



Independent Contractor Test for Delivery Drivers Upheld

By David J. Sprong, Esq.

The United States Court of Appeals ruled yesterday that a federal law governing motor carriers does not limit New Jersey’s law regarding the independent contractor status of delivery drivers. The ruling sets the precedent for New Jersey and answers any outstanding questions regarding the classification of drivers in New Jersey. This decision could have negative financial ramifications to wages, costs and prices across the industry, so companies in this industry must be mindful of the impact of this decision on their businesses.

The current New Jersey law is that the “ABC Test” must be used to determine if a driver is an employee or an independent contractor. The ABC Test essentially provides that all drivers must be classified as employees unless a transportation company can show that the drivers (a) are free from their control, (b) perform work that is outside the company’s business and (c) are in an independently established business.

That law was put to the test in federal court in the case of *Bedoya et al. v. American Eagle Express, Inc.*, No. 18-1641 (3d Cir. 2019), which was decided on January 29, 2019. In that case, the defendant logistics company designated its drivers as independent contractors, and certain drivers filed a class action lawsuit challenging that classification. The drivers asserted that they should be designated as employees and that they should receive the associated compensation and benefits. In defending the case, the logistics company argued that a certain federal law, the Federal Aviation Authorization Administration Act of 1994, “preempted” New Jersey law, such that New Jersey could not impose any test to set the definition that constitutes an independent contractor. The Court of Appeals ruled against the logistics company, and the New Jersey ABC Test was allowed to stand. To gain a greater understanding of how this decision could impact the bottom line, transportation companies should seek advice from qualified legal counsel.

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