

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)



118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 1596

S.P. 511

In Senate, March 19, 1997

An Act Concerning Requirements for Payroll Processing Companies.

Reference to the Committee on Business and Economic Development 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 Senator TREAT of Kennebec.
Cosponsored by Representative COWGER of Hallowell and
Senators: NUTTING of Androscoggin, RAND of Cumberland, Representatives: COLWELL
of Gardiner, GREEN of Monmouth, WATSON of Farmingdale.

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

4 Sec. 1. 10 MRSA c. 227 is enacted to read:

6 CHAPTER 227

8 PAYROLL PROCESSING COMPANIES

10 §1500. Payroll processing companies; bonding

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

14 A. "Payroll processing company" means a business entity
16 that holds funds in escrow and controls those funds on
behalf of another employer.

18 2. Bonding. To ensure the faithful performance of its
20 obligations to its holders in the event of insolvency, a payroll
processing company, before doing business in the State, shall
22 maintain in force while doing business in this State a fidelity
bond in favor of the Treasurer of State for the benefit of
24 persons as their interest may appear, executed by a surety
company authorized to do business in this State and payable to
26 any party injured under the terms of the bond. The bond must be
based on the total net worth of the company to guarantee the
28 financial liability of the company. The bond must be maintained
unimpaired as long as the payroll processing company continues in
30 business in this State and for 6 months after the payroll
processing company ceases to do business in this State.

32 3. Disclosure. A payroll processing company shall disclose
34 to any employer that seeks to use the company to process its
payroll audited financial statements for the payroll processing
36 company.

38 4. Annual report. The payroll processing company must file
with its annual report proof of an effective fidelity bond.

42 SUMMARY

44 This bill requires that a payroll processing company file a
46 fidelity bond with the Secretary of State in an amount equal to
the net worth of the company. This bill also requires that the
48 payroll processing company disclose audited financial
statements. The payroll processing company must file proof of a
fidelity bond with its annual report.