

[Home](#) / NJDOL Adopts Clear Rules on Worker Classification to Protect Workers' Rights, Level the Playing Field for Businesses

NJDOL Adopts Clear Rules on Worker Classification to Protect Workers' Rights, Level the Playing Field for Businesses

FOR IMMEDIATE RELEASE

May 5, 2026

TRENTON – Today, the New Jersey Department of Labor and Workforce Development (NJDOL) adopted new regulations that clarify the statutory ABC test for determining whether a worker is an independent contractor or employee. These rules provide New Jersey businesses with clarity and guidance to be able to compete fairly and comply with the state's labor laws by classifying workers correctly.

Among the laws to which the regulations apply are the New Jersey Unemployment Compensation Law, the New Jersey Wage and Hour Law, and the New Jersey Wage Payment Law. The regulations synthesize decades of court decisions, including the New Jersey Supreme Court's unanimous ruling in *East Bay Drywall, LLC v. Department of Labor* (2022), and its landmark decision in *Carpet Remnant Warehouse, Inc. v. NJ Department of Labor* (1991).

During the rulemaking process, the NJDOL extended the public comment period from 60 to 90 days and conducted an open public hearing, receiving thousands of comments. The adopted regulations incorporate significant feedback from the business community that led to meaningful changes.

The newly adopted regulations provide:

Clear standards that remove guesswork and help businesses classify workers correctly from day one.

Protection for legitimate independent contractors and their right to operate independent businesses.

A level playing field by ensuring all businesses follow the same rules, preventing unfair advantages gained through worker misclassification.

Transparent enforcement guidelines so businesses know exactly how to comply and what to expect.

"We heard from New Jersey's business community and workers — and we acted on it. We removed provisions in the draft rules that created uncertainty and built a framework shaped by their input, one that protects legitimate independent contractors, supports employees, and respects businesses that follow the rules," **said Acting Labor Commissioner Kevin D. Jarvis**. "At its core, this action has always been about protecting workers through fairness and clarity. When expectations are set, responsible employers can compete on a level playing field, without being undercut by those who misclassify workers."

NJDOL removed specific examples from the proposed rules in direct response to the concerns voiced by the state's business community, demonstrating the Department's commitment to supporting the growth of Garden State employers.

"Thanks to the collective efforts of the New Jersey Supreme Court, our legislators, Governor Sherrill, our workforce, and the business community, we've helped solidify workers' rights in the law," **Jarvis added**.

The ABC Test—Simply Put

To be classified as an independent contractor under New Jersey law, the putative employer has the burden of proof to meet all three prongs of the ABC test:

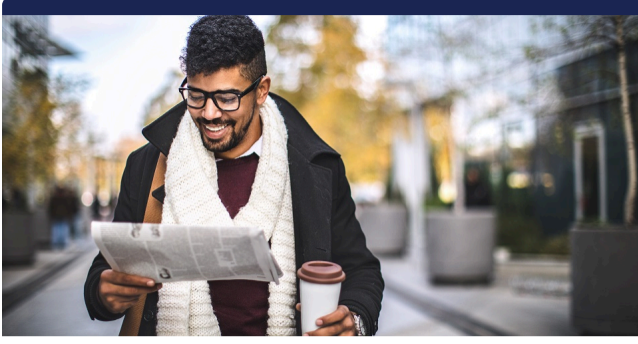
- A)** Worker has been and will continue to be free from control or direction over the performance of services, both under the worker's contract of service and in fact;
- B)** Work performed is either outside the usual course of the business for which the work is being performed, or the work is performed outside of all the places of business of the enterprise; and
- C)** Worker is customarily engaged in an independently established trade, occupation, profession or business.

The new rules will be operative on October 1, 2026, 120 days from the anticipated June 1, 2026 publication/effective date.

To read the final rule in full, including NJDOL's responses to questions posed during the public comment period, visit: [https://www.nj.gov/labor/assets/PDFs/Legal%20Notices/Rule%20Adoptions/NJAC_12_11_\(notice_of_adoption\)_FILED.pdf](https://www.nj.gov/labor/assets/PDFs/Legal%20Notices/Rule%20Adoptions/NJAC_12_11_(notice_of_adoption)_FILED.pdf).

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