

LABOR & EMPLOYMENT



NEW JERSEY TIGHTENS UP UNEMPLOYMENT COMPENSATION LAWS

By: Wayne E. Pinkstone and Jonathan D. Ash

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.

If you have any questions, please contact Wayne E. Pinkstone at 609.895.7063 or <u>wpinkstone@foxrothschild.com</u> or Jonathan D. Ash at 609.895.7079 or <u>jash@foxrothschild.com</u> or any member of Fox Rothschild's <u>Labor & Employment</u> <u>Department</u>.



Attorney Advertisement

© 2013 Fox Rothschild LLP. All rights reserved. All content of this publication is the property and copyright of Fox Rothschild LLP and may not be reproduced in any format without prior express permission. Contact marketing@foxrothschild.com for more information or to seek permission to reproduce content. This publication is intended for general information purposes only. It does not constitute legal advice. The reader should consult with knowledgeable legal course! to determine how applicable laws apply to specific facts and situations. This publication is based on the most current information at the time it was written. Since it is possible that the laws or other circumstances may have changed since publication, please call us to discuss any action you may be considering as a result of reading this publication.