

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5891

STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5891.

This bill creates the “Office of Strategic Enforcement and Compliance” within the Department of Labor and Workforce Development to oversee and coordinate across the divisions of the department and, when necessary, between the department and other State agencies and entities, strategic enforcement of State wage, benefit and tax laws, as deemed appropriate by the commissioner.

The bill provides that as a precondition to the award to a person of direct business assistance from the department, and as a precondition for the department to report to another State agency or entity that a business is in substantial good standing, the department is required to determine whether the person has any outstanding liability to the department under any of the statutes or rules that the department enforces, including but not limited to, for unpaid contributions to the unemployment compensation fund or the State disability benefits fund; to any individual on whose behalf the department has issued a final order for the payment of wages or benefits; or for any penalties, fees or interest due the department pursuant to a final order issued under any of the statutes or rules that the department enforces.

If the department determines that a person has any outstanding liability to the department under any of the statutes or rules that the department enforces, the bill provides that the application by the person for direct business assistance from the department will be denied, and it will be reported to any inquiring State agency or entity that the business is not in substantial good standing. If a person is seeking the award of direct business assistance from the department, or where a report has been requested as to whether the person is in substantial good standing with the department, the bill provides that if the person has entered into an agreement with the department to immediately and fully comply with the statutes and rules enforced by the department and to resolve all delinquencies or deficiencies within a time period specified by the commissioner, then the commissioner may approve the award of direct business assistance from the department, or issue a report that the person is in substantial good standing with the department, notwithstanding

the outstanding liability to the department under any of the statutes or rules that the department enforces.

The bill appropriates from the General Fund to the Department of Labor and Workforce Development, \$1 million to support and expand the “Office of Strategic Enforcement and Compliance” to effectuate the purposes of the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill will result in a one-time increase in State expenditures to establish the Office of Strategic Enforcement and Compliance in the Department of Labor and Workforce Development (DOLWD). While the bill appropriates \$1 million from the General Fund for purposes of establishing the office, the OLS does not have enough information to opine on the actual one-time expenditures. It is unknown if the establishment of the office can be primarily absorbed by the department using current staff and existing resources or if it will require the hiring of additional staff.

The OLS notes that the bill will result in annual indeterminate increases in administrative State expenditures tied to the continuing support of the Office of Strategic Enforcement and Compliance. Absent information from DOLWD, the OLS cannot accurately estimate the actual impact of the bill. The OLS notes, however, that this indeterminate impact may be minimized or absorbed by the DOLWD’s existing operational budget.