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Statement in Support of A-1578 (Wisniewski / Prieto / Giblin) & S-1450 (Weinberg): Establishes the Truck Operator Independent Contractor Act

Willful misclassification – which is the practice of employers knowingly classifying employees as independent contractors hurts not only workers by shifting traditionally business related expenses onto workers, but also hurts governments and taxpayers by allowing unscrupulous businesses to forgo a portion of their state and federal taxes, as well as allowing employers to cheat on payments to government administrated employee protection systems or funds such as workers compensation, unemployment insurance and Temporary Disability Insurance. Recent audits by the New Jersey Department of Labor illustrated rampant abuse by employers. One audit found 38% of employers were found to be misclassifying workers. Remedying misclassification is a “win-win” for workers, good government and taxpayers alike. In New Jersey in 2005, the NJ Department of Labor found 28,200 workers misclassified, accounting for \$625 million in unreported wages.

For the past several years, the New Jersey State AFL-CIO has been actively involved in fighting workers misclassification. In particular, we fought for misclassification reform during the Corzine Administration when two laws were passed to address the issue, one specific to the construction industry. However, misclassification is a significant issue in other industries as well, including the port trucking industry and ground package delivery industry.

That is why we are happy to join with the Teamsters on this issue who have organized a nationwide campaign to raise awareness of corporations that engage in this practice and trying to raise the standard of living of workers who are being adversely impacted by its effects. Furthermore, here in New Jersey, a coalition has been formed - the Coalition for Healthy Ports - comprised of truck drivers, labor, environmental, faith and community organizations, all seeking to rectify this system of abuse.

Legislation is needed to address this issue in these industries and that is what A-1578 / S-1450 seeks to achieve. The New Jersey State AFL-CIO supports passage of this bill because it establishes standards so workers can be properly classified and also creates penalties for those employers that choose to knowingly ignore these standards, cheating workers, governments and taxpayers alike.

Sincerely,

Charles Wowkanech
President

Laurel Brennan
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