MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document	No. 208
H.P. 159	House of Representatives, January 18, 2005

An Act To Lower the Surety Bond Requirement for Payroll Processors

(EMERGENCY)

Reference to the Committee on Business, Research and Economic Development suggested and ordered printed.

MILLICENT M. MacFARLAND
MILLICENT M. MacFARLAND
Clerk

Presented by Representative O'BRIEN of Lewiston. (BY REQUEST)
Cosponsored by Representatives: DUPLESSIE of Westbrook, MARRACHÉ of Waterville, NORTON of Bangor, PATRICK of Rumford, PERRY of Calais, SMITH of Van Buren, Senators: PLOWMAN of Penobscot, STRIMLING of Cumberland.

Emergency preamble. Whereas, acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the current law, which takes effect on January 31, 2005, will create a significant burden on payroll processors seeking surety bonds in order to remain in business; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 10 MRSA §1495-E. sub-§1. as enacted by PL 2003, c. 668, §6 and affected by §12, is amended to read:

1. **Bond required; minimum amount; duration.** Each application for a license under section 1495-D must be accompanied by evidence of a surety bond, in a form approved by the administrator, in an amount equal to the total of all local, state and federal tax payments and unemployment insurance premiums processed by the payroll processor on behalf of employers in this State in the 3-consecutive-month period of highest volume during the previous calendar year or $~~100,000~~ $10,000, whichever is greater, but not to exceed $~~500,000~~ $50,000. The bond must designate the administrator as payee. The bond paid to the administrator may be used for the purposes of the administrator and for the benefit of any employer who may have a cause of action against the payroll processor. The terms of the bond must run continuously until cancelled and the aggregate amount of the bond must be maintained at all times during the licensing period.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

SUMMARY

This bill lowers the minimum amount of surety bonding required to be purchased by payroll processors from $100,000 to $10,000 and lowers the maximum required surety bonding from $500,000 to $50,000.