



US: New Jersey enacts law to combat worker misclassification

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New Jersey's governor recently signed a legislative package comprising six bills aimed at combatting worker misclassification and exploitation by employers. The measures include increased fines and penalties, expanded powers for the Department of Labor to stop work, and establish joint, several and individual liability. According to the labor commissioner, the 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." The governor established the Task Force on Employee Misclassification in 2018, and the changes follow their recommendations.

Highlights

Stop work orders. The labor department can issue stop work orders against employers violating state wage, benefit and tax laws. ([A5838](#))

Penalties. The labor department can impose a misclassification penalty of \$250 for each misclassified employee for a first violation, and up to \$1,000 for each subsequent violation. ([A5839](#))

Joint Liability. The employer and labor contractor will be jointly liable for violations of state wage and hour, and state employer tax laws. ([A5840](#))

Notice. As of Apr. 1, 2020, employers are required to post a worksite notice on employee misclassification. ([A5843](#))

Public posting of violators. The labor department can post on their website a list of persons who have violated any state wage, benefit or tax law based on a final order issued by the commissioner. ([S4226](#))

Tax data sharing. The state treasury department can share tax files with the labor department. ([S4228](#))

Related resources

- [Governor Murphy signs sweeping legislative package to combat worker misclassification and exploitation](#) (Governor's office, Jan. 20, 2020)
- [A5838](#) (NJ legislature)
- [A5839](#) (NJ Legislature)
- [A5840](#) (NJ Legislature)
- [A5843](#) (NJ Legislature)
- [S4226](#) (NJ Legislature)
- [S4228](#) (NJ Legislature)
- Governor Murphy releases report on employee misclassification (Governor's office, July 9, 2019)

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