

## LABOR &amp; EMPLOYMENT

# ALERT

## NEW JERSEY TIGHTENS UP UNEMPLOYMENT COMPENSATION LAWS

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On August 19, 2013, Governor Christie signed two bills into law aimed at tightening penalty collection and assessment in the state's unemployment compensation system.

The first law (S-2738) clarifies that penalties relating to incorrect payment of unemployment benefits are to be assessed strictly at 25 percent of the amount fraudulently obtained by the individual. Previously, this penalty was assessed at the greater of \$20 or 25 percent of the fraudulent amount. The law also requires the New Jersey Department of Labor and Workforce Development (NJDLWD) to immediately deposit any penalties that are recovered and split the penalties between the unemployment insurance trust fund (15 percent) and the unemployment compensation auxiliary fund (10 percent). By requiring these penalties to be deposited immediately, the provision aims to have them reinvested faster to help unemployed residents as quickly as possible by making the money readily available to pay unemployment claims.

The second law (S-2739) requires employers to be more diligent in responding to the state regarding unemployment and temporary disability claims. If the NJDLWD determines that the employer is at fault for an incorrect payment, or if the employer fails to respond to an inquiry in a timely manner, and the employer has a "pattern of failing to respond," which is defined as having three documented failures to respond within a one-year period, then the penalty charges will not be relieved. The law gives employers 10 days to respond or risk not having the charges relieved.

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