

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2796

STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JULY 5, 2022

SUMMARY

- Synopsis:** Expands working hours for minors; updates process for obtaining working papers for minors.
- Type of Impact:** Potential increase in Gross Income Tax collections in the Property Tax Relief Fund; potential increase in State revenue collections to Unemployment Insurance Compensation fund, Supplemental Workforce Fund for Basic Skills, Workforce Development Partnership Fund, and to State Disability Benefits Fund, including the Family Leave account; potential increase in administrative State expenditures.
- Agencies Affected:** Departments of the Treasury and Labor and Workforce Development.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2 and Thereafter</u>
State Cost Increase	Up to \$1 million	Indeterminate
State Revenue Increase	Indeterminate	Indeterminate

- The Office of Legislative Services (OLS) estimates that the enactment of this bill may result in an indeterminate annual increase in Gross Income Tax collections to the Property Tax Relief Fund, to the extent that the net taxable wages are not fully offset by the potential displacement of other workers.
- The OLS also estimates that the enactment of the bill may lead to an increase in payroll tax collections to the Unemployment Insurance Compensation Fund, Supplemental Workforce Fund for Basic Skills, Workforce Development Partnership Fund, and to State Disability Benefits Fund, including the Family Leave insurance account, given the increase in wages earned by minors under the bill.
- The OLS notes that the bill may result in an annual indeterminate increase in State expenditures to the Department of Labor and Workforce Development tied to the requirement that the department establish and maintain a database for the employment of minors that is accessible by the public and that displays each employer that is required to register under the provisions

of the bill. The bill appropriates \$1 million from the General Fund to the Department of Labor and Workforce and Development for the purposes of the bill.

BILL DESCRIPTION

This bill expands the hours working for minors. The bill makes permanent P.L.2021, c.149, which expanded summer working hours for minors between 16 and 18 years of age to up to 50 hours per week for the summer of 2021. The bill expands working hours for minors who are 14 years of age and 15 years of age to mirror federal laws for working minors.

The bill removes authority from school districts to issue working papers for minors and establishes a centralized database within the Department of Labor and Workforce Development for minors and employers to register with in order for minors to work. The registration is a one-time registration for minors and will be effective until the minor is no longer a minor. If the minor changes employment or take on additional employment, the minor will be required to update the minor's registration.

An employer that hires, employs, or permits any minor under the age of 18 to work is required to register under the bill.

The bill requires the department to provide caregivers with notice of the minor's registration, and it requires caregivers to authorize or reject a minor's registration to work.

The bill increases the amount of time a minor may work before a break is required from five hours to six hours.

The bill provides an appropriation from the General Fund to the Department of Labor and Workforce Development of \$1,000,000 to effectuate the purposes of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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The OLS also estimates that the enactment of the bill may lead to increase in payroll tax collections to the Unemployment Insurance Compensation Fund, Supplemental Workforce Fund for Basic Skills, Workforce Development Partnership Fund, and to State Disability Benefits Fund, including the Family Leave insurance account, given the increase in wages earned by minors under the bill. These programs are funded through payroll taxes, the rates of which are set annually and applied to that year's taxable wage base.

The OLS notes that the bill may result in an annual indeterminate increase in State expenditures to the Department of Labor and Workforce Development tied to the requirement that the department establish and maintain a database for the employment of minors that is accessible by the public and that displays each employer that is required to register under the provisions of the bill. The bill appropriates \$1 million from the General Fund to the Department of Labor and Workforce and Development for the purposes of the bill.

Section: Commerce, Labor and Industry

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Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).