

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 1358

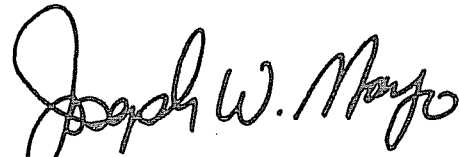
H.P. 1012

House of Representatives, April 29, 1993

**An Act to Require Employee Leasing Companies to Post Security Bonds
or Deposit Securities.**

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.
Reference to the Committee on Business Legislation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative WHITCOMB of Waldo.
Cosponsored by Representative: HILLOCK of Gorham.

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

2
4 Sec. 1. 26 MRSA §1221-A, sub-§1, as enacted by PL 1991, c.
468, §3 and affected by §6, is amended to read:

6 1. **Joint and several liability.** ~~Unless an employee-leasing~~
~~company complies with subsection 5 in a timely manner, a~~ A client
8 company is jointly and severally liable for any unpaid
10 contributions, interest and penalties due under this chapter from
12 the employee leasing company for wages paid to employees leased
12 to the client company. The employee leasing company must comply
14 with subsection 5 in a timely manner in order to relieve a client
14 company from such liability.

16 Sec. 2. 26 MRSA §1221-A, sub-§5, ¶A, as enacted by PL 1991, c.
468, §3, is amended to read:

18 A. To relieve client companies from the joint and several
20 liability imposed under subsection 1, an employee leasing
22 company may must post and maintain a surety bond issued by a
24 corporate surety authorized to do business in the State in
26 the amount of \$100,000 to ensure prompt payment of the
28 contributions, interest and penalties for which the employee
30 leasing company is liable under this section. After 3
32 consecutive years throughout which the employee leasing
34 company has paid in a timely manner all contributions due,
36 the bond ~~must~~ may be reduced to \$35,000 and remain at this
38 amount as long as the employee leasing company continues to
40 report and pay in a timely manner all contributions due. If
42 an employee leasing company has paid in a timely manner all
44 contributions due for 3 consecutive years upon the effective
46 date of this subsection, its initial bond ~~must~~ may be
48 \$35,000 and remain at this amount as long as the employee
leasing company continues to report and pay in a timely
manner all contributions due.

STATEMENT OF FACT

40 Under current law, client companies may be relieved of joint
42 and several liability for contributions, interest and penalties
44 that are not paid by employee leasing companies only if the
46 employee leasing company chooses to post a security bond or
48 deposit securities. This bill amends the law to require employee
leasing companies to post a security bond or deposit securities
in order to relieve client companies from joint and several
liability for unpaid contributions, interest and penalties.