

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

SECOND REGULAR SESSION-2002

Legislative Document

No. 2001

H.P. 1498

House of Representatives, December 26, 2001

An Act to Amend the Law Regarding Severance Pay.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on December 19, 2001. Referred to the Committee on Labor pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative BOWLES of Sanford.
Cosponsored by Senator CARPENTER of York and
Representatives: BRYANT of Dixfield, DAVIS of Falmouth, DUPLESSIE of Westbrook,
LABRECQUE of Gorham, MATTHEWS of Winslow, MAYO of Bath, PATRICK of
Rumford, STANLEY of Medway.

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

4 **Sec. 1. 26 MRSA §625-B, sub-§1, ¶G**, as enacted by PL 1979, c.
663, §157, is amended to read:

6 G. "Termination" means the substantial cessation of
8 industrial or commercial operations in a covered
establishment. A termination occurs whenever any one of the
10 following reductions occur:

12 (1) The number of employees employed is equal to or
14 less than 50% of the number of employees employed in
the pay period that occurred 52 weeks prior;

16 (2) The number of hours worked by employees is equal
18 to or less than 50% of the number of hours worked by
employees in the period that occurred 52 weeks prior.
20 For purposes of this section, salaried employees are
deemed to work a 40-hour week; or

22 (3) The amount of units or volume produced or gross
24 receipts billed is equal to or less than 50% of the
equivalent standard in the period that occurred 52
weeks prior.

26 **Sec. 2. 26 MRSA §625-B, sub-§1, ¶I** is enacted to read:

28 I. "Eligible employee" means any employee employed in a
30 covered establishment who leaves employment involuntarily
due to a lack of work within a 12-month period prior to or
32 dating from a termination as defined in paragraph G.

34 **Sec. 3. 26 MRSA §625-B, sub-§3, ¶¶C and D**, as enacted by PL
1979, c. 663, §157, are amended to read:

36 C. That employee accepts employment at the new location; or

38 D. That employee has been employed by the employer for less
40 than 3 years; or

42 **Sec. 4. 26 MRSA §625-B, sub-§3, ¶E** is enacted to read:

44 E. That employee was terminated more than 12 months prior
to a termination.

46 **SUMMARY**

48 This bill amends the law governing severance pay so that,
50 upon determination by the Department of Labor that a substantial
cessation of operations in a covered establishment has occurred,

2 any employee that was laid off within a period of one year prior
to or dating from that determination is also eligible for
severance pay under the law. Employees would be eligible under
4 the law only if they left work involuntarily due to a lack of
work during the applicable period.