



January 2020

The Honorable Philip Murphy
Governor of New Jersey
Trenton, NJ 08625

VIA ELECTRONIC MAIL – c/o George.Helmy@nj.gov, Kathleen.Frangione@nj.gov

The North Essex Chamber of Commerce (NECC) strongly opposes S 4204 and A 5936.

Dear Governor Murphy:

I am writing to you concerning the recent employee misclassification bills introduced in the New Jersey Senate and Assembly in November. Bills **S 4204** and **A 5936** will have a detrimental impact on small businesses across the state.

Businesses who hire temporary workers now would find it hard, if not impossible, to hire them to meet peak demand. These businesses would either have to maintain peak staffing at all times or be unable to meet their customers' needs when demand is high. For these businesses profit margins will shrink and ultimately may put out of business.

Businesses who serve companies as independent service providers, including marketing and business strategists, trainers, freelance writers, consultants, graphic designers, and others will be put out of business. **S 4204** and **A 5936** would classify many of these consultants as employees, which would put their growing businesses at risk.

Many small businesses depend on larger companies awarding small contracts to work on or off company premises. This allows them to build their businesses and go after larger contracts over time. Many large companies encourage small businesses to subcontract with their Tier 1/Prime contractors in order to prove they can handle the work and to grow large enough to become a prime contractor. **S 4204** and **A 5936** will discourage contractors from awarding subcontracts to New Jersey-based businesses.

According to the U.S. Small Business Administration Office of Advocacy's 2018 Small Business Profile, there are 861,373 total small businesses in the State of New Jersey, which

is 99.6% of all New Jersey businesses. This includes 670,765 non-employer firms and 170,012 firms with 1 – 20 employees.

<https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-NJ.pdf>

Therefore, 78% of NJ small businesses are non-employer firms, and 20% have 20 employees or fewer.

Finally, **S 4204 and A 5936** will make New Jersey that much more unappealing to do business here. The high cost of doing business and living in New Jersey is already a deterrent to business growth and retention of residents.

Therefore, NECC opposes **S 4204 and A 5936**. At the very least, NECC would like the bill to exempt project-based consultants and those businesses certified by the State of New Jersey as SBE's and be rewritten so that the unintended consequences the bill currently creates—including its effects so many professional service providers—are eliminated.

Respectfully,

Board of Directors, North Essex Chamber of Commerce

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