



# News Release

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FOR IMMEDIATE RELEASE

CONTACT: Jack Kocsis Jr., CEO

[jkocsis@accnj.org](mailto:jkocsis@accnj.org)

732.225.2265

## **Gov. Murphy Signs Executive Order Establishing Task Force to Combat Employee Misclassification**

EDISON, NJ – Representatives from the Associated Construction Contractors of New Jersey (ACCNJ), joined by many representatives from various New Jersey Building Trades, were pleased this morning to witness the signing, at the Northeast Regional Council of Carpenters Apprenticeship Training Center, of Gov. Philip Murphy's Executive Order #25 designed to combat the misclassification of employees.

ACCNJ has long advocated for greater enforcement of misclassification, a practice that drains substantial tax revenue from the state, allows employers to avoid paying state unemployment insurance and workers' compensation, creates an unfair business advantage for reputable contractors by reducing labor costs through unscrupulous means when they are competitively bidding on projects, and eliminates valuable employee health and welfare benefits.

Misclassification results in employees being moved, in IRS language, from W-2 status to 1099 status, making the employees independent contractors who are not eligible for employer benefits. Employers, therefore, do not submit payroll taxes to the state or the federal government, nor do they submit unemployment insurance payments or workers' comp payments to the state. The Executive Order establishes a Task Force on Employee Misclassification charged with these responsibilities:

- Examining and evaluating existing misclassification enforcement efforts by state agencies and departments
- Developing best practices to increase coordination of information and efficient enforcement
- Developing recommendations on how to foster compliance by educating employers, workers and the public about misclassification
- Conducting a review of existing law and applicable procedures related to misclassification

The Task Force will be comprised of at least 12 members, with representatives from various state agencies and authorities, including Labor and Workforce Development, Treasury, Law and Public Safety, Agriculture, Banking and Insurance, Transportation and the Economic Development Authority.

"We are pleased that New Jersey is joining New York, among other states, in taking an unequivocal stand against willful misclassification of employees," said ACCNJ Chief Executive Officer Jack Kocsis, Jr., following the signing. "The laws against misclassification are in place in the state. The Governor's action sets the structure in place to increase enforcement, improve interagency communication, and educate employers and workers to stand against tactics that hurt workers and all the citizens of New Jersey."

Kocsis pointed out the vital role construction plays in the state's economy, contributing approximately 4% of the GDP.

"When workers are misclassified," he continued, "the state loses millions in tax revenue, reputable contractors lose out on bidding work and the workers themselves are left without the protection of healthcare coverage, workers' comp, retirement plans, paid-time-off and other important benefits. This

is not what the ethical, compassionate businesses and citizens of New Jersey want. Nor does it attract businesses and people from other states.”



Photo courtesy of ACCNJ

*Gov. Philip D. Murphy signs Executive Order #25, designed to combat the misclassification of employees and protect New Jersey workers and reputable employers, at the Northeast Regional Council of Carpenters Apprenticeship Training Center, Edison, on May 3. Attending the signing, from left to right: William T. Mullen, President, New Jersey Building & Construction Trades Council; Frederick Potter, Jr., President, Teamsters Local No. 469; Jack Kocsis, Jr., CEO, Associated Construction Contractors of New Jersey; John Ballantyne, Executive Secretary-Treasurer, Northeast Regional Council of Carpenters; Charles Wowkanech, President, New Jersey State AFL-CIO; and Raymond M. Pocino, Laborers' International Union of North America Vice President and Eastern Regional Manager. Behind Jack Kocsis is Joseph Demark, Jr., Business Manager, Sheet Metal Workers Local No. 25, and behind John Ballantyne is Robert Asaro-Angelo, Commissioner, New Jersey Department of Labor and Workforce Development.*

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## **About ACCNJ**

ACCNJ represents general building contractors, construction managers, and heavy, highway, site development and utility contractors in New Jersey that employ tens of thousands of skilled union craftworkers each year. Members are responsible for billions of dollars in commercial, industrial, heavy, highway, utility and institutional construction projects annually. The Association is committed to raising the standards of construction in New Jersey through quality, integrity, skill and responsibility.