





EY Payroll NewsFlash

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Maine law requires employers with more than 10 employees to pay accrued vacation at termination starting January 1, 2023

Summary

- *Starting January 1, 2023, Maine employers with more than 10 employees are required to pay all accrued vacation with final wages.*
- *Final wages must be paid within one regular pay period after the employee's last full day of work.*

Under [H.P. 160 - L.D. 225](#), signed into law on April 7, 2022 and effective on or after January 1, 2023, employees working in Maine must be paid all accrued vacation pay. An exception applies if the employee is employed by an employer with 10 or fewer employees or by a public employer. Additionally, 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 law.

Under prior law, on cessation of employment, vacation pay was required to be paid at the same time as final wages, but only if the terms of employment or established practice included provisions for paid vacations.

Final wages are required to be paid within one regular pay period following the employee's last day of work.

Ernst & Young insights

Note also that Maine currently requires that when an employer engages in a mass layoff at a covered establishment, it 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 the employee's employment 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. ([2015, c. 417, §1 \(AMD\)](#) .)

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