

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1386 STATE OF NEW JERSEY 221st LEGISLATURE

DATED: FEBRUARY 22, 2024

SUMMARY

- Synopsis:** Establishes system for portable benefits for workers who provide services to consumers through contracting agents.
- Type of Impact:** Annual State expenditure and revenue increases.
- Agencies Affected:** Department of Labor and Workforce Development; Department of Banking and Insurance.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The office of Legislative Services (OLS) estimates that the bill would result in an indeterminate annual increase in expenditures to the State due to costs incurred by both the Department of Labor and Workforce Development and the Department of Banking and Insurance for the administration, regulation, and enforcement of the provision of portable benefits to workers who provide services to consumers through contracting agents.
- The OLS estimates that this bill would result in an indeterminate annual increase in revenue to the State due to the unspecified fee the department would charge contracting agents to fund the department's compliance efforts and from any fine and penalty payments collected.

BILL DESCRIPTION

This bill establishes a system to provide portable benefits to workers who work 40 or more hours per month to provide services to consumers facilitated by contracting agents through digital marketplace networks. Workers covered by the bill do not include certain sales representatives, licensed healthcare professionals, and persons subject to collective bargaining agreements.

The bill requires contracting agents that facilitate the provision of services through a digital marketplace network to contribute funds through individual portable benefits accounts to qualified benefit providers to provide benefits to the workers. The requirement to contribute funds only applies if the services are provided to consumers located in this State.

A contracting agent is required to contribute to the individual portable benefits account of a worker an amount not less than 15 percent of the amount the worker earned providing services through the contracting agent during the immediately preceding month. The bill requires contributions to be made on no less than a monthly basis and not later than 15 days after the end of the month in which the services were provided.

Qualified benefit providers are required to use the contributions to provide benefits to workers as set forth in the bill. The providers are required to provide workers' compensation insurance to workers entitled to workers' compensation benefits, and other approved occupational accident insurance to workers who are not entitled to workers' compensation benefits. In addition, qualified benefit providers are required to provide some or all of the following benefits, as selected by the workers: health insurance, paid time off, retirement benefits, or other benefits determined by the providers, except that if a worker elects not to receive any of those benefits, an amount equal to one half of the contribution is to be provided as compensation to the worker. Qualified benefit providers may use up to five percent of the contributions for administration.

A worker entitled to benefits under the bill is required to select a qualified benefit provider and be allowed to change the qualified benefit provider once per year.

The bill requires the Department of Labor and Workforce Development to adopt rules for organizations to become qualified benefit providers and to implement and administer aspects of the bill. The department also is to establish a fee on contracting agents to fund its compliance efforts. The Department of Banking and Insurance is to set regulations to implement and administer minimum standards for occupational accident insurance.

A worker may bring a private cause of action against a contracting agent for the contracting agent's failure to comply with the bill's contribution requirements.

The bill also provides that the bill's requirements on contracting agents and the benefits provided to workers may not be considered in determinations of a worker's employment status under the State unemployment law.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill would result in an indeterminate annual increase in expenditures for the State due to costs incurred by the Department of Labor and Workforce Development for the implementation, administration, and enforcement of the provisions of the bill, including the administering of workers' compensation coverage for applicable workers. The bill also would increase by an indeterminate amount annual Department of Banking and Insurance administrative expenditures to regulate and implement minimum standards for occupational accident insurance for applicable workers as well as the promulgation of regulations related to this bill. In addition, the OLS estimates that the bill would result in an indeterminate annual increase in revenue to the State due to the unspecified fee the department would charge contracting agents

to fund the department's compliance efforts and from any fine and penalty payments collected. However, since this will be a new program, much of these impacts will depend on the regulatory scheme that will be established by the departments. Thus, the OLS is unable to quantify the fiscal impact of the expenditures and revenue under the bill.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).