

# 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)

Res.

DATE: 5/18/15

L.D. 633

(Filing No. H-417)

**BUSINESS, RESEARCH AND ECONOMIC DEVELOPMENT**

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
122ND LEGISLATURE  
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 466, L.D. 633, Bill, "An Act To Relieve Small Payroll Companies from Excessive Regulation"

Amend the bill by striking out the title and substituting the following:

**'An Act To Improve the Surety Bond Requirement for Small Payroll Companies'**

Further amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

**'Sec. 1. 10 MRSA §1495-D, sub-§3, as enacted by PL 2003, c. 668, §6 and affected by §12, is amended to read:**

**3. Proof of surety bond or other security.** Except as provided in section 1495-E, subsection 4, an applicant under subsection 1 shall provide to the administrator proof of the surety bond or other security instrument required pursuant to section 1495-E.

**Sec. 2. 10 MRSA §1495-D, sub-§3-A is enacted to read:**

**3-A. Conditional, probationary or provisional licenses.** The administrator, within the administrator's discretion, may issue a conditional, probationary or provisional license to an applicant. A conditional, probationary or provisional license may run for any time period the administrator considers appropriate and must be consistent with ensuring the maximum practicable protection for employers.

**COMMITTEE AMENDMENT**

2           **Sec. 3. 10 MRSA §1495-D, sub-§4**, as enacted by PL 2003, c.  
668, §6 and affected by §12, is amended to read:

4           **4. Fees.** The initial application and annual renewal  
6 application must include a fee of ~~\$250~~ \$200 if the payroll  
processor has fewer than 25 employers as payroll processing  
8 clients; \$500 if the payroll processor has from 25 to 500  
employers as payroll processing clients; and ~~\$750~~ \$800 for those  
10 payroll processors that have more than 500 employers as payroll  
processing clients. The aggregate of license fees and other fees  
12 and assessments provided for by this chapter is appropriated for  
the use of the administrator. Any balance of these funds does  
14 not lapse but must be carried forward to be expended for the same  
purpose in the following fiscal year.

16           **Sec. 4. 10 MRSA §1495-E, sub-§§1, 2 and 4**, as enacted by PL  
2003, c. 668, §6 and affected by §12, are amended to read:

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

36           **2. Modification of bond requirement.** If bonding is  
unavailable under the terms and conditions of subsection 1, the  
38 administrator, within the administrator's discretion, may modify  
those terms and conditions or may permit submission of an  
40 irrevocable letter of credit or other alternative form of  
security so as to ensure the maximum practicable protection for  
42 employers.

44           **4. Exceptions.** A payroll processor that does not have the  
authority to access, control, direct, transfer or disburse a  
46 client's funds is not subject to this section. A payroll  
processor that arranges for the transfer of funds from an  
48 employer's account directly to taxing authorities for payment of  
the employer's taxes is not subject to this section, as long as  
50 the payroll processor is not authorized to arrange for the

2 transfer of funds for any other uses or to any other accounts.  
3 The administrator may construe this subsection through issuance  
4 of an advisory ruling or through rules adopted pursuant to  
5 section 1495-F.

6 **Sec. 5. 10 MRSA §1495-H, sub-§2,** as enacted by PL 2003, c.  
7 668, §6 and affected by §12, is amended to read:

8  
9 **2. Bond or security forfeiture.** After notice and hearing,  
10 forfeiture of that portion of the required bond or other security  
11 instrument as proportionately may make aggrieved parties whole;'

12  
13  
14 **SUMMARY**

15 This amendment replaces the bill and changes the title. It  
16 alters the sliding scale for initial application and annual  
17 renewal application fees for payroll processors and lowers the  
18 minimum surety bond requirement from \$100,000 to \$50,000. It  
19 also provides an exemption for certain payroll processors from  
20 the requirement of surety bonding if the payroll processor  
21 arranges for the transfer of funds from an employer's account  
22 directly to taxing authorities for payment of the employer's  
23 taxes, as long as the payroll processor is not authorized to  
24 arrange for the transfer of the client's funds for any other uses  
25 or to any other accounts.  
26

**FISCAL NOTE REQUIRED**  
(See attached)



Revised: 05/16/05 *MAC*

# 122nd MAINE LEGISLATURE

LD 633

LR 0840(02)

**An Act To Relieve Small Payroll Companies from Excessive Regulation**

**Fiscal Note for Bill as Amended by Committee Amendment "A"**

**Committee: Business, Research and Economic Development**

**Fiscal Note Required: Yes**

---

## Fiscal Note

Minor revenue decrease - Other Special Revenue Funds

### Fiscal Detail and Notes

Assumes a loss of payroll processor application\renewal fee revenue that is expected to be minor.