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.

Presented by Representative ROEDER of Bangor.
Be it enacted by the People of the State of Maine as follows:

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

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

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

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

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

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

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

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

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

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

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

SUMMARY

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