

§625-B. Severance pay due to closing, substantial shutdown or relocation of a covered establishment

1. Definitions. As used in this section, unless the context otherwise indicates, the following words have the following meanings.

A. "Covered establishment" means any facility or part thereof that employs or has employed at any time in the preceding 12-month period 100 or more persons. [PL 2023, c. 52, §1 (AMD).]

A-1. "Closing" means the permanent shutdown of operations at a covered establishment. A closing may occur due to relocation or termination of the employer's business. [PL 2023, c. 52, §2 (AMD).]

B. "Director" means the Director of the Bureau of Labor Standards. [PL 1989, c. 502, Pt. A, §106 (AMD).]

B-1. "Eligible employee" means any employee who:

- (1) Has been continuously employed at the covered establishment at the time of the closing or mass layoff for at least 3 years, including any period when the employee was on a leave of absence;
- (2) Has not been terminated for cause; and
- (3) Has not accepted employment at another or relocated establishment operated by the employer or remains employed at the covered establishment.

"Eligible employee" includes an employee who has voluntarily quit employment at a covered establishment to take a new job within a 30-day period prior to the date set by the employer for a closing or mass layoff in an initial notice provided by the employer under state or federal law. [PL 2015, c. 417, §1 (NEW).]

C. "Employer" means any person who directly or indirectly owns and operates a covered establishment. For purposes of this definition, a parent corporation is considered the indirect owner and operator of any covered establishment that is directly owned and operated by its corporate subsidiary. [PL 1989, c. 667, §1 (AMD); PL 1989, c. 667, §2 (AFF).]

C-1. "Gross earnings" includes all pay for regular hours, shift differentials, premiums, overtime, floating holidays, holidays, funeral leave, jury duty pay, sick pay and vacation pay earned within the last 12 months prior to the closing or mass layoff. "Gross earnings" does not include payments made under a 3rd-party benefit program, such as disability payments. [PL 2015, c. 417, §1 (NEW).]

C-2. "Mass layoff" means a reduction in workforce, not the result of a closing, that results in an employment loss at a covered establishment for at least 6 months of at least:

- (1) Thirty-three percent of the employees and at least 50 employees; or
- (2) Five hundred employees. [PL 2015, c. 417, §1 (NEW).]

D. "Person" means any individual, group of individuals, partnership, corporation, association or any other entity. [PL 1979, c. 663, §157 (NEW).]

E. "Physical calamity" means any calamity such as fire, flood or other natural disaster. [PL 2009, c. 305, §1 (AMD); PL 2009, c. 305, §5 (AFF).]

F. "Relocation" means the removal of all or substantially all of operations in a covered establishment to a new location, within or without the State of Maine, 100 or more miles distant from its original location. [PL 2023, c. 52, §3 (AMD).]

G. [PL 2015, c. 417, §1 (RP).]

H. "Week's pay" means an amount equal to the employee's gross earnings during the 12 months previous to the date of closing or mass layoff as established by the director, divided by the number of weeks in which the employee received gross earnings during that 12-month period. [PL 2015, c. 417, §1 (AMD).]

[PL 2023, c. 52, §§1-3 (AMD).]

2. Severance pay. Any employer who closes or engages in a mass layoff at a covered establishment is liable to eligible employees of the covered establishment for severance pay at the rate of one week's pay for each year, and partial pay for any partial year, from the last full month of employment by the employee in that establishment. The severance pay to eligible employees is in addition to any final wage payment to the employee and must be paid within one regular pay period after the employee's last full day of work, notwithstanding any other provisions of law.

[PL 2015, c. 417, §1 (AMD).]

3. Mitigation of severance pay liability. There is no liability under this section for severance pay to an eligible employee if:

A. Closing of or a mass layoff at a covered establishment is necessitated by a physical calamity or the final order of a federal, state or local government agency; [PL 2015, c. 417, §1 (AMD).]

B. The employee is covered by, and has actually been paid under the terms of, an express contract providing for severance pay that is in an amount that is greater than the severance pay required by this section. An employer must demonstrate, to the satisfaction of the director, that the severance pay provided under the terms of an express contract provides a greater benefit to the employee than provided in this section; or [PL 2015, c. 417, §1 (AMD).]

C. [PL 2015, c. 417, §1 (RP).]

D. The employee has been employed by the employer for less than 3 years. [PL 2015, c. 417, §1 (AMD).]

E. [PL 2015, c. 417, §1 (RP).]

[PL 2015, c. 417, §1 (AMD).]

3-A. Bankruptcy proceedings. A covered establishment is not exempt from liability for severance pay under this section solely because it files a voluntary petition for bankruptcy protection under the provisions of Chapter 7 or Chapter 11 of the United States Bankruptcy Code, 11 United States Code, Section 101, et seq., or because an involuntary petition is commenced against it pursuant to 11 United States Code, Section 303.

[PL 2015, c. 417, §1 (NEW).]

4. Suits by, or on behalf of, employees. Any employer who violates the provisions of this section is liable to the employee or employees affected in the amount of their unpaid severance pay. Action to recover the liability may be maintained against any employer in any state or federal court of competent jurisdiction by any one or more employees for and on behalf of that employee or those employees and any other employees similarly situated. Any labor organization may also maintain an action on behalf of its members. The court in such action shall, in addition to any judgment awarded to the plaintiff or plaintiffs, allow a reasonable attorney's fee to be paid by the defendant and costs of the action.

[PL 2015, c. 417, §1 (AMD).]

5. Suits by the director. The director is authorized to supervise the payment of the unpaid severance pay owing to any employee under this section. The director may bring an action in any court of competent jurisdiction to recover the amount of any unpaid severance pay. The right provided by subsection 4 to bring an action by or on behalf of any employee, and of any employee to become a party plaintiff to any pending action brought and maintained under subsection 4, terminates upon the filing of a complaint by the director in an action under this subsection, unless the action is dismissed without prejudice by the director. Any sums recovered by the director on behalf of an employee

pursuant to this subsection must be held in a special deposit account and must be paid, on order of the director, directly to the employee affected. Any sums thus recovered not paid to an employee because of inability to do so within a period of 3 years must be paid over to the State of Maine.
[PL 2015, c. 417, §1 (AMD).]

6. Notice of director. Any person proposing to relocate or close a covered establishment shall notify the director in writing not less than 90 days prior to the relocation or closing. A person initiating a mass layoff at a covered establishment shall notify the director as far in advance as practicable, and no later than within 7 days of the layoff, and shall report to the director the expected duration of the layoff and whether it is of indefinite or definite duration. The director shall, from time to time, but no less frequently than every 30 days, require the employer to report such facts as the director considers relevant to determine whether the mass layoff constitutes a closing under this section or whether there is a substantial reason to believe the affected employees will be recalled. A notification or report provided to the director pursuant to this subsection must contain all relevant information in the possession of the employer regarding a potential recall, if applicable.
[PL 2019, c. 118, §1 (AMD).]

6-A. Notice to employees and municipality. A person proposing to close a covered establishment shall notify employees and the municipal officers of the municipality where the covered establishment is located in writing not less than 90 days prior to the closing, unless this notice requirement is waived by the director.
[PL 2019, c. 118, §1 (AMD).]

7. Powers of director. In any investigation or proceeding under this section, the director has, in addition to all other powers granted by law, the authority to examine books and records of any employer affected by this section as set out in section 665, subsection 1.
[PL 2015, c. 417, §1 (AMD).]

8. Rules. The Department of Labor shall adopt rules to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.
[PL 2015, c. 417, §1 (AMD).]

9. Penalties. A person that violates subsection 2 commits a civil violation for which a fine of not more than \$1,000 per violation may be adjudged. Each employee affected constitutes a separate violation. Any such fine may not be collected by the Department of Labor to the extent such collection prevents the violator from making all payments required under subsection 2.

A person that violates subsection 6 or subsection 6-A commits a civil violation for which a fine of \$500 per day may be adjudged, except that a fine may not be adjudged if the closing is necessitated by a physical calamity or the final order of a federal, state or local government agency, or if the failure to give notice is due to unforeseen circumstances. A fine imposed on a person that violates subsection 6-A may not be collected by the Department of Labor to the extent such collection prevents the violator from making all payments required under subsection 2.
[PL 2019, c. 118, §2 (AMD).]

10. Mass layoff.
[PL 2015, c. 417, §1 (RP).]

SECTION HISTORY

PL 1979, c. 663, §157 (NEW). PL 1981, c. 337 (AMD). PL 1989, c. 502, §A106 (AMD). PL 1989, c. 667, §§1,2 (AMD). PL 1999, c. 55, §1 (AMD). PL 2001, c. 625, §1 (AMD). PL 2003, c. 624, §1 (AMD). PL 2003, c. 624, §2 (AFF). PL 2007, c. 333, §§1, 2 (AMD). PL 2009, c. 305, §§1-4 (AMD). PL 2009, c. 305, §5 (AFF). PL 2015, c. 417, §1 (AMD). PL 2019, c. 118, §§1, 2 (AMD). PL 2023, c. 52, §§1-3 (AMD).

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