

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)



114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 2395

S.P. 945

In Senate, March 2, 1990

Approved for introduction by a majority of the the Legislative Council pursuant to Joint Rule 27.

Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by President PRAY of Penobscot.

Cosponsored by Representative CLARK of Millinocket and Representative MICHAUD of East Millinocket.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

An Act Concerning the Dismissal of Employees of a Corporation That Has Been the Subject of a Takeover.

(AFTER DEADLINE)



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

4 26 MRSA c. 7, sub-c. X is enacted to read:

6 **SUBCHAPTER X**

8 **JOB SECURITY**

10 **§875. Corporate takeovers; job security of employees**

12 1. Definitions. As used in this section, unless the context
14 otherwise indicates, the following terms have the following
16 meanings.

18 A. "Corporation" means any legal corporation and any
16 successor corporation or other legal entity that continues
14 the business of the former corporation in the State after a
12 takeover or takeover attempt.

20 2. Layoffs or dismissals prohibited. Except as provided in
22 subsection 3, if a party makes a tender offer to a corporation
24 doing business in the State or acquires more than 20% of the
26 assets of a corporation doing business in the State, that
28 corporation may not lay off or dismiss any employee at a facility
30 located in the State for 5 years after a successful takeover, or
32 for 5 years after the tender offer if no takeover occurs.

34 3. Exception. A corporation subject to subsection 2 may
36 lay off or dismiss an employee only if the layoff or dismissal is
38 unrelated to costs incurred in the takeover or in warding off the
40 takeover attempt.

42 4. Enforcement. This subsection governs the enforcement of
44 this section.

46 A. If the corporation lays off or dismisses any employee
48 within the 5-year period described in subsection 2, the
50 corporation must immediately notify the Office of the
52 Attorney General of the layoff or dismissal. If the
corporation intends to lay off or dismiss more than 10
employees at any single time within the 5-year period
described in subsection 2, it must notify the Office of the
Attorney General at least 45 days before the layoffs or
dismissals are to take effect.

B. If the Attorney General finds that the layoff or
dismissal may not comply with this section, the Attorney
General shall file an action for declaratory relief in the
Superior Court of Kennebec County to determine if the layoff
or dismissal complies with this section. The affected
employee or employees may file a similar action or intervene
in an action filed by the Attorney General.

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36

C. In any proceeding under this section, the burden is on the corporation to prove by clear and convincing evidence that the layoff or dismissal resulted from unanticipated events unrelated to costs incurred in the takeover or in warding off the takeover attempt. In this proceeding, the corporation shall make available to the Attorney General or any affected employees all financial records relevant to the takeover or takeover attempt and to the circumstances that the corporation claims meet the requirements of subsection 3.

5. Remedies. A court may issue any temporary restraining orders in any action under this section that it considers appropriate. If the court finds that the corporation has violated this section, it shall order the immediate reinstatement of any affected employees with full back pay and benefits. The court may order any other legal or equitable relief that it considers appropriate.

6. Application. This section applies only to corporations employing more than 100 employees at facilities in this State.

STATEMENT OF FACT

The purpose of this bill is to provide job security for employees of corporations with more than 100 employees that are the subjects of corporate takeovers. It provides that, if a party makes a tender offer to a corporation doing business in the State or acquires more than 20% of the assets of a corporation doing business in the State, that corporation may not lay off or dismiss any employee at a facility located in the State in order to pay for takeover costs or for the warding off of a takeover for 5 years after a successful takeover, or for 5 years after the tender offer if no takeover occurs. The Attorney General is responsible for enforcement.