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/ New Jersey Department of Labor and Workforce Development Transmits \$16 Million Worker Misclassification Case Against Lyft to the Office of Administrative Law

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FOR IMMEDIATE RELEASE

March 7, 2022

TRENTON – The New Jersey Department of Labor and Workforce Development (NJDOL) has advanced its worker misclassification case against Lyft to the courts, asking an administrative law judge to confirm the Department’s assessment that the ride-share company owes \$16 million in unemployment, temporary disability and family leave contributions and penalties, as a four-year Department audit found.

NJDOL’s assessment determined the company misclassified drivers as independent contractors rather than employees, and as a result, failed to pay employer contributions for unemployment, temporary disability, family leave insurance, and other benefits.

Lyft is contesting the assessment.

By transferring the case to the state’s Office of Administrative Law, NJDOL is asking a judge to confirm that Lyft owes employer contributions, plus penalties and interest, for the tax years 2014 through 2017. If the drivers are independent contractors, as Lyft maintains, the company would not owe the unpaid contributions.

“Misclassification laws exist not only to protect workers from being exploited, but also the vast majority of employers who pay the unemployment and disability taxes they owe and should not be put at an economic disadvantage by those who flout the law,” said Assistant Commissioner of Income Securities Ron Marino.

“If the COVID-19 pandemic taught us anything,” he continued, “it’s the importance of having a financial safety net, and through their actions, Lyft has deprived basic rights and protections to the people they rely on the most.”

The audit of Lyft was triggered by drivers filing for unemployment insurance even though neither they nor their employer had paid into the Unemployment Trust Fund, which pays for those benefits. Employers are required to contribute to the fund – unless their workers are independent contractors.


Generally, under New Jersey law, workers are presumed to be employees, and not independent contractors, unless the employer can meet all three parts of the ABC test. In order to satisfy the test, a company must be able to show it doesn’t control the work, and that the service being provided is outside the usual course of business or outside the usual places of business, and the worker is engaged in an independent trade, occupation, profession, or business that could operate separately and apart from the company.

Misclassified workers do not receive the same protections as employees. They may be cheated out of minimum wage, earned sick time, overtime, temporary disability, health and safety protections, and more.

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