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# — News Release —

NEW JERSEY DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
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## UPDATE ON GOVERNOR CORZINE'S WORKER MISCLASSIFICATION INITIATIVE

**TRENTON** – One month after Governor Jon S. Corzine directed the Department of Labor and Workforce Development and the Department of the Treasury to work together to ensure that employers do not misclassify their employees as independent contractors, the Departments have taken several steps to implement his directive by sharing audit information, unifying the definition of “employee,” and holding quarterly meetings to monitor ongoing implementation.

“This practice of fraudulently misclassifying workers creates an unfair competitive advantage that affects both law-abiding employers and their workers,” said Acting Commissioner of the Department of Labor and Workforce Development David J. Socolow. “Our targeted enforcement efforts will ensure that hard working men and women have the opportunity to work for businesses that meet their obligations to their workers”

For example, as a result of an audit conducted by the Department of Labor and Workforce Development's Division of Employer Accounts, a national package delivery company was found to routinely misclassify drivers as independent contractors. The audit found that the drivers did not meet the criteria for independent contractors and the employer was assessed for unpaid contributions and interest.

The company contested the findings and the matter was settled through an informal conference process. As a result, the company agreed to drop the protest of the audit findings and paid the amount assessed in full.

On average, the Department of Labor and Workforce Development conducts annual audits of two percent of New Jersey employers. In 2005, more than 26,000 workers were found to be misclassified as independent contractors. It is estimated that New Jersey could recover some \$5 million in gross income taxes due to employers who misclassify their workers.

Employers who willfully misclassify their workers often fail to properly pay wages and related payroll taxes, do not provide workers' compensation insurance, and fail to meet their obligations to withhold income tax revenue and to pay their share toward Unemployment Insurance and Temporary Disability Insurance.

Workers who believe they are being misclassified should call the Department of Labor and Workforce Development's Division of Employer Accounts at 609-777-4315.