

ASSEMBLY, No. 6246

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JANUARY 3, 2022

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

SYNOPSIS

Concerns changes in control of hotels and disruptions of hotel services.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning changes in control of hotels and disruptions of
2 hotel services and supplementing Title 29 of the Revised
3 Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. (1) Not less than 30 days before a change in control or
9 change in controlling interest or identity, a former hotel employer
10 shall provide the successor hotel employer with a full and accurate
11 list containing the name, address, date of hire, phone number, wage
12 rate, and employment classification of each hotel service employee
13 employed at an affected hotel. At the same time that the former
14 hotel employer provides the list, the former hotel employer shall
15 post the list in a notice to the hotel service employees that also sets
16 forth the rights provided by this section, in the same location and
17 manner that other statutorily required notices to the employees are
18 posted at the affected hotel; provided that if the hotel is not open to
19 the public, the notice shall be transmitted in the same manner as any
20 offer of employment made pursuant to paragraph (2) of this
21 subsection a. The notice shall also be provided to the employees'
22 collective bargaining representative, if any.

23 (2) A successor hotel employer shall, during the hotel service
24 employee retention period, offer each eligible hotel service
25 employee employment for no less than 90 working days under the
26 terms and conditions established by the successor hotel employer,
27 with no reduction of wages or benefits, except that the wage and
28 benefit rates offered and paid for the period may be higher than the
29 rates last paid to the employee by the former hotel employer, and
30 shall not be lower than any rate required by law. The offers shall be
31 made in writing and shall remain open for at least 10 business days
32 from the date of the offer.

33 (3) Except as provided in paragraph (4) of this subsection, an
34 eligible hotel service employee retained pursuant to this section
35 shall not be discharged without cause during the hotel service
36 employee retention period.

37 (4) If at any time during the hotel service employee retention
38 period the successor hotel employer determines that fewer hotel
39 service employees are required than were employed by the former
40 hotel employer, the successor hotel employer shall retain eligible
41 hotel service employees by seniority and experience within each job
42 classification, to the extent the classification exists, and offer to
43 rehire the laid-off employees if the positions are subsequently
44 restored.

45 (5) A successor hotel employer shall retain written verification
46 of each offer of employment made pursuant to paragraph (2) of this
47 subsection. The verification shall include the name, address, date
48 of hire, phone number, wage rate, and employment classification of

1 the eligible hotel service employee to whom the offer was made. A
2 successor hotel employer shall retain the verification for no less
3 than three years from the date the offer is made.

4 (6) At the end of the hotel service employee retention period,
5 the successor hotel employer shall perform a written performance
6 evaluation for each hotel service employee retained pursuant to this
7 section. If the employee's performance during the retention period
8 is satisfactory, the successor hotel employer shall offer the
9 employee continued employment under the terms and conditions
10 established by the successor hotel employer. A successor hotel
11 employer shall retain the written performance evaluation for no less
12 than three years from the date it is issued.

13 b. A hotel service employee who has been discharged or not
14 retained in violation of this section, or a representative of the
15 employee, may bring an action in a court of competent jurisdiction
16 against a former hotel employer or successor hotel employer for any
17 violation of an obligation imposed pursuant to this section.

18 The court shall have authority to order preliminary and
19 permanent equitable relief, including, but not limited to,
20 reinstatement of any employee who has been discharged or not
21 retained in violation of this section. If the court finds that by reason
22 of a violation of any obligation imposed pursuant to subsection b. of
23 this section, a hotel service employee has been discharged or not
24 retained in violation of this section, the court shall award:

25 (1) back pay, and an equal amount as liquidated damages, for
26 each day during which the violation continues, which shall be
27 calculated at a rate of compensation not less than the higher of: the
28 average regular rate of pay received by the employee during the last
29 three years of the employee's employment in the same occupation
30 classification; or the final regular rate of pay received by the
31 employee. Back pay shall apply to the period commencing on the
32 date of the discharge or refusal-to-retain by the successor hotel
33 employer and ending on the effective date of any offer of
34 instatement or reinstatement of the employee;

35 (2) costs of benefits the successor hotel service employer would
36 have incurred for the employee under the employee's benefit plan;
37 and

38 (3) the employee's reasonable attorney's fees and costs.

39 The court shall have authority to order the former or successor
40 hotel employer, as applicable, to provide any information required
41 pursuant to subsection b. of this section.

42 c. This section shall not apply to:

43 (1) any successor hotel employer who, on or before the change
44 of control or change in controlling interest or identity, agrees to
45 assume, or to be bound by, the collective bargaining agreement of
46 the former hotel employer until the end of the term of the agreement
47 or the end of hotel service employee retention period, whichever is

1 later, provided that the collective bargaining agreement includes
2 terms and conditions for the discharge or laying off of employees;

3 (2) if there was no existing collective bargaining agreement as
4 described in paragraph (1) of this subsection, any successor hotel
5 employer who agrees, on or before the change of control or change
6 in controlling interest or identity, to enter into a new collective
7 bargaining agreement covering its hotel service employees,
8 provided that the collective bargaining agreement includes terms
9 and conditions for the discharge or laying off of employees; or

10 (3) a former hotel employer who obtains a written commitment
11 from a successor hotel employer that the successor hotel employer's
12 hotel service employees will be covered by a collective bargaining
13 agreement that includes terms and conditions for the discharge or
14 laying off of employees.

15 d. Each hotel employer shall maintain for three years, for each
16 employee and former employee, by name, a record showing the
17 employee's regular hourly rate of pay for each week of the
18 employee's employment. The hotel employer shall make an
19 employee's or former employee's records available in full to the
20 employee or former employee upon request.

21 e. For the purposes of this section:

22 "Affected hotel" means a hotel or discrete portion of a hotel that
23 has been the subject of a change in control or a change in
24 controlling interest or identity.

25 "Change in control" means any sale, assignment, transfer,
26 contribution or other disposition of all or substantially all of the
27 assets used in the operation of a hotel or a discrete portion of a
28 hotel. A change in control shall be defined to occur on the date of
29 execution of the document effectuating the change.

30 "Change in controlling interest or identity" means any sale,
31 assignment, transfer, contribution or other disposition of a
32 controlling interest, including by consolidation, merger or
33 reorganization, of a hotel employer or any person who controls a
34 hotel employer; or any other event or sequence of events, including
35 a purchase, sale or lease termination of a management contract or
36 lease, that causes the identity of the hotel employer at a hotel to
37 change. A change in controlling interest or identity shall be defined
38 to occur on the date of execution of the document effectuating the
39 change.

40 "Eligible hotel service employee" means a hotel service
41 employee employed by a hotel employer at an affected hotel.

42 "Former hotel employer" means any hotel employer who owns,
43 controls or operates a hotel prior to a change in control or change in
44 controlling interest or identity of a hotel or of a discrete portion of a
45 hotel that continues to operate as a hotel after the change.

46 "Hotel" means a hotel, apartment hotel, motel, inn, tourist camp,
47 tourist cabin, tourist home, rooming or boarding house, club, or

1 similar establishment where sleeping accommodations are supplied
2 for pay to transient or permanent guests.

3 “Hotel employer” means any person who owns, controls or
4 operates a hotel, and includes any person or contractor who, in a
5 managerial, supervisory or confidential capacity, employs one or
6 more hotel service employees.

7 “Hotel service” means work performed in connection with the
8 operation of a hotel, including, but not limited to, letting of guest
9 rooms, letting of meeting rooms, provision of food or beverage
10 services, provision of banquet services, or provision of spa services.

11 “Hotel service employee” means: any person employed to
12 perform a hotel service at an affected hotel during the 365-day
13 period immediately preceding the change in control or change in
14 controlling interest or identity of the hotel; or any person formerly
15 employed to perform a hotel service at an affected hotel who retains
16 recall rights under the former hotel employer’s collective
17 bargaining agreement, if any, or under any comparable arrangement
18 established by the former hotel employer, on the date of the change
19 in control or change in controlling interest or identity of the hotel,
20 except that “hotel service employee” shall not include persons who
21 are managerial, supervisory or confidential employees or who
22 otherwise exercise control over the management of the hotel.

23 “Hotel service employee retention period” means the 90-day
24 period beginning on the date of a change in control or change in
25 controlling interest or identity of the hotel or of a discrete portion of
26 the hotel that continues to operate as a hotel after the change, except
27 that, if the hotel is not open to the public on the date, the 90-day
28 period shall begin on the first day that the hotel is open to the public
29 after the change.

30 “Person” means an individual, corporation, business trust, estate,
31 trust, partnership, limited liability company, association, joint
32 venture, government, governmental subdivision, agency, or
33 instrumentality, public corporation, or any other legal or
34 commercial entity.

35 “Successor hotel employer” means a hotel employer who owns,
36 controls or operates a hotel after a change in control or change in
37 controlling interest or identity of the hotel or of a discrete portion of
38 the hotel that continues to operate as a hotel after the change.

39

40 2. a. Within 24 hours of the occurrence of a service disruption,
41 a hotel operator shall provide, in all modifiable mediums in which
42 the hotel advertises, solicits customers, or through which customers
43 can book or reserve rooms or services, notification of the service
44 disruption to each third-party vendor and each guest who is seeking,
45 or has entered into, a reservation, booking, or agreement with the
46 hotel operator or a third-party vendor for the use or occupancy of a
47 room. The notification shall also be provided immediately before
48 accepting or entering into any new reservation, booking, or

1 agreement for the use or occupancy of a room or hotel service. The
2 notification shall also be provided to any current guest. If the
3 circumstances of the service disruption make timely notification
4 impracticable, the notification shall be made as soon as practicable.

5 b. The notification shall describe: the nature of the service
6 disruption; the extent of the service disruption's effect on
7 reservations, bookings, or agreements to use or occupy the room or
8 hotel services; and the right of a guest to cancel or terminate the
9 reservation, booking, or agreement for the use or occupancy of the
10 room or hotel services, with a refund if applicable and without the
11 imposition of any fee, penalty, or other charge, as provided in
12 subsections c. and d. of this section. If the notification is included
13 in a communication containing other information, the notification
14 shall be in a significantly larger font and different color than the
15 remainder of the communication.

16 c. A hotel operator shall not impose any fee, penalty, or other
17 charge, nor retain any deposit, in the event a guest, prior to
18 checking in, cancels a reservation, booking, or agreement with the
19 hotel operator for the use or occupancy of a room, if the guest's stay
20 or room is, or could be, affected by a service disruption during the
21 guest's stay or use of a hotel service.

22 d. If a service disruption arises only after any guest of the room
23 has checked in, the hotel operator shall prominently and clearly
24 notify the guest of the service disruption within 24 hours of the
25 disruption, as provided in subsection a. of this section. The
26 notification shall specify the rights set forth in this subsection,
27 pursuant to subsection b. of this section. The guests of the room or
28 hotel service may terminate any reservation, booking, or agreement
29 for the rental of the room or use of a hotel service, and the hotel
30 operator shall not impose any fee, penalty, or other charge for the
31 termination, nor retain any deposit related to any unused portion of
32 the period of the reservation, booking, or agreement following the
33 onset of the service disruption.

34 e. A hotel operator that violates or causes another person to
35 violate a provision of this section or any rule promulgated pursuant
36 to the section, shall be subject to a civil penalty collectible by the
37 Department of Community Affairs in a summary proceeding
38 pursuant to the "Penalty Enforcement Law of 1999," P.L.1999,
39 c.274 (C.2A:58-10 et seq.), as follows:

40 (1) a civil penalty of \$500 for the first violation;

41 (2) a civil penalty of \$1,000 for the second violation issued for
42 the same offense within a period of two years of the date of the first
43 violation;

44 (3) a civil penalty of \$2,500 for the third violation issued for the
45 same offense within a period of two years of the date of the first
46 violation; and

1 (4) a civil penalty of \$5,000 for the fourth and each subsequent
2 violation issued for the same offense within a period of two years of
3 the date of the first violation.

4 The continuation of a violation shall constitute a separate offense
5 for each successive day

6 f. In addition to any other penalties or remedies for violations
7 of this section, any guest or customer may also bring a private cause
8 of action in any court of competent jurisdiction to recover, in
9 addition to the remedies provided for in this act, compensatory,
10 equitable and consequential damages, and reasonable costs of the
11 action and attorney's fees.

12 g. For the purposes of this section:

13 "Hotel" means a hotel, apartment hotel, motel, inn, tourist camp,
14 tourist cabin, tourist home, rooming or boarding house, club, or
15 similar establishment where sleeping accommodations are supplied
16 for pay to transient or permanent guests.

17 "Hotel operator" means any person, including a contractor, who
18 owns, controls or operates a hotel.

19 "Hotel service" means work performed in connection with the
20 operation of a hotel, including, but not limited to, letting of guest
21 rooms, letting of meeting rooms, provision of food or beverage
22 services, provision of banquet services, or provision of spa services.

23 "Room" means a room available or let out for use or occupancy
24 in a hotel.

25 "Service disruption" means any of the following conditions
26 where the condition substantially affects or is likely to substantially
27 affect any guest's use of a room or utilization of a hotel service:

28 (1) construction work in or directly related to the hotel that
29 creates excessive noise that is likely to substantially disturb a guest,
30 other than construction that is intended to correct an emergency
31 condition or other condition requiring immediate attention;

32 (2) conditions of which the hotel operator is aware, indicating
33 the presence in the hotel of any infestation by bed bugs, lice or
34 other insects, rodents or other vermin capable of spreading disease
35 or being carried, including on one's person, if the infestation has
36 not been fully treated by a licensed exterminator within 24 hours of
37 identifying it;

38 (3) the unavailability, for a period of 24 hours or more, of any
39 advertised hotel amenity, including, but not limited to, a pool, spa,
40 shuttle service, internet access, or food and beverage service;

41 (4) the unavailability, for a period of 24 hours or more, of any
42 advertised room appliances or technology, including but not limited
43 to, in-room refrigerators, or internet or Wi-Fi services;

44 (5) the unavailability of any advertised or legally required
45 accessibility feature, including, but not limited to, an elevator,
46 wheelchair lift, ramp, or accessible bathroom in the room or in any
47 common area of the hotel;

1 (6) the unavailability for a period of 24 hours or more, of any
2 utility, including, but not limited to, gas, water, or electricity when
3 the unavailability affects only the location of the hotel; or

4 (7) any strike, lockout or picketing activity, or other
5 demonstration or event for a calendar day or more at or near the
6 hotel.

7 “Third-party vendor” means a vendor with which a hotel
8 operator has an arrangement for third-party room reservations, or
9 any other entity that has reserved or entered into an agreement or
10 booking for the use or occupancy of one or more rooms in a hotel in
11 furtherance of the business of reselling the rooms to guests.

12
13 3. The provisions of this act shall be deemed to be severable
14 and if any section, subsection, paragraph, sentence or other portion
15 of this act is for any reason held or declared by any court of
16 competent jurisdiction to be unconstitutional or preempted by
17 federal law, or the applicability of that portion to any person or
18 facility is held invalid, the remainder of this act shall not thereby be
19 deemed to be unconstitutional, preempted or invalid.

20
21 4. This act shall take effect immediately and shall apply to any
22 change in control or change in controlling interest or identity of a
23 hotel occurring after the effective date.

24 25 26 STATEMENT

27
28 This bill, in the case of a change in control, controlling interest,
29 or identity of a hotel, requires the successor hotel employer to offer
30 employment to each eligible hotel service employee, with no
31 reduction of wages or benefits, for a retention period of not less
32 than 90 days. The former hotel employer is required to provide the
33 successor hotel employer with a full list of the identities, wage
34 rates, and classifications of the hotel’s service employees, and
35 notify the employees of their rights under the bill.

36 The successor employer is not allowed to discharge the
37 employees during the retention period, except for a reduction in
38 force in which the employer retains employees on the basis of
39 seniority and experience, and offers to rehire the laid off employees
40 if the positions are subsequently restored. The employer is
41 required, at the end of the retention period, to make a performance
42 evaluation of each retained employee, and offer continued
43 employment if the employee's performance is satisfactory.

44 The provisions of the bill regarding retention of employees do
45 not apply if there is a collective bargaining agreement that includes
46 terms and conditions for the discharge or laying off of employees.

47 The bill also requires a hotel operator to provide notification to
48 third-party vendors and guests of any services disruption within 24

A6246 KARABINCHAK

9

- 1 hours of becoming aware of the disruption, and provide guests the
- 2 right to cancel any agreement for occupancy without penalty.