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Legislative Document

No. 1389

S.P. 515

In Senate, May 6, 2015

**An Act To Conform Maine Law to Federal Law Regarding Closings
and Mass Layoffs and To Strengthen Employee Severance Pay
Protections**

Submitted by the Department of Labor pursuant to Joint Rule 204.
Reference to the Committee on Labor, Commerce, Research and Economic Development
suggested and ordered printed.

A handwritten signature in cursive script, reading "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator ROSEN of Hancock.
Cosponsored by Senators: CUSHING of Penobscot, President THIBODEAU of Waldo.

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

2 **Sec. 1. 26 MRSA §625-B**, as amended by PL 2009, c. 305, §§1 to 4 and affected
3 by §5, is further amended to read:

4 **§625-B. Severance pay due to closing, substantial shutdown or relocation of a**
5 **covered establishment**

6 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
7 following words ~~shall~~ have the following meanings.

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

11 A-1. "Closing" means the permanent or temporary substantial shutdown of industrial
12 or commercial operations if the shutdown results in an employment loss at a covered
13 establishment for a 30-consecutive-day period for 50 or more employees, excluding
14 any part-time employees. A closing may occur due to relocation.

15 B. "Director" means the Director of the Bureau of Labor Standards.

16 C. "Employer" means any person who directly or indirectly owns and operates a
17 covered establishment. For purposes of this definition, a parent corporation is
18 considered the indirect owner and operator of any covered establishment that is
19 directly owned and operated by its corporate subsidiary.

20 C-1. "Employment loss" means an employment termination, other than a discharge
21 for cause, voluntary departure or retirement, when there is no definite recall date.
22 Employment loss can occur due to a layoff exceeding 6 consecutive months or a
23 reduction in employees' hours of work of more than 50% for each month of a 6-
24 consecutive-month period. Ambiguous language of an employer regarding the
25 duration and nature of an employment loss may not be construed to prevent potential
26 liability for payment of severance under this section.

27 C-2. "Gross earnings" includes all pay for regular hours, shift differentials,
28 premiums, overtime, floating holidays, holidays, funeral leave, jury duty pay, sick
29 pay and vacation pay. "Gross earnings" does not include payments made under a
30 3rd-party benefit program, such as disability payments.

31 C-3. "Mass layoff" means a reduction in workforce, not the result of a closing, that
32 results in an employment loss at a covered establishment for a 30-consecutive-day
33 period. A layoff is considered a mass layoff when the following numbers of
34 employees are affected, excluding part-time employees:

35 (1) At least 33% of the employees and at least 50 employees; or

36 (2) At least 500 employees.

37 C-4. "Part-time employee" means an employee who is employed for an average of
38 fewer than 20 hours per week or who has been employed for fewer than 6 of the 12
39 months preceding the date on which notice is required under this section.

1 D. "Person" means any individual, group of individuals, partnership, corporation,
2 association or any other entity.

3 E. "Physical calamity" means any calamity such as fire, flood or other natural
4 disaster.

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

8 ~~G. "Termination" means the substantial cessation of industrial or commercial
9 operations in a covered establishment.~~

10 H. "Week's pay" means an amount equal to the employee's gross earnings during the
11 12 months previous to the date of ~~termination or relocation~~ closing as established by
12 the director or the date of the termination or layoff of the employee, should it occur
13 earlier, divided by the number of weeks in which the employee worked during that
14 period.

15 **2. Severance pay.** Any employer ~~who relocates or terminates~~ closing a covered
16 establishment ~~shall be~~ is liable to ~~his~~ that employer's employees for severance pay at the
17 rate of one week's pay for each year of employment by the employee in that
18 establishment. The severance pay to eligible employees ~~shall be~~ is in addition to any final
19 wage payment to the employee and ~~shall~~ must be paid within one regular pay period after
20 the employee's last full day of work, notwithstanding any other provisions of law.

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

23 A. ~~Relocation or termination~~ Closing of a covered establishment is necessitated by a
24 physical calamity ~~or the final order of a federal, state or local government agency,~~
25 including an adjudication of bankruptcy;

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

31 C. ~~That~~ The employer relocates and the employee accepts employment at the new
32 location; or

33 D. That employee has been employed by the employer for less than 3 years; ~~or,~~

34 E. ~~A covered establishment files for protection under 11 United States Code, Chapter~~
35 ~~11 unless the filing is later converted to a filing under 11 United States Code, Chapter~~
36 ~~7.~~

37 **4. Suits by, or on behalf of, employees.** Any employer who violates the provisions
38 of this section ~~shall be~~ is liable to the employee or employees affected in the amount of
39 their unpaid severance pay. Action to recover the liability may be maintained against any
40 employer in any state or federal court of competent jurisdiction by any one or more
41 employees for and on behalf of ~~himself~~ that employee or ~~themselves~~ those employees and

1 any other employees similarly situated. Any labor organization may also maintain an
2 action on behalf of its members. The court in such action shall, in addition to any
3 judgment awarded to the plaintiff or plaintiffs, allow a reasonable attorney's fee to be paid
4 by the defendant and costs of the action.

5 **5. Suits by the director.** The director is authorized to supervise the payment of the
6 unpaid severance pay owing to any employee under this section. The director may bring
7 an action in any court of competent jurisdiction to recover the amount of any unpaid
8 severance pay. The right provided by subsection 4 to bring an action by or on behalf of
9 any employee, and of any employee to become a party plaintiff to any such action, ~~shall~~
10 ~~terminate~~ terminates upon the filing of a complaint by the director in an action under this
11 subsection, unless the action is dismissed without prejudice by the director. Any sums
12 recovered by the director on behalf of an employee pursuant to this subsection ~~shall~~ must
13 be held in a special deposit account and ~~shall~~ must be paid, on order of the director,
14 directly to the employee affected. Any sums thus recovered not paid to an employee
15 because of inability to do so within a period of 3 years ~~shall~~ must be paid over to the State
16 of Maine.

17 **6. Notice of director.** Any person proposing to ~~relocate or terminate~~ close a covered
18 establishment shall notify the director in writing not less than 60 days prior to the
19 ~~relocation~~ closing. A person initiating a mass layoff at a covered establishment shall
20 notify the director as far in advance as practicable, and no later than within 7 days of the
21 layoff, and shall report to the director the expected duration of the layoff and whether it is
22 of indefinite or definite duration. The director shall, from time to time, but no less
23 frequently than every 30 days, require the employer to report such facts as the director
24 considers relevant to determine whether the mass layoff constitutes a closing under this
25 section or whether there is a substantial reason to believe the affected employees will be
26 recalled. A notification or report provided to the director pursuant to this subsection must
27 contain all relevant information in the possession of the employer regarding a potential
28 recall, if applicable.

29 **6-A. Notice to employees and municipality.** A person proposing to ~~terminate or to~~
30 ~~relocate~~ close a covered establishment ~~outside the State~~ shall notify employees and the
31 municipal officers of the municipality where the ~~plant~~ covered establishment is located in
32 writing not less than 60 days prior to the ~~termination or relocation~~ closing, unless this
33 notice requirement is waived by the director. A person that violates this provision
34 commits a civil violation for which a fine of not more than \$500 may be adjudged, except
35 that a fine may not be adjudged if the ~~relocation~~ closing is necessitated by a physical
36 calamity or the final order of a federal, state or local government agency, including an
37 adjudication of bankruptcy, or if the failure to give notice is due to unforeseen
38 circumstances. A fine imposed pursuant to this subsection may not be collected by the
39 Department of Labor to the extent such collection prevents the violator from making all
40 payments required under subsection 2.

41 **7. Powers of director.** In any investigation or proceeding under this section, the
42 director ~~shall have~~ has, in addition to all other powers granted by law, the authority to
43 examine books and records of any employer affected by this section as set out in section
44 665, subsection 1.

