

LEGISLATIVE FISCAL ESTIMATE TO
SENATE, No. 2004
STATE OF NEW JERSEY

DATED: JANUARY 6, 1998

Senate Bill No. 2004 of 1997 provides that direct sellers are not employees under the provisions of the workers' compensation law. Under federal law, a direct seller is defined as a person: who engages in the trade or occupation of selling consumer products in the home or otherwise than in a permanent retail establishment; whose remuneration for the performance of services is directly related to sales or other output rather than to the number of hours worked; and who performs the services under a written contract which provides that the person will not be treated as an employee with respect to those services.

The Office of Legislative Services notes that direct sellers are those persons who sell their products and services primarily through personal presentations and demonstrations and who are considered independent contractors by the federal government for federal tax purposes and by the State for unemployment compensation purposes. As independent contractors, direct sellers are not employees in the usual and customary sense, and therefore are probably not covered by workers' compensation. Hence, the OLS anticipates that this bill will have little, if any, fiscal impact, as the bill does not appear to change the substance of current law, but instead clarifies the nature of the relationship between direct sellers and their distributors with respect to workers' compensation laws.

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.