



Janet T. Mills  
GOVERNOR

STATE OF MAINE  
DEPARTMENT OF LABOR  
54 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0054

Laura A. Fortman  
COMMISSIONER

**Testimony of Michael Roland, Bureau of Labor Standards,  
Maine Department of Labor  
In Support of LD 12,  
An Act to Amend the Laws Governing Severance Pay  
to Cover More Types of Employers and Include More Workers  
To the Joint Standing Committee on Labor and Housing  
Public Hearing, Tuesday, February 7, 2023**

Good morning, Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor and Housing. I am Michael Roland, Director of the Bureau of Labor Standards for the Maine Department of Labor (Department). I am here today to speak on behalf of the Department in support of LD 12, An Act to Amend the Laws Governing Severance Pay to Cover More Types of Employers and Include More Workers.

Currently, **26 MRS §625-B. Severance pay due to closing, substantial shutdown or relocation of a covered establishment** requires notice to employees, municipalities and the State, and in some cases severance to be paid to certain employees in the event of the closure, mass layoff or relocation of a facility that employs 100 or more workers. This bill repeals language as necessary to correct the potential exclusion from coverage of some large employers operating in the service, not-for-profit and possible other sectors that are not clearly within the category of industrial or commercial.

Originally adopted in 1979, Maine's statute regarding severance pay and notification still covers only "industrial or commercial" facilities, which were prevalent at the time but no longer employ as large a proportion of Maine's workforce. For that reason, the Department was recently unable to determine with certainty whether two employers that may otherwise have been required to provide notice and pay severance to their workers were covered by the statute. Sections 1 through 3 of the bill address that concern. We believe it is in the interest of all parties to remove such uncertainty from our statutes to the greatest extent possible.

Regarding Section 4 of the bill, which would remove the current exclusion from severance payment of someone who "has been employed by the employer for less than 3 years," the Department wishes to reconsider our ~~position. We now~~ believe that the proposed change would have unintended consequences that we did not consider when we drafted the bill, among them discouraging the sale of a business in financial distress. Our preference would be to amend the bill to omit Section 4 while leaving the rest of the bill intact. I sincerely apologize for any confusion this might have caused.

With that amendment, we urge you to support **LD 12, An Act to Amend the Laws Governing Severance Pay to Cover More Types of Employers and Include More Workers.**

Thank you for your time and attention. I would be happy to answer any questions you may have now or at a future work session.

The Maine Department of Labor is committed to serving Maine workers and businesses by helping employers recruit and train a talented workforce, providing workers with skills needed to compete in our economy, assisting individuals when jobs are lost, aiding people with disabilities reach career goals, ensuring safe and fair workplaces for people on the job and providing research and analysis of employment data to support job growth.