

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1362

H. P. 1082

House of Representatives, March 24, 1975

On Motion of Mr. Tierney of Durham, referred to the Committee on Labor.
Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Farley of Biddeford.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT to Clarify the Severance Pay Statute.

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

Sec. 1. 26 MRSA § 625, 2nd ¶, as repealed and replaced by PL 1973, c. 545, is repealed.

Sec. 2. 26 MRSA § 625, 3rd ¶, as enacted by PL 1971, c. 452, is repealed.

Sec. 3. 26 MRSA § 625-A is enacted to read:

§ 625-A. Severance pay

Whenever a person, firm or corporation which employs or which has employed at any time in the preceding 12-month period 100 or more persons or whenever the successors in interest of said person, firm or corporation is going out of business or quits the establishment for any reason other than physical calamity or adjudicated bankruptcy, that person, firm or corporation, or their successors in interest, shall pay to each employee of that establishment or place of business an amount equal to that employee's gross average weekly wage during the weeks of the last 12 months prior to such going out of business or quitting the establishment that the employee worked for that employer multiplied by the number of years the employee had been employed by that employer or that establishment.

The employer who gives at least 30 days' written prior notice to all his employees regarding the going out of business or quitting the establishment shall not be liable for severance pay as provided herein.

The rights created under this section shall not diminish nor affect any other rights existing under law or collective bargaining agreements and shall not be diminished nor affected by individual contracts.

Any labor organization representing the employees of the employer is hereby empowered to maintain an action on behalf of and for the benefit of the employees to enforce their rights under this section. An affected employee under this section may bring an action on behalf of himself and other employees similarly situated.

Severance pay provided for in this section shall have the same priority as wages in terms of insolvency and for purposes of both civil and criminal enforcement.

STATEMENT OF FACT

The intent of this bill is to clarify and make more explicit the provisions of law regarding severance pay enacted by the 105th Legislature and modified by the 106th Legislature, in the light of the decision of the Supreme Judicial Court in **Shapiro Brothers Shoe Co., Inc. v. Lewiston-Auburn Shop Workers Protective Association**, 320 A2d 247 (Me. 1974).