

**Fourth Report of the
Joint Agency Task Force on
Employee Misclassification Enforcement**

September 1, 2014

Executive Order #2010-3 dated September 3, 2010, issued by Governor John H. Lynch, established the Joint Agency Task Force on Employee Misclassification Enforcement. The Task Force is composed of eight commissioners and the attorney general, or their designees, from the departments of Labor, Insurance, Employment Security, Revenue Administration, Administrative Services, Transportation, Environmental Services, Information Technology, and Justice.

The Task Force mission statement, consistent with the enabling Executive Order, states as follows:

The New Hampshire Joint Agency Task Force on Employee Misclassification Enforcement is committed to reducing the number of workers who are wrongly classified as independent contractors when their labor is truly employment.

Individuals and businesses who misclassify workers do so in violation of labor, employment, tax, insurance and occupational safety laws, by failing to pay required wages, carry workers' compensation insurance, comply with health, safety and licensing requirements, or pay income taxes and payroll taxes that fund unemployment insurance, disability insurance, and Medicare and Social Security benefits.

The Joint Task Force seeks ways to identify those situations where misclassification is occurring by sharing information each agency already has, and helping coordinate enforcement policies and procedures.

The Joint Task Force seeks to reduce the number of employers who fail to classify their workers properly and who fail to follow all legal steps to assure full legal protection for workers. The Joint Task Force will educate and encourage employers to learn how to treat workers appropriately. The Joint Task Force will recommend more effective mechanisms to sanction those employers who intentionally violate the law for their own unfair advantage over workers and business competitors.

Actions Taken During the Year

The Task Force has continued its efforts to prevent worker misclassification by educating employers and workers. Every newly organized corporation in New Hampshire receives from the Secretary of State a welcoming packet that explains misclassification problems and how to avoid them.

The Task Force continued its outreach efforts to workers who may not even realize they are exploited illegally. These workers are harder to reach, of course, because they are not members of organizations through which communication can be directed to them. Accordingly, the Task Force has worked to utilize social media as a method of spreading the word to such workers about how to seek help if necessary.

The process to report suspicions about employers who may be misclassifying workers, including anonymous reporting, through the Task Force website (www.nh.gov/nhworkers) continues to be refined.

The Task Force met with Maine's Executive Director and Chairman of the Workers' Compensation Board to learn about Maine's experience with some important changes to its laws. Maine had worked to make uniform several different legal definitions of the word "employee". It is still too early to know how successful this change will be in assisting workers and employers to comply with labor laws.

Future Efforts

The Task Force will continue to expand its education and outreach efforts to prevent employee misclassification from occurring.

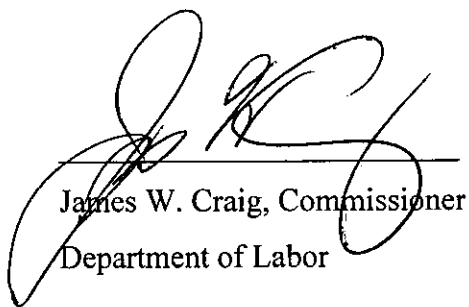
We will be watching closely the experience of Maine to see if its new laws help avoid misclassification or aid in enforcement. Similarly, we will monitor the effort of the

Commonwealth of Massachusetts, which is attempting to prevent misclassification through the mechanism of suing such employers for unfair trade practices.

The Task Force is monitoring the recent efforts by several state agencies (Labor, Employment Security, Revenue and Insurance), along with many private and public stakeholders, to see if NH statutes can be revised to make the definition of "employee" or "employment" clearer in the enforcement of labor laws relating to employee misclassification.

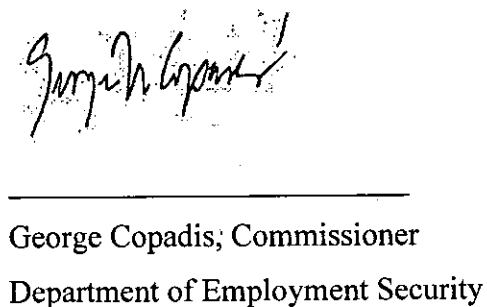
The Task Force welcomes any ideas or suggestions for other approaches that could address the serious problems associated with employee misclassification.

Respectfully submitted,

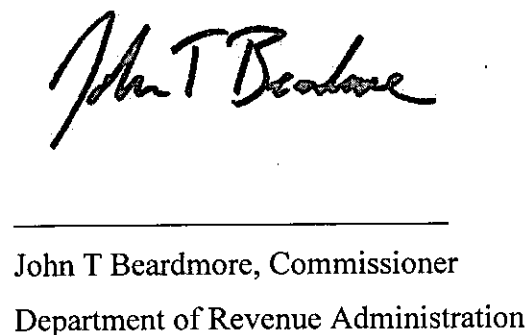


James W. Craig, Commissioner
Department of Labor

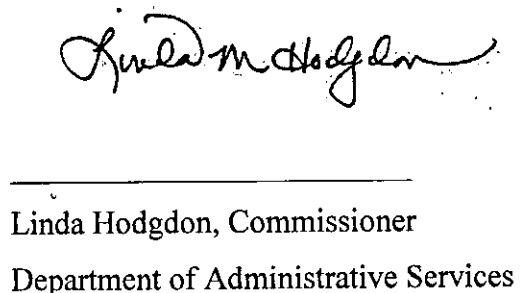
Roger A. Sevigny, Commissioner
Department of Insurance



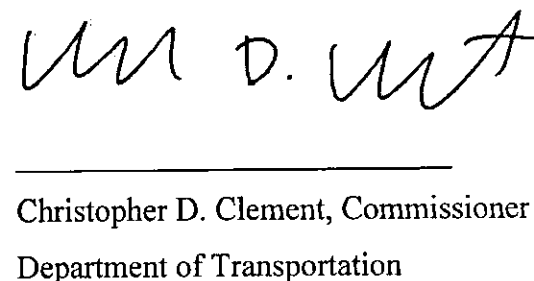
George Copadis, Commissioner
Department of Employment Security



John T Beardmore, Commissioner
Department of Revenue Administration



Linda Hodgdon, Commissioner
Department of Administrative Services



Christopher D. Clement, Commissioner
Department of Transportation

Thomas S. Burack

Thomas S. Burack, Commissioner
Department of Environmental Services

Steven J. Kelleher

Steven Kelleher, Acting Commissioner
Department of Information Technology

Joseph A. Foster, Attorney General
Department of Justice


Commonwealth of Massachusetts, which is attempting to prevent misclassification through the mechanism of suing such employers for unfair trade practices.

The Task Force is monitoring the recent efforts by several state agencies (Labor, Employment Security, Revenue and Insurance), along with many private and public stakeholders, to see if NH statutes can be revised to make the definition of "employee" or "employment" clearer in the enforcement of labor laws relating to employee misclassification.

The Task Force welcomes any ideas or suggestions for other approaches that could address the serious problems associated with employee misclassification.

Respectfully submitted,

James W. Craig, Commissioner
Department of Labor



Roger A. Sevigny, Commissioner
Department of Insurance

George Copadis, Commissioner
Department of Employment Security


John T Beardmore, Commissioner
Department of Revenue Administration

Linda Hodgdon, Commissioner
Department of Administrative Services

Christopher D. Clement, Commissioner
Department of Transportation

Thomas S. Burack, Commissioner
Department of Environmental Services

Steven Kelleher, Acting Commissioner
Department of Information Technology



Joseph A. Foster, Attorney General
Department of Justice