

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 562

# STATE OF NEW JERSEY

DATED: FEBRUARY 13, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 562.

This bill increases certain penalties for violations of the “New Jersey State Wage and Hour Law,” P.L.1966, c.113 (C.34:11-56a et seq.).

Current law states that for a first violation of that law, an employer is guilty of a disorderly persons offense and may be punished by a fine of not less than \$100 and not more than \$1,000, by imprisonment for not less than 10 and not more than 90 days, or both. The bill increases the fines for a first violation to an amount not less than \$500, but maintains the maximum fine of not more than \$1,000.

Current law also states that for a second or subsequent violation, an employer is guilty of a disorderly persons offense and may be punished by a fine of not less than \$500 and not more than \$1,000, by imprisonment for not less than 10 and not more than 100 days, or both. The bill increases the fines for a second violation to an amount not less than \$1,000 and not more than \$2,000.

Finally, the bill adds to the law that a third or subsequent violation constitutes a crime of the fourth degree, punishable by a fine of not less than \$2,000 and not more than \$10,000, by imprisonment for up to 18 months, or both.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill may result in an indeterminate annual increase in revenue to the State due to the collection of increased fines under the New Jersey State Wage and Hour Law. The OLS is unable to quantify the potential revenue increase because it cannot determine: 1) the number and nature of violations that may be committed by employers; 2) the specific penalty amount that will be applied within the statutory ranges as proposed under the bill for any violation; and 3) if and when the Department of Labor and Workforce Development will assess existing administrative penalties as an alternative or in addition to the increased criminal penalties established under the bill.

The OLS anticipates that the bill may also reduce the annual operating expenditures of local governments and increase annual State operating expenditures as the bill would shift to State courts certain violations that, absent the bill, would be adjudicated in municipal

courts. Under the bill, the following State agencies may incur workload and expenditure increases as a result of the shift in jurisdiction: a) the Department of Law and Public Safety would have to prosecute additional cases; b) the Department of Corrections would have to house and care for more individuals, possibly for longer periods of time; and c) the State Parole Board would have to supervise the return to society of additional convicts. Additionally, the Judiciary would have to adjudicate additional cases. The OLS has no information on the additional workload and expenditures that the bill may impose on affected State departments and agencies.