



131st MAINE LEGISLATURE

FIRST REGULAR SESSION-2022

Legislative Document

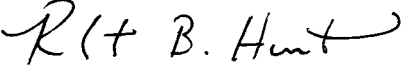
No. 12

H.P. 16

House of Representatives, December 30, 2022

**An Act to Amend the Laws Governing Severance Pay to Cover
More Types of Employers and Include More Workers**

Submitted by the Department of Labor pursuant to Joint Rule 204.
Reference to the Committee on Labor and Housing suggested and ordered printed.


ROBERT B. HUNT
Clerk

Presented by Representative ROEDER of Bangor.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 26 MRSA §625-B, sub-§1, ¶A,** as amended by PL 2015, c. 417, §1, is
3 further amended to read:

4 A. "Covered establishment" means any ~~industrial or commercial~~ facility or part thereof
5 that employs or has employed at any time in the preceding 12-month period 100 or
6 more persons.

7 **Sec. 2. 26 MRSA §625-B, sub-§1, ¶A-1,** as enacted by PL 2015, c. 417, §1, is
8 amended to read:

9 A-1. "Closing" means the permanent shutdown of ~~industrial or commercial~~ operations
10 at a covered establishment. A closing may occur due to relocation, termination or
11 consolidation of the employer's business.

12 **Sec. 3. 26 MRSA §625-B, sub-§1, ¶F,** as enacted by PL 1979, c. 663, §157, is
13 amended to read:

14 F. "Relocation" means the removal of all or substantially all of ~~industrial or~~
15 ~~commercial~~ operations in a covered establishment to a new location, within or without
16 the State of Maine, 100 or more miles distant from its original location.

17 **Sec. 4. 26 MRSA §625-B, sub-§3,** as amended by PL 2015, c. 417, §1, is further
18 amended to read:

19 **3. Mitigation of severance pay liability.** There is no liability under this section for
20 severance pay to an eligible employee if:

21 A. Closing of or a mass layoff at a covered establishment is necessitated by a physical
22 calamity or the final order of a federal, state or local government agency; or

23 B. The employee is covered by, and has actually been paid under the terms of, an
24 express contract providing for severance pay that is in an amount that is greater than
25 the severance pay required by this section. An employer must demonstrate, to the
26 satisfaction of the director, that the severance pay provided under the terms of an
27 express contract provides a greater benefit to the employee than provided in this
28 section; ~~or.~~

29 ~~D. The employee has been employed by the employer for less than 3 years.~~

30 **SUMMARY**

31 Current law regarding employee severance pay due to the closing, substantial shutdown
32 or relocation of a covered establishment applies only to industrial and commercial facilities.
33 This bill removes that limitation, making the law applicable to sectors that are not within
34 the industrial or commercial category. It also removes the exclusion from eligibility for
35 severance pay of employees who have not been employed by the employer for at least 3
36 years.