

# NJ LAW LEADERS

## SHARE WHAT NJ BUSINESSES NEED TO WATCH NOW

By Jamie Grill-Goodman



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“New Jersey businesses are operating in one of the most unsettled regulatory environments in years,” says Angela A. Turiano, Partner and Chair of Litigation, Scarinci Hollenbeck LLC. From artificial intelligence and data privacy to worker classification and shifting employment laws, New Jersey employers must grapple with rapid regulatory change and growing compliance demands.

To learn what should be top of mind for businesses, *Commerce* asked leaders in the state’s legal community: **What legal, regulatory or compliance issues should New Jersey businesses be watching right now and how can they prepare for what’s ahead?**

**Cole Schotz**  
*Randi W. Kochman*  
*Co-Managing Shareholder*

New Jersey businesses simply cannot ignore the advent of Artificial Intelligence (AI) and the impact that this technology will undoubtedly have on all businesses within the state. As with any fresh interrupter, businesses are well advised to thoroughly

educate themselves on all aspects of this new technology and its impact on each particular business.

Each organization must fully assess what this innovation will mean for business, including how it will impact the organization. Will AI fully or partially replace or alter the business’s products or services, or even just affect its costing and pricing models? Moreover, the business must consider whether the technology brings with it federal, state or local regulation and compliance and if so, the cost and expense of such regulation and cooperation.

Finally, each organization should consider the **impact AI will have on the workforce**, which includes whether and how AI will replace or at least affect—in whole or in part—the organization’s employees and any contractors, as well as all training required, so that the workforce knows exactly how AI is to be used to ensure quality control. AI promises to have a staggering global impact, and it will surely shape the business landscape for years to come. Savvy New Jersey businesses will prepare

for this seismic change.

**FBT Gibbons**  
*John T. Wolak*  
*Partner*

New Jersey businesses are in one of the most active periods ever for data privacy and security regulation, facing legal and compliance headwinds at the federal, state and municipal levels that will have a direct and permanent impact on operations. To successfully navigate these issues, companies must move from ad hoc responses to the careful development and focused implementation of detailed policies and practices.

For example, businesses that meet the application threshold of the New Jersey Data Privacy Act (NJDPDA) must now recognize Universal Opt-Out Mechanism signals on the company’s websites. In addition, the statutory cure period in the NJDPDA expires in June 2026, which means that businesses will now suffer the full bite of any enforcement action by the Attorney General’s office. Finally, the NJDPDA requires detailed terms for contracts with vendors

that have access to and process personal data, which means businesses should review and amend existing contracts and negotiate compliant terms in future contracts.

Separately, any business integrating AI and automated decision-making into operations will face ongoing and often complex contracting, implementation, governance, and compliance issues as these technologies—and corresponding regulations—develop and evolve.

Finally, and somewhat ironically, in an age of ever-expanding data collection and processing, there is an increasing emphasis on data minimization.

To meet these and other challenges, businesses should consider the following:

- Ensure online and offline data practices, policies and contracts comply with state, federal and local requirements;
- Develop and implement well-defined AI use cases that promote real efficiencies and cost savings; and
- Maintain streamlined data inventories that support actual ongoing business activities.

**NPZ Law Group, P.C.**  
*David Nachman, Esq.*  
*Managing Attorney, Founder*

New Jersey businesses are currently facing a rapidly changing legal and regulatory environment, particularly in the areas

of immigration compliance, workforce verification, employment eligibility, and labor-related enforcement. Employers should pay close attention to I-9 compliance requirements, worksite inspections, and evolving immigration policies that may impact hiring practices and workforce stability.

Many businesses across New Jersey continue to experience challenges related to recruiting and retaining qualified talent. Companies that employ foreign nationals should remain informed about changes involving H-1B visas, employment authorization, green card processing delays, and cross-border workforce planning. A lack of preparation in these areas can disrupt operations and create unnecessary compliance risks.

Employers should also be aware of increasing government attention on wage-and-hour compliance, independent contractor classification, remote workforce management, and workplace data security. As businesses continue to adopt new workplace technologies and digital systems, it is important to ensure that internal policies are updated and that employee information is properly protected.

Preparation and planning remain essential. Businesses should regularly review internal policies, conduct compliance audits, maintain accurate employment records, and provide training for human resources

personnel and management teams. Working closely with experienced legal counsel can help employers identify potential issues early and develop practical strategies to reduce risk.

Companies that remain proactive, informed, and adaptable will be in a much stronger position to navigate future regulatory changes and maintain long-term business stability.

**Norris McLaughlin, P.A.**  
*Mariya Gonor*  
*Member*

First, worker classification remains a priority in New Jersey. New Jersey applies a strict “ABC Test,” placing the burden on businesses to prove that a worker is properly classified as an independent contractor rather than an employee. Misclassification can expose employers to wage-and-hour liability, unpaid payroll taxes, benefits issues, penalties, potential audits, earned sick leave, unemployment and temporary disability contributions, wage payment requirements, and litigation exposure, all very expensive propositions. The New Jersey Department of Labor & Workforce Development has also adopted final regulations clarifying its interpretation of the ABC Test scheduled to become operative on October 1. Businesses should review contractor relationships now, confirm that written agreements match the working relationship, and avoid treating contractors like employees in practice.

Second, employers should prepare for increased scrutiny of AI tools for hiring, promotion, performance management, discipline, and termination decisions. Outsourcing employment decisions to AI tools without auditing them, understanding how they work, or reviewing their outputs does not shield employers from liability. On the contrary, employers remain responsible for the decisions and any bias those tools may perpetuate.

While New Jersey does not yet have any statutes regulating AI tools in connection with employment decisions, the New Jersey Office of Attorney General and the Division on Civil Rights issued guidance on how the New Jersey Law Against Discrimination applies to “algorithmic discrimination” resulting from the use of AI tools. In addition, New York City has already enacted a law regulating automated employment decision tools, including bias audit and notice requirements, and the U.S. Equal Employment Opportunity Commission (EEOC) issued guidance

addressing employment discrimination and AI that employers should review.

**Scarinci Hollenbeck, LLC**  
*Angela A. Turiano*  
*Partner and Chair of Litigation*

New Jersey businesses are operating in one of the most unsettled regulatory environments in years. Three areas deserve close attention.

The first is worker classification and AI in hiring. New Jersey’s ABC Test continues to make independent contractor classification difficult, and the federal Fair Labor Standards Act economic realities test has shifted across recent administrations. Joint employer liability adds another layer of exposure. AI is the new wrinkle. The New Jersey Attorney General has signaled that the Law Against Discrimination applies to algorithmic and automated employment tools, which means recruiting and screening software now carries the same disparate impact risk as any other hiring practice.

The second is federal employment enforcement. EEOC priorities have shifted

meaningfully under the current administration, and what was clear guidance a year ago may not be clear today. Employers preparing for terminations, reductions in force, or workplace investigations should revisit policies, documentation, and training rather than rely on what worked in past cycles.

The third is family leave. New Jersey has enacted sweeping changes to its family leave laws (NJFLA and FLI) that will take effect in July and significantly affect small and mid-sized employers across the state. For small businesses, many of which were previously exempt, these changes introduce new compliance requirements and operational challenges that should be addressed well before the effective date.

Preparation comes down to one habit. Treat compliance as a quarterly review, not an annual one.