

Governor Murphy Signs New Laws to Protect New Jersey Workers

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New Jersey residents who work in the so-called “gig” economy can breathe a little easier today. On July 8, 2021 Governor Murphy signed new laws that will crack down on worker misclassification in New Jersey, which will provide additional benefits for workers once in effect. Misclassification is the practice of illegally and improperly classifying employees as independent contractors, when they are in fact employees. This practice deprives workers of the right to earn minimum wage and overtime, workers’ compensation, unemployment, earned sick leave, family leave, temporary disability, and other benefits.

One may ask, “How does worker misclassification affect you as a worker in New Jersey?” When your employer labels you as an independent contractor, instead of an employee, you miss out on the benefits mentioned above. Employers do this to save money on taxes and benefits, but it has a negative effect on employees in numerous ways. Employers might pay a person “under the table”, and not report their income. Or employers might label a person an independent contractor, and issue them a W-9 for tax purposes, without taking any taxes out or providing any benefits. Employers do not provide workers’ compensation benefits to independent contractors. While these new laws do not specifically address workers’ compensation benefits, they have the effect of making it easier for more workers to be eligible for all benefits, including workers’ compensation.

“Misclassifying workers as independent contractors just to get out of paying insurance premiums harms hard-working people who deserve the same benefits and protections as other company employees,” said Assemblywoman Shavonda Sumter, sponsor of one of the new laws.

Even if your employer does not follow this new law, and mislabels you as an independent contractor, the workers’ compensation laws in New Jersey may require your employer to provide workers’ compensation benefits if you are injured while working. This is true even if your employer has misclassified your job, as long as you can prove you are actually an employee. While true independent contractors are not entitled to workers’ compensation benefits in New Jersey, many so-called independent contractors are actually employees under the workers’ compensation law in New Jersey. If your employer controls most of the work that you do on a daily basis, by telling you where to work and what to do during the workday, you may be an employee entitled to workers’ compensation benefits if you get injured on the job.

Governor Murphy stated that he signed these laws because, “These employers do this for a simple reason: to save themselves a few bucks by skipping out on paying their employees their fair wage and benefits.” While the State of New Jersey has a vested interest in making sure that the State does not miss out on tax revenue paid on employees’ wages, these new laws also give workers the added protection of easier access to many benefits, including workers’ compensation benefits, if they get injured on the job.

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