions of those laws  
19 regarding the misclassification of workers, and both the client  
20 employer and the labor contractor may be subject to any remedy  
21 provided for violations of those laws. A client employer shall not  
22 shift to the labor contractor any legal duties or liabilities under the  
23 provisions of the "Worker Health and Safety Act," P.L.1965, c.154  
24 (C.34:6A-1 et seq.) or "The Worker and Community Right to Know  
25 Act," P.L.1983, c.315 (C.34:5A-1 et seq.) with respect to workers  
26 supplied by the labor contractor. A waiver of the provisions of this  
27 section is contrary to public policy, and is void and unenforceable.

28 b. This section shall not be interpreted as:

29 (1) imposing individual liability on a homeowner for labor or  
30 services received at the home or the owner of a home-based  
31 business for labor or services received at the home; or

32 (2) restricting or limiting the rights of a client employer to  
33 recover from a labor contractor any expense to the client employer,  
34 or the rights of a labor contractor to recover from a client employer  
35 any expense to the labor contractor, resulting from any violation by  
36 the labor contractor or client employer of the provisions of State  
37 wage and hour laws or of section 10 of P.L.1999, c.90 (C.2C:40A-  
38 2), or restricting or limiting the provisions in contracts between  
39 client employers and labor contractors regarding the recovery of  
40 expenses pursuant to this paragraph.

41 c. Any individual acting on behalf of an employer, including a  
42 client employer or labor contractor, who violates any provision of  
43 State wage and hour laws or State employer tax laws, or any  
44 provision of section 10 of P.L.1999, c.90 (C.2C:40A-2) regarding  
45 compliance with State wage and hour laws or State employer tax  
46 laws, including any provision of those laws concerning the  
47 misclassification of workers, may be held liable as the employer for  
48 the violation. For the purposes of this section, "person acting on  
49 behalf of an employer" includes an individual acting on behalf of an

1 employer who is an owner, director, officer, or manager of the  
2 employer.

3 d. As used in this section:

4 "Labor contractor" means any individual or entity that supplies,  
5 either with or without a contract, directly or indirectly, a client  
6 employer with workers to perform labor or services within the  
7 client employer's usual course of business, except that "labor  
8 contractor" does not include a bona fide labor organization or  
9 apprenticeship program, or a hiring hall operated pursuant to a  
10 collective bargaining agreement.

11 "Usual course of business" means the regular and customary  
12 work of a business, performed within or upon the premises or  
13 worksite of the client employer, or any other place of business of  
14 the client employer for which services or labor are performed.

15 (cf: P.L.2019, c.212, s.9)]<sup>1</sup>

16

17 <sup>1</sup>2. Section 9 of P.L.2019, c.212 (C.34:11-58.2) is amended to  
18 read as follows:

19 9. a. A client employer and a labor contractor providing  
20 workers to the client employer shall be subject to joint and several  
21 liability and shall share civil legal responsibility for any violations  
22 of the provisions of State wage and hour laws or State employer tax  
23 laws, or violations of the provisions of section 10 of P.L.1999, c.90  
24 (C.2C:40A-2) regarding compliance with State wage and hour laws  
25 or State employer tax laws, including provisions of those laws  
26 regarding retaliatory actions against employees for exercising their  
27 rights under any of those laws and provisions of those laws  
28 regarding the misclassification of workers, and both the client  
29 employer and the labor contractor may be subject to any remedy  
30 provided for violations of those laws. A client employer shall not  
31 shift to the labor contractor any legal duties or liabilities under the  
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33 (C.34:6A-1 et seq.) or "The Worker and Community Right to Know  
34 Act," P.L.1983, c.315 (C.34:5A-1 et seq.) with respect to workers  
35 supplied by the labor contractor. A waiver of the provisions of this  
36 section is contrary to public policy, and is void and unenforceable.

37 b. This section shall not be interpreted as:

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40 business for labor or services received at the home; or

41 (2) restricting or limiting the rights of a client employer to  
42 recover from a labor contractor any expense to the client employer,  
43 or the rights of a labor contractor to recover from a client employer  
44 any expense to the labor contractor, resulting from any violation by  
45 the labor contractor or client employer of the provisions of State  
46 wage and hour laws or State employer tax laws, or of section 10 of  
47 P.L.1999, c.90 (C.2C:40A-2), or restricting or limiting the  
48 provisions in contracts between client employers and labor

1 contractors regarding the recovery of expenses pursuant to this  
2 paragraph.

3 c. Any person acting on behalf of an employer, including a  
4 client employer or labor contractor, who violates any provision of  
5 State wage and hour laws or State employer tax laws, or any  
6 provision of section 10 of P.L.1999, c.90 (C.2C:40A-2) regarding  
7 compliance with State wage and hour laws or State employer tax  
8 laws, including any provision of those laws concerning the  
9 misclassification of workers, may be held liable as the employer for  
10 the violation. For the purposes of this section, “person acting on  
11 behalf of an employer” includes an individual acting on behalf of an  
12 employer who is an owner, director, officer, or manager of the  
13 employer.

14 d. As used in this section:

15 "Client employer" means a business entity, regardless of its  
16 form, that obtains or is provided workers, directly from a labor  
17 contractor or indirectly from a subcontractor, to perform labor or  
18 services within its usual course of business<sup>2</sup>, but does not include a  
19 "contractor" as defined in section 3 of P.L.1999, c.238 (C.34:11-  
20 56.50)<sup>2</sup>.

21 "Labor contractor" means any individual or entity that supplies,  
22 either with or without a contract, directly or indirectly, a client  
23 employer with workers to perform labor or services within the  
24 client employer's usual course of business, except that "labor  
25 contractor" does not include a bona fide labor organization or  
26 apprenticeship program, or a hiring hall operated pursuant to a  
27 collective bargaining agreement.

28 "Usual course of business" means the regular and customary  
29 work of a business, performed within or upon the premises or  
30 worksite of the client employer, or any other place of business of  
31 the client employer for which services or labor are performed.<sup>1</sup>

32 (cf: P.L.2019, c.212, s.9)

33

34 3. This act shall take effect immediately.

35

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37

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39

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Concerns joint liability for payment of employer tax law.

# ASSEMBLY, No. 5840

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED NOVEMBER 14, 2019

**Sponsored by:**

**Assemblywoman LINDA S. CARTER**

**District 22 (Middlesex, Somerset and Union)**

**Assemblyman PAUL D. MORIARTY**

**District 4 (Camden and Gloucester)**

**SYNOPSIS**

Concerns joint liability for payment of employer tax law.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 11/15/2019)

A5840 CARTER, MORIARTY

2

1 AN ACT concerning joint and several liability for the payment of  
2 employer tax laws and amending R.S.34:11-57 and P.L.2019,  
3 c.212.

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

7  
8 1. R.S.34:11-57 is amended to read as follows:  
9 34:11-57. As used in this article:

10 "Commissioner" means the Commissioner of Labor and  
11 Workforce Development or any person or persons in the department  
12 designated in writing by him for the purposes of this article.

13 "Community-based organization" means a public, or nonprofit  
14 private, organization funded with public or private funds, or both,  
15 that provides services to day laborers, migrant laborers, temporary  
16 laborers, low wage workers, or any other type of employee.

17 "Department" means the Department of Labor and Workforce  
18 Development.

19 "Employee" means any natural person who works for another for  
20 hire.

21 "Employer" means any person, partnership, firm or corporation  
22 employing another for hire.

23 "Legal services organization" means a public, or nonprofit  
24 private, organization funded with public or private funds, or both,  
25 that provides counseling or advice related to wage protection laws,  
26 preparation of legal documents, or representation of any person  
27 before a court or administrative agency.

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29 law, R.S.34:15-1 et seq., the "unemployment compensation law,"  
30 R.S.43:21-1 et seq., the "Temporary Disability Benefits Law,"  
31 P.L.1948, c.110 (C.43:21-25 et al.), P.L.2008, c.17 (C.43:21-39.1 et  
32 al.), and the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et  
33 seq.

34 "State wage and hour laws" means article 1 of chapter 11 of Title  
35 34 of the Revised Statutes and all acts supplementing that article  
36 (R.S.34:11-2 et al.), P.L.1966, c.113 and all acts supplementing that  
37 act (C.34:11-56a et al.), P.L.2005, c.379 (C.34:11-56.58 et seq.),  
38 and article 3 of chapter 11 of Title 34 of the Revised Statutes  
39 (R.S.34:11-57 et seq.), but "State wage and hour laws" do not  
40 include the "New Jersey Prevailing Wage Act," P.L.1963, c.150  
41 (C.34:11-56.25 et seq.), or "The Public Works Contractor  
42 Registration Act," P.L.1999, c.238 (C.34:11-56.48 et seq.).

43 "Wages" means any moneys due an employee from the employer  
44 whether payable by the hour, day, week, semimonthly, monthly or  
45 yearly and shall include commissions, bonus, piecework

**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.**



1 compensation and any other benefits arising out of an employment  
2 contract.

3 (cf: P.L.2019, c.212, s.6)

4

5 2. Section 9 of P.L.2019, c.212 (C.34:11-58.2) is amended to  
6 read as follows:

7 9. a. A client employer and a labor contractor providing  
8 workers to the client employer shall be subject to joint and several  
9 liability and shall share civil legal responsibility for any violations  
10 of the provisions of State wage and hour laws or State employer tax  
11 laws, or violations of the provisions of section 10 of P.L.1999, c.90  
12 (C.2C:40A-2) regarding compliance with State wage and hour laws  
13 or State employer tax laws, including provisions of those laws  
14 regarding retaliatory actions against employees for exercising their  
15 rights under any of those laws and provisions of those laws  
16 regarding the misclassification of workers, and both the client  
17 employer and the labor contractor may be subject to any remedy  
18 provided for violations of those laws. A client employer shall not  
19 shift to the labor contractor any legal duties or liabilities under the  
20 provisions of the “Worker Health and Safety Act,” P.L.1965, c.154  
21 (C.34:6A-1 et seq.) or “The Worker and Community Right to Know  
22 Act,” P.L.1983, c.315 (C.34:5A-1 et seq.) with respect to workers  
23 supplied by the labor contractor. A waiver of the provisions of this  
24 section is contrary to public policy, and is void and unenforceable.

25 b. This section shall not be interpreted as:

26 (1) imposing individual liability on a homeowner for labor or  
27 services received at the home or the owner of a home-based  
28 business for labor or services received at the home; or

29 (2) restricting or limiting the rights of a client employer to  
30 recover from a labor contractor any expense to the client employer,  
31 or the rights of a labor contractor to recover from a client employer  
32 any expense to the labor contractor, resulting from any violation by  
33 the labor contractor or client employer of the provisions of State  
34 wage and hour laws or of section 10 of P.L.1999, c.90 (C.2C:40A-  
35 2), or restricting or limiting the provisions in contracts between  
36 client employers and labor contractors regarding the recovery of  
37 expenses pursuant to this paragraph.

38 c. Any individual acting on behalf of an employer, including a  
39 client employer or labor contractor, who violates any provision of  
40 State wage and hour laws or State employer tax laws, or any  
41 provision of section 10 of P.L.1999, c.90 (C.2C:40A-2) regarding  
42 compliance with State wage and hour laws or State employer tax  
43 laws, including any provision of those laws concerning the  
44 misclassification of workers, may be held liable as the employer for  
45 the violation. For the purposes of this section, “person acting on  
46 behalf of an employer” includes an individual acting on behalf of an  
47 employer who is an owner, director, officer, or manager of the  
48 employer.

1       d. As used in this section:

2       "Labor contractor" means any individual or entity that supplies,  
3 either with or without a contract, directly or indirectly, a client  
4 employer with workers to perform labor or services within the  
5 client employer's usual course of business, except that "labor  
6 contractor" does not include a bona fide labor organization or  
7 apprenticeship program, or a hiring hall operated pursuant to a  
8 collective bargaining agreement.

9       "Usual course of business" means the regular and customary  
10 work of a business, performed within or upon the premises or  
11 worksite of the client employer, or any other place of business of  
12 the client employer for which services or labor are performed.  
13 (cf: P.L.2019, c.212, s.9)

14

15       3. This act shall take effect immediately.

16

17

18

#### STATEMENT

19

20       This bill makes any client employer and any labor contractor  
21 providing workers to the client employer subject to joint and several  
22 liability and shared civil legal responsibility for any violations of  
23 the provisions of State employer tax laws, including provisions of  
24 those laws concerning the misclassification of workers. "State  
25 employer tax laws" are identified as the workers' compensation  
26 law, R.S.34:15-1 et seq., the "unemployment compensation law,"  
27 R.S.43:21-1 et seq., the "Temporary Disability Benefits Law,"  
28 P.L.1948, c.110 (C.43:21-25 et al.), P.L.2008, c.17 (C.43:21-39.1 et  
29 al.), and the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et  
30 seq.

31       The bill also provides that any individual acting on behalf of an  
32 employer, including a client employer or labor contractor, who  
33 violates any provision of those laws, or State wage and hour laws,  
34 may be held liable, as the employer, for the violation.

# ASSEMBLY LABOR COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 5840**

with committee amendments

# STATE OF NEW JERSEY

DATED: NOVEMBER 18, 2019

The Assembly Labor Committee reports favorably and with committee amendments Assembly Bill No. 5840.

As amended, this bill makes any client employer and any labor contractor providing workers to the client employer subject to joint and several liability and shared civil legal responsibility for any violations of the provisions of State employer tax laws, including provisions of those laws concerning the misclassification of workers. “State employer tax laws” are identified as the workers’ compensation law, R.S.34:15-1 et seq., the “unemployment compensation law,” R.S.43:21-1 et seq., the “Temporary Disability Benefits Law,” P.L.1948, c.110 (C.43:21-25 et al.), P.L.2008, c.17 (C.43:21-39.1 et al.), and the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq.

As amended, the bill also provides that any person acting on behalf of an employer, including a client employer or labor contractor, who violates any provision of those laws, or State wage and hour laws, may be held liable, as the employer, for the violation.

#### COMMITTEE AMENDMENTS:

The amendments adopted by the committee make technical corrections to the bill to:

- (1) ensure that consistent terms are used throughout the bill; and
- (2) correct a technical error in the bill relating to existing statutory language.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## ASSEMBLY, No. 5840

with committee amendments

# STATE OF NEW JERSEY

DATED: DECEMBER 12, 2019

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5840, with committee amendments.

This bill makes any client employer and any labor contractor providing workers to the client employer subject to joint and several liability and shared civil legal responsibility for any violations of the provisions of State employer tax laws, including provisions of those laws concerning the misclassification of workers. “State employer tax laws” are identified as the workers’ compensation law, R.S.34:15-1 et seq., the “unemployment compensation law,” R.S.43:21-1 et seq., the “Temporary Disability Benefits Law,” P.L.1948, c.110 (C.43:21-25 et al.), P.L.2008, c.17 (C.43:21-39.1 et al.), and the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq.

The bill also provides that any person acting on behalf of an employer, including a client employer or labor contractor, who violates any provision of those laws, or State wage and hour laws, may be held liable, as the employer, for the violation.

### COMMITTEE AMENDMENTS:

The committee amended the bill to provide that the term “client employer” as used in the bill does not include a business which is defined as a “contractor” in “The Public Works Contractor Registration Act,” P.L.1999, c.238 (C.34:11-56.48 et seq.).

### FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.

**SENATE, No. 4225**

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**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

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INTRODUCED NOVEMBER 14, 2019

**Sponsored by:**

**Senator LINDA R. GREENSTEIN**

**District 14 (Mercer and Middlesex)**

**Senator FRED H. MADDEN, JR.**

**District 4 (Camden and Gloucester)**

**SYNOPSIS**

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**CURRENT VERSION OF TEXT**

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35 2), or restricting or limiting the provisions in contracts between  
36 client employers and labor contractors regarding the recovery of  
37 expenses pursuant to this paragraph.

38 c. Any individual acting on behalf of an employer, including a  
39 client employer or labor contractor, who violates any provision of  
40 State wage and hour laws or State employer tax laws, or any  
41 provision of section 10 of P.L.1999, c.90 (C.2C:40A-2) regarding  
42 compliance with State wage and hour laws or State employer tax  
43 laws, including any provision of those laws concerning the  
44 misclassification of workers, may be held liable as the employer for  
45 the violation. For the purposes of this section, “person acting on  
46 behalf of an employer” includes an individual acting on behalf of an  
47 employer who is an owner, director, officer, or manager of the  
48 employer.

1       d. As used in this section:

2       "Labor contractor" means any individual or entity that supplies,  
3 either with or without a contract, directly or indirectly, a client  
4 employer with workers to perform labor or services within the  
5 client employer's usual course of business, except that "labor  
6 contractor" does not include a bona fide labor organization or  
7 apprenticeship program, or a hiring hall operated pursuant to a  
8 collective bargaining agreement.

9       "Usual course of business" means the regular and customary  
10 work of a business, performed within or upon the premises or  
11 worksite of the client employer, or any other place of business of  
12 the client employer for which services or labor are performed.  
13 (cf: P.L.2019, c.212, s.9)

14

15       3. This act shall take effect immediately.

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#### STATEMENT

19

20       This bill makes any client employer and any labor contractor  
21 providing workers to the client employer subject to joint and several  
22 liability and shared civil legal responsibility for any violations of  
23 the provisions of State employer tax laws, including provisions of  
24 those laws concerning the misclassification of workers. "State  
25 employer tax laws" are identified as the workers' compensation  
26 law, R.S.34:15-1 et seq., the "unemployment compensation law,"  
27 R.S.43:21-1 et seq., the "Temporary Disability Benefits Law,"  
28 P.L.1948, c.110 (C.43:21-25 et al.), P.L.2008, c.17 (C.43:21-  
29 39.1 et al.), and the "New Jersey Gross Income Tax Act,"  
30 N.J.S.54A:1-1 et seq.

31       The bill also provides that any individual acting on behalf of an  
32 employer, including a client employer or labor contractor, who  
33 violates any provision of those laws, or State wage and hour laws,  
34 may be held liable, as the employer, for the violation.



# SENATE LABOR COMMITTEE

## STATEMENT TO

### SENATE, No. 4225

with committee amendments

# STATE OF NEW JERSEY

DATED: DECEMBER 5, 2019

The Senate Labor Committee reports favorably, and with committee amendments, Senate Bill No. 4225.

This bill makes any client employer and any labor contractor providing workers to the client employer subject to joint and several liability and shared civil legal responsibility for any violations of the provisions of State employer tax laws, including provisions of those laws concerning the misclassification of workers. "State employer tax laws" are identified as the workers' compensation law, R.S.34:15-1 et seq., the "unemployment compensation law," R.S.43:21-1 et seq., the "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et al.), P.L.2008, c.17 (C.43:21-39.1 et al.), and the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

The bill also provides that any individual acting on behalf of an employer, including a client employer or labor contractor, who violates any provision of those laws, or State wage and hour laws, may be held liable, as the employer, for the violation.

#### Committee Amendments:

The committee amendments:

1. provide that the term "client employer" as used in the bill does not include a business which is defined as a "contractor" in "the Public Works Contractor Registration Act," P.L.1999, c.238 (C.34:11-56.48 et seq.);
2. ensure that consistent terms are used throughout the bill; and
3. correct a technical error in the bill relating to existing statutory language.

# Governor Murphy Signs Sweeping Legislative Package to Combat Worker Misclassification and Exploitation

01/20/2020

**TRENTON** – Acting on his commitment to support and uplift New Jersey workers, Governor Phil Murphy today signed a legislative package combatting worker misclassification and exploitation. The bills will crack down on employee misclassification in businesses by allowing stop-work orders against employers violating state wage, benefit, and tax law; providing assessment of penalties for violations in connection with misclassification of employees; and requiring employers to post a notice for their employees regarding employee misclassification, among others.

Since day one, taking on the practice of misclassification has been a top priority for the Murphy Administration. In May 2018, Governor Murphy signed Executive Order No. 25, which established the Task Force on Employee Misclassification. He later released a comprehensive report from the Task Force which included sixteen recommendations for both executive actions and relevant legislation. His administration has already made significant progress on responding to the Task Force's recommendations to curtail the widespread and illegal practice of misclassifying workers, including through improving cross-training between departments and cooperation with neighboring states.

"We cannot build a stronger and fairer economy without strong workplace protections that ensure fairness for employees," **said Governor Murphy**. "I am proud to sign these bills today to curb this unethical and illegal practice that hurts our working families and exploits New Jersey's workers."

"Gov. Murphy has positioned New Jersey to be a leader in the fight against illegal misclassification by giving the Labor Department powerful new compliance and enforcement tools," **said Labor Commissioner Robert Asaro-Angelo**. "These bills protect employees who are misclassified as independent contractors as well as independent contractors improperly treated as employees, and provide critical support for employers who play by the rules. These bills contain important work rights and protections for both our state's employees and their employers. Thank you to the dedicated leadership of my colleagues on the Misclassification Task Force, which formulated the recommendations for this package of legislation."

The Governor signed the following bills into law:

**A5838 (DeAngelo, Danielsen, Houghtaling/Madden, Singleton)** - Concerns stop-work orders.

**A5839 (Moriarty, Verrelli, DeAngelo/Madden, Singleton)** - Concerns penalties for misclassification of employees.

**A5840 (Carter, Moriarty/Greenstein, Madden)**- Concerns joint liability for payment of employer tax law.

**A5843 (Speight, Verrelli, Moriarty/Lagana, Greenstein)** - Requires employers to post notice for employees on employee misclassification.

**S4226 (Madden, Singleton/Calabrese, Verrelli, Moriarty)** - Permits Department of Labor and Workforce Development to post information of person who violates State wage, benefit and tax laws.

**S4228 (Lagana, Madden/Chiaravalloti, Moriarty)** - Concerns tax data sharing between State Treasury and DOLWD.

"Workers' rights enhance the quality of life of all New Jersey residents. They are vital to the livelihoods for those employed in our state and for the families they support," **said Senator Joseph Lagana**. "These rights often come under attack, but in New Jersey we are committed to standing up for employees and their families. With this bill package in place, we honor that commitment and make our state a greater place to earn a living."

"When the rights of our workers are threatened, we need to take action to ensure that they are protected," **said Senator Troy Singleton**. "We can protect our workers' rights by punishing those unscrupulous contractors and companies who commit wage theft and ultimately take advantage of their hard work."

"Today marks a victory for workers all across the state of New Jersey," **said Senator Fred Madden**. "For far too long, unscrupulous contractors have cheated their workers out of hard-earned wages and benefits in order to undercut the competition and increase personal profits. This has created untold social and economic costs for our middle class families, but today we say no more. These increased protections underscore our commitment to fighting for the rights of our working class."

"When employers misclassify their employees as independent contractors, the impact is not only felt in the homes of hardworking families throughout the state but in our entire state's economy," **said Senator Linda Greenstein**. "Contractors need to understand the severity of their actions; this is not simply the theft of wages, it is the theft of financial security, opportunities and health benefits. I am proud of New Jersey for taking a stand for its workers and for sending a message that these selfish and criminal actions will be met with consequences."

**Assemblymembers Wayne DeAngelo, Joe Danielsen, Eric Houghtaling, Paul Moriarty, Shanique Speight, Anthony Verrelli, Linda Carter, Clinton Calabrese, and Nicholas Chiaravalloti issued the following joint statement on the new laws regarding misclassification concerns:**

"Classifying workers as independent contractors as an alternative to full or part-time employment has been a grossly misused practice of misclassification.

"It hurts employees and their families who do not have access to critical benefits and protections they are entitled to by law, including minimum wage, overtime compensation, family and medical leave and unemployment insurance. It also hurts each of the taxpayers and businesses paying their fair share while others avoid their tax duties.

"These new mandates will work in concert to stem the practice of misclassification together with expanding stop work orders beyond those for construction trades and prevailing wage, and requiring tax data to be shared between the state Department of Treasury and Labor to support more comprehensive investigations."

"The cost of misclassification is hundreds of millions of dollars. When an employee is wrongfully tagged an independent contractor - when they are actually an employee - they are not paid workers' compensation, social security and overtime," **said William Mullen, President of the New Jersey Building and Construction Trades Council**. "Not only is the worker being exploited, but the State is not getting its fair share of payroll taxes. In addition, worker misclassification creates an unfair playing field for the contractors that are actually doing the right thing. I commended Governor Murphy for signing into law such an important package of bills to protect working men and women of New Jersey."

"Under Governor Murphy's leadership, New Jersey has aggressively taken action to protect workers who've been cheated out of hard-earned pay and benefits," **said Charles Wowkanech, President of the New Jersey State AFL-CIO**. "I applaud the Governor for his unwavering commitment to our workers and for always standing with working families in the Garden State."