

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-TWO

H.P. 160 - L.D. 225

**An Act Regarding the Treatment of Vacation Time upon the Cessation of
Employment**

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

Sec. 1. 26 MRSA §626, first ¶, as amended by PL 2017, c. 219, §11, is further amended to read:

An employee leaving employment must be paid in full no later than the employee's next established payday. Any overcompensation may be withheld if authorized under section 635 and any loan or advance against future earnings or wages may be deducted if evidenced by a statement in writing signed by the employee. Whenever the terms of employment or the employer's established practice includes provisions for paid vacations, vacation pay on cessation of employment has the same status as wages earned. All unused paid vacation accrued pursuant to the employer's vacation policy on and after January 1, 2023 must be paid to the employee on cessation of employment unless the employee is employed by an employer with 10 or fewer employees or by a public employer. If the employee's employment is governed by a collective bargaining agreement that includes provisions addressing payment of vacation pay upon cessation of employment, the collective bargaining agreement supersedes this paragraph.

Sec. 2. 26 MRSA §626, 5th ¶, as amended by PL 1991, c. 162, is further amended to read:

An action for unpaid wages under this section may be brought by the affected employee or employees or by the Department of Labor on behalf of the employee or employees. An employer found in violation of this section is liable for the amount of unpaid wages and, ~~in~~ all accrued vacation pay that must be paid to the employee or employees on cessation of employment pursuant to this section. In addition, the judgment rendered in favor of the employee or employees must include a reasonable rate of interest, an additional amount equal to twice the amount of those unpaid wages and that accrued vacation pay as liquidated damages and costs of suit, including a reasonable attorney's fee.

Sec. 3. 26 MRSA §626, 6th ¶, as amended by PL 2017, c. 219, §12, is further amended to read:

Within 2 weeks after the sale of a business, the seller of the business shall pay employees of that business any wages earned while employed by the seller. If the terms of employment or the employer's established practice includes provisions for paid vacations, vacation pay on cessation of employment has the same status as wages earned. All unused paid vacation accrued pursuant to the employer's vacation policy on and after January 1, 2023 must be paid to the employees on cessation of employment unless the employer has 10 or fewer employees or is a public employer. If the employees' employment is governed by a collective bargaining agreement that includes provisions addressing payment of vacation pay upon cessation of employment, the collective bargaining agreement supersedes this paragraph. The seller of a business may comply with the provisions of this paragraph through a specific agreement with the buyer in which the buyer agrees to pay any wages earned by employees through employment with the seller and to honor any paid vacation earned under the seller's vacation policy.

Sec. 4. 26 MRSA §626, as amended by PL 2017, c. 219, §§11 and 12, is further amended by enacting at the end a new paragraph to read:

For the purposes of this section, "public employer" means the State, a county, a municipality, the University of Maine System, the Maine Community College System, a school administrative unit and any other political body or its political or administrative subdivision.