ASSEMBLY COMMERCE, ECONOMIC DEVELOPMENT AND AGRICULTURE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5870

STATE OF NEW JERSEY

DATED: JANUARY 5, 2026

The Assembly Commerce, Economic Development and Agriculture Committee reports favorably and with committee amendments Assembly Bill No. 5870.

As amended, this bill establishes certain requirements for any on-demand micro transit program in the State. The bill defines "on-demand micro transit" to mean shared public transportation services provided by means of a motor vehicle to individuals selecting a pick-up and drop-off location by telephone or through a software application, and which transportation is provided at a time selected by the individual or as soon as possible after the individual selects pick-up and drop-off locations for such transportation.

Under the bill, the requirements for on-demand micro transit programs include:

(1) the New Jersey Transit Corporation (corporation) may provide micro transit services through a third-party contractor so long as third-party contractors or subcontractors that provide the on-demand micro transit services directly employ all on-demand micro transit drivers, meet all federal and State wage and hour requirements, and drivers receive a federal W-2 form;

(2) any other entity operating an on-demand micro transit program may provide services through a third-party contractor so long as the third-party contractors or subcontractors that provide on-demand micro transit services directly employ all on-demand micro transit drivers, meet all federal and State wage and hour requirements, and drivers receive a federal W-2 form;

(3) any contract or agreement between an entity and third-party contractor is required to include a precondition to require the contractor and all subcontractors of the contractor to enter into a labor harmony agreement with one or more labor organizations which represent or seek to represent the contractor's employees;

(4) existing employees of an entity that provides on-demand micro transit service, and, if applicable, the entity's existing transportation contractors, and the corporation are not adversely affected by the establishment and operation of the on-demand micro transit program;

(5) each on-demand micro transit program makes reasonable attempts to create service to transit deserts;

(6) on-demand micro transit services are available to persons without access to a smartphone, Internet service, or a credit card; and

(7) on-demand micro transit services include accessibility features to accommodate the mobility needs of persons with disabilities at the same service levels as the general population.

The bill would take effect 180 days after the date of enactment, except that certain micro transit programs already operating as of the effective date of the bill, or that have entered into a contract or have received federal grants, would be exempt from the provisions of the bill for the life of the contract or federal grant, or an additional 60 days, whichever is greater.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) clarify the definitions of "on-demand micro transit," "on-demand micro transit program," and "transit desert";

(2) allow the New Jersey Transit Corporation to provide micro transit services through a third-party contractor or subcontractor so long as the third-party contractor or subcontractor directly employs all on-demand micro transit drivers, meets all federal and State wage and hour requirements, and drivers have W-2 forms;

(3) allow any other entity operating an on-demand micro transit program to provide services through a third-party contractor or subcontractor so long as the third-party contractor or subcontractor directly employs all on-demand micro transit drivers meets all federal and State wage and hour requirements, and drivers have W-2 forms. As introduced, the bill allowed a public entity that did not previously employ public employees as transportation drivers to provide on-demand micro transit services through a third-party contractor so long as certain requirements applied as outlined in the bill as introduced;

(4) remove from the bill provisions that allow an entity to outsource software services to one or more third parties and provide that failure to comply with the requirements of the bill are regarded as a failure to meet the wage and payment requirements of current law;

(5) remove from the bill provisions concerning data reporting, establishing a Micro Transit Oversight Committee, and requiring on-demand micro transit drivers to hold a commercial drivers license; and

(6) revise the effective date to be 180 days after the date of enactment and to exempt, or delay from application, micro transit programs already operating or under contract, or in receipt of a federal grant, to provide micro transit services.