

MAINE STATE LEGISLATURE

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130th MAINE LEGISLATURE

FIRST REGULAR SESSION-2021

Legislative Document

No. 225

H.P. 160

House of Representatives, January 27, 2021

An Act Regarding the Treatment of Vacation Time upon the Cessation of Employment

Received by the Clerk of the House on January 25, 2021. Referred to the Committee on Labor and Housing pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R. B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative ROEDER of Bangor.
Cosponsored by Representative: CUDDY of Winterport.

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

2 **Sec. 1. 26 MRSA §626, first ¶**, as amended by PL 2017, c. 219, §11, is further
3 amended to read:

4 An employee leaving employment must be paid in full no later than the employee's
5 next established payday. Any overcompensation may be withheld if authorized under
6 section 635 and any loan or advance against future earnings or wages may be deducted if
7 evidenced by a statement in writing signed by the employee. Whenever the terms of
8 employment or the employer's established practice includes provisions for paid vacations,
9 all accrued vacation pay must be paid to the employee on cessation of employment ~~has the~~
10 ~~same status as wages earned.~~

11 **Sec. 2. 26 MRSA §626, 5th ¶**, as amended by PL 1991, c. 162, is further amended
12 to read:

13 An action for unpaid wages under this section may be brought by the affected employee
14 or employees or by the Department of Labor on behalf of the employee or employees. An
15 employer found in violation of this section is liable for the amount of unpaid wages and, ~~in~~
16 all accrued vacation pay that must be paid to the employee or employees on cessation of
17 employment pursuant to this section. In addition, the judgment rendered in favor of the
18 employee or employees must include a reasonable rate of interest, an additional amount
19 equal to twice the amount of those unpaid wages and that accrued vacation pay as liquidated
20 damages and costs of suit, including a reasonable attorney's fee.

21 **Sec. 3. 26 MRSA §626, 6th ¶**, as amended by PL 2017, c. 219, §12, is further
22 amended to read:

23 Within 2 weeks after the sale of a business, the seller of the business shall pay
24 employees of that business any wages earned while employed by the seller. If the terms of
25 employment or the employer's established practice includes provisions for paid vacations,
26 all accrued vacation pay must be paid to the employee on cessation of employment ~~has the~~
27 ~~same status as wages earned.~~ The seller of a business may comply with the provisions of
28 this paragraph through a specific agreement with the buyer in which the buyer agrees to
29 pay any wages earned by employees through employment with the seller and to honor any
30 paid vacation earned under the seller's vacation policy.

31 **SUMMARY**

32 This bill amends the law governing the provision of vacation pay on cessation of
33 employment. Under current law, on cessation of employment, if the terms of employment
34 or established practice includes provisions for paid vacations, vacation pay has the same
35 status as wages earned. This bill provides that on cessation of employment all accrued
36 vacation pay must be paid to the employee.