

Court Holds that State Worker Classification Law Is Preempted by Federal Law

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On February 5, 2015, a federal judge in Massachusetts dismissed two lawsuits against JB Hunt and FedEx, which had alleged that those carriers violated a Massachusetts labor law by classifying their drivers as independent contractors rather than as employees. The Federal judge concluded that the Massachusetts law was preempted by the Federal Aviation Administration Authorization Act and therefore could not be enforced. The FAAA expressly provides that federal statutes will preempt or supersede state laws if they could affect “prices, routes and services” of motor carriers and interstate freight movement.

Drivers have previously had success challenging their classification as independent contractors instead of employees in various state and federal courts in obtaining rulings that they were improperly classified as independent contractors. For example, the Ninth Circuit Court of Appeals, which covers California and other Western States, has twice overturned rulings by lower courts that had concluded that drivers were independent contractors, not employees. A federal court in Indian also ruled against FedEx in a class action concluding that it had misclassified its workers in various states.

Following those rulings, several states have enacted legislation creating a presumption that drivers are employees, not independent contractors. New Jersey currently has bills pending in the legislature that would create a presumption that drivers of motor carriers are employees. In 2013, the NJ Assembly passed the Truck Operator Independent Contractor Act (A1578) that would establish a presumption that port and parcel delivery truck drivers are employees unless companies can prove otherwise. The NJ Senate labor committee has cleared similar legislation (S1450), but the law has not yet been adopted in NJ.

The ruling in Massachusetts most likely will be appealed, but if upheld, is significant as it would provide precedent to invalidate similar worker classification laws in other states, and may dissuade states like NJ from adopting a classification law that will be subject to preemption.