

September 9, 2013

**ASSEMBLY BILL NO. 1578
(First Reprint)**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 1578 (First Reprint) without my approval.

The independent contractor model is a common approach by which trucking businesses engage drivers in this State. This bill, however, seeks to establish a presumption that truck drivers in the drayage and parcel delivery industries are presumed to be employees rather than independent contractors. It further seeks to impose criminal penalties upon businesses that classify their drivers as independent contractors if the presumption is not overcome.

The willful misclassification of workers as independent contractors denies drivers the benefits and protections that come with employee status. Misclassification may also place honest businesses at a competitive disadvantage and may serve as a means of avoiding tax obligations. Nevertheless, the approach taken in this bill is overreaching and has the potential to cause severe and significant economic harms to New Jersey's trucking industry.

I am especially troubled by the criminal penalties imposed by this bill on businesses that misclassify their drivers, even if the misclassification is not willful. Given that the inquiry as to whether a truck driver is an independent contractor or an employee is necessarily fact-sensitive, a prudent trucking business seeking to use the independent contractor model may choose to leave the State rather than risk criminal culpability. Thus, this bill not only impacts willful misclassifiers, but may harm virtually any trucking business engaging drivers as independent contractors.

In addition to making New Jersey unfriendly to the trucking industry, the bill would likely have other undesirable consequences. For example, if trucking businesses flee the State, overseas shippers are likely to deliver goods to ports in other states and all manner of commerce could see adverse price impacts. In light of the need to continue to improve the economic climate in New Jersey, I cannot sign a bill that would have such a chilling effect on business.

Accordingly, I herewith return Assembly Bill No. 1578 (First Reprint) without my approval.

[seal]

Respectfully,
/s/ Chris Christie
Governor

Attest:

/s/ Charles B. McKenna
Chief Counsel to the Governor