

**§626. Cessation of employment**

An employee leaving employment must be paid in full no later than the employee's next established payday. Any overcompensation may be withheld if authorized under section 635 and any loan or advance against future earnings or wages may be deducted if evidenced by a statement in writing signed by the employee. Whenever the terms of employment or the employer's established practice includes provisions for paid vacations, vacation pay on cessation of employment has the same status as wages earned. All unused paid vacation accrued pursuant to the employer's vacation policy on and after January 1, 2023 must be paid to the employee on cessation of employment unless the employee is employed by an employer with 10 or fewer employees or by a public employer. If the employee's employment is governed by a collective bargaining agreement that includes provisions addressing payment of vacation pay upon cessation of employment, the collective bargaining agreement supersedes this paragraph. [PL 2021, c. 561, §1 (AMD).]

For purposes of this section, the term "employee" means any person who performs services for another in return for compensation, but does not include an independent contractor. [PL 1991, c. 162 (NEW).]

For purposes of this subchapter, a reasonable time means the earlier of either the next day on which employees would regularly be paid or a day not more than 2 weeks after the day on which the demand is made. [PL 1991, c. 162 (AMD).]

In any action for unpaid wages brought under this subchapter, the employer may not deduct as a setoff or counterclaim any money allegedly due the employer as compensation for damages caused to the employer's property by the employee, or any money allegedly owed to the employer by the employee, notwithstanding any procedural rules regarding counteractions, provided that any overcompensation may be withheld if authorized under section 635 and any loan or advance against future earnings or wages may be deducted if evidenced by a statement in writing signed by the employee, and that nothing in this section may be construed to limit or restrict in any way any rights that the employer has to recover, by a separate legal action, any money owed the employer by the employee. [PL 1991, c. 162 (AMD).]

An action for unpaid wages under this section may be brought by the affected employee or employees or by the Department of Labor on behalf of the employee or employees. An employer found in violation of this section is liable for the amount of unpaid wages and all accrued vacation pay that must be paid to the employee or employees on cessation of employment pursuant to this section. In addition, the judgment rendered in favor of the employee or employees must include a reasonable rate of interest, an additional amount equal to twice the amount of those unpaid wages and that accrued vacation pay as liquidated damages and costs of suit, including a reasonable attorney's fee. [PL 2021, c. 561, §2 (AMD).]

Within 2 weeks after the sale of a business, the seller of the business shall pay employees of that business any wages earned while employed by the seller. If the terms of employment or the employer's established practice includes provisions for paid vacations, vacation pay on cessation of employment has the same status as wages earned. All unused paid vacation accrued pursuant to the employer's vacation policy on and after January 1, 2023 must be paid to the employees on cessation of employment unless the employer has 10 or fewer employees or is a public employer. If the employees' employment is governed by a collective bargaining agreement that includes provisions addressing payment of vacation pay upon cessation of employment, the collective bargaining agreement supersedes this paragraph. The seller of a business may comply with the provisions of this paragraph through a specific agreement with the buyer in which the buyer agrees to pay any wages earned by employees through employment with the seller and to honor any paid vacation earned under the seller's vacation policy. [PL 2021, c. 561, §3 (AMD).]

For the purposes of this section, "public employer" means the State, a county, a municipality, the University of Maine System, the Maine Community College System, a school administrative unit and any other political body or its political or administrative subdivision. [PL 2021, c. 561, §4 (NEW).]

#### SECTION HISTORY

PL 1975, c. 113, §4 (RPR). PL 1975, c. 623, §§37-A,37-B (AMD). PL 1983, c. 652, §1 (AMD). PL 1991, c. 162 (AMD). PL 1995, c. 580, §1 (AMD). PL 2017, c. 219, §§11, 12 (AMD). PL 2021, c. 561, §§1-4 (AMD).

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