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HOUSE BILL 2525

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State of Washington                      62nd Legislature                      2012 Regular Session

By Representatives Taylor, Shea, Chandler, Hargrove, and Condotta

Read first time 01/17/12. Referred to Committee on State Government & Tribal Affairs.

1            AN ACT Relating to protecting public sector workers' rights through  
2 public disclosure of public sector unions' finances; adding a new  
3 section to chapter 41.58 RCW; adding a new section to chapter 28B.52  
4 RCW; adding a new section to chapter 41.56 RCW; adding a new section to  
5 chapter 41.59 RCW; adding a new section to chapter 41.76 RCW; adding a  
6 new section to chapter 41.80 RCW; adding a new section to chapter 47.64  
7 RCW; creating a new section; prescribing penalties; and providing an  
8 effective date.

9            BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10            NEW SECTION.    **Sec. 1.**    The legislature finds the power of workers  
11 to make sound decisions concerning their careers, workplace choices,  
12 workplace representation, and other areas of importance hinges on a  
13 worker's access to useful and relevant information. The legislature  
14 finds it is important to ensure public sector workers are provided with  
15 useful information concerning their membership in a labor union through  
16 thorough and complete public disclosure of union finances and by  
17 protecting a worker's freedom of speech, assembly, and other rights.

18            The legislature finds today's workforce is more educated,  
19 empowered, and familiar with financial data and transactions than at

1 any time in the state's history. Workers are presented with more  
2 choices concerning their careers than in the past, in areas such as  
3 compensation packages, benefits, and other matters related to their  
4 careers. Whether and how to exercise a worker's self-governance rights  
5 is among the choices a worker faces.

6 The legislature finds transparency in organizational finances  
7 central to sound decision making. The legislature recognizes the  
8 federal labor management reporting and disclosure act provides for the  
9 reporting of financial data for private sector labor organizations.  
10 The legislature intends for all public sector labor organizations in  
11 Washington to provide similar, relevant financial data to their  
12 members.

13 Residents of Washington state have a cherished populist tradition  
14 of involvement in and knowledge of public affairs. The people have  
15 already called for open public meetings, government documents upon  
16 request, increased legislative awareness through various traditional  
17 and electronic media, and transparency of candidate and campaign  
18 committee finances. These methods serve as a powerful deterrent  
19 against corruption and for people to make decisions about their  
20 individual and collective futures.

21 The legislature intends for increased transparency and financial  
22 disclosure to provide public sector workers with the knowledge they  
23 need to make wise decisions about themselves, their careers, and their  
24 families. Sound decision making depends on sound information, and  
25 workers cannot be expected to make decisions in their own best interest  
26 without access to unbiased and candid information. The legislature  
27 intends to ensure members of labor organizations are provided with more  
28 complete, timely, and comprehensible information about their union's  
29 financial practices, investments, solvency, and expenditures to empower  
30 them to protect their personal financial interests and exercise their  
31 democratic rights of self-governance.

32 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.58 RCW  
33 to read as follows:

34 (1) An employee organization must annually, not more than sixty  
35 days after the end of its fiscal year, provide financial disclosure  
36 information to all employees in the bargaining unit and to the general  
37 public by filing with the commission a report containing the following

1 information, detailed by functional spending categories, that  
2 accurately discloses its financial condition and operations for the  
3 preceding fiscal year:

4 (a) Assets and liabilities at the beginning and end of the fiscal  
5 year;

6 (b) Salary, the cost of fringe benefits, allowances, and other  
7 direct or indirect disbursements to each officer of the local, the  
8 employee organization, and the support staff, as well as all  
9 contributions to state or national affiliates and any official or  
10 employee thereof;

11 (c) All income received or the value of services furnished to an  
12 employee organization by either a parent affiliated labor organization  
13 or by any other labor organization on behalf of the employee  
14 organization;

15 (d) A report of the total amount spent by the employee  
16 organization, and an itemization of expenditures of more than one  
17 thousand five hundred dollars for:

18 (i) Contract negotiation and administration;

19 (ii) Organizing activities;

20 (iii) Strike activities;

21 (iv) Litigation, specifying the matters and cases involved;

22 (v) Public relations activities;

23 (vi) Political activities, including contributions to candidates,  
24 ballot measures, member communications, and get out the vote efforts;

25 (vii) Activities attempting to influence the passage or defeat of  
26 federal, state, or local legislation or the content or enforcement of  
27 federal, state, or local regulations or policies;

28 (viii) Voter education and issue advocacy activities;

29 (ix) Training activities for each officer of the employee  
30 organization or employee organization support staff; and

31 (x) Conference, convention, and travel activities engaged in by the  
32 employee organization;

33 (e) The percentage of the employee organization's total  
34 expenditures that were spent for each of the activities described in  
35 (d) of this subsection;

36 (f) The names, addresses, and activities of any of the law firms,  
37 public relations firms, or lobbyists whose services are used by the

1 employee organization for any activity described in (d) of this  
2 subsection;

3 (g) A list of political candidates, political organizations,  
4 charitable organizations, nonprofit organizations, and community  
5 organizations to which the employee organization contributed financial  
6 or in-kind assistance and the dollar amount of such assistance; and

7 (h) The name and address of any political action committees with  
8 which the employee organization is affiliated or to whom it provides  
9 contributions, the total amount of contributions to those committees,  
10 the candidates or causes to which the committees provided any financial  
11 assistance, and the amount provided to each candidate or cause.

12 (2) The report required in subsection (1) of this section must be  
13 prepared by an auditing organization, independent of the employee  
14 organization, using generally accepted auditing standards and generally  
15 accepted accounting principles, that ensures the accuracy and veracity  
16 of the information provided by the employee organization. All  
17 expenditures must be reported as either germane to collective  
18 bargaining, contract administration, or grievance processing, or not so  
19 related.

20 (3) The employee organization must disclose information to all  
21 employees in the bargaining unit and to the general public by filing  
22 with the commission a report signed by its president and secretary or  
23 corresponding principal officers, and containing the following  
24 information:

25 (a) The name of the employee organization, its mailing address, and  
26 any other address at which it maintains its principal office or at  
27 which it keeps records;

28 (b) The name and title of each of its officers;

29 (c) The initiation fee or fees required from a new or transferred  
30 member;

31 (d) The regular dues or fees or other periodic payments required to  
32 remain a member of the reporting employee organization; and

33 (e) Detailed statements regarding the provisions made and  
34 procedures followed with respect to each of the following:

35 (i) Qualifications for, or restrictions on, membership;

36 (ii) Levying of assessments;

37 (iii) Participating in insurance or other benefit plans;

1 (iv) Authorization for disbursement of funds of the employee  
2 organization;

3 (v) Audit of financial transactions of the employee organization;

4 (vi) The calling of regular and special meetings;

5 (vii) The selection of officers and stewards;

6 (viii) Discipline or removal of officers or agents;

7 (ix) Imposition of fines, suspensions, and expulsions of members,  
8 including the grounds for such an action and any provision made for  
9 notice, hearing, judgment, and appeal;

10 (x) Authorization for bargaining demands; and

11 (xi) Ratification of contract terms.

12 (4) Any change in the information required by subsection (3) of  
13 this section must be reported to the commission at the time the  
14 employee organization files with the commission the annual financial  
15 report required in subsection (1) of this section.

16 (5) Every officer of an employee organization and every employee of  
17 an employee organization, other than an employee performing exclusively  
18 clerical or custodial services, shall file with the commission within  
19 sixty days of the end of its fiscal year a signed report listing and  
20 describing for the preceding fiscal year:

21 (a) Any stock, bond, security, loan given or received, or other  
22 interest, legal or equitable, which he or she or a spouse or minor  
23 child directly or indirectly held in, and any income or any other  
24 benefit with monetary value, including reimbursed expenses, which he or  
25 she or a spouse or minor child directly or indirectly derived from, any  
26 business any part of which consists of buying from, selling or leasing  
27 to, or otherwise dealing with, the employer;

28 (b) Any stock, bond, security, loan given or received, or other  
29 interest, legal or equitable, which he or she or a spouse or minor  
30 child directly or indirectly held in, and any income or any other  
31 benefit with monetary value, including reimbursed expenses, which he or  
32 she or a spouse or minor child directly or indirectly derived from, a  
33 business any part of which consists of buying from, or selling or  
34 leasing directly or indirectly to, or otherwise dealing with, the  
35 employee organization;

36 (c) Any direct or indirect business transaction or arrangement  
37 between him or her or a spouse or minor child and the employer or any

1 subsidiary thereof whose employees the organization represents or is  
2 actively seeking to represent, except work performed and payments and  
3 benefits received as a bona fide employee of the employer; and

4 (d) Any payment of money or other thing of value, including  
5 reimbursed expenses, which he or she or a spouse or minor child  
6 received directly or indirectly from any person who acts as a labor  
7 relations consultant to the employer.

8 (6) The provisions of subsection (5)(a) through (d) of this section  
9 do not require any officer or employee to report his or her bona fide  
10 investments in securities traded on a securities exchange registered as  
11 a national securities exchange under the securities exchange act of  
12 1934, in shares in an investment company registered under the  
13 investment company act, or in securities of a public utility holding  
14 company registered under the public utility holding company act of  
15 1935, or to report any income derived therefrom.

16 (7) Every person required to file any report under subsections (1),  
17 (3), and (5) of this section shall maintain records on the matters  
18 required to be reported which will provide in sufficient detail the  
19 necessary basic information and data from which the documents filed  
20 with the commission may be verified, explained or clarified, and  
21 checked for accuracy and completeness, and shall include vouchers,  
22 worksheets, receipts, and applicable resolutions, and shall keep the  
23 records available for examination for a period of not less than six  
24 years after the filing of the documents based on the information which  
25 they contain. The commission shall preserve the statements or reports  
26 for not less than ten years. The contents of the reports and documents  
27 filed with the commission under subsections (1), (3), and (5) of this  
28 section are public information and shall be made available to the  
29 public in the following manners:

30 (a) The commission shall by rule make reasonable provision for the  
31 inspection and examination, on the request of any person, of the  
32 information and data contained in any report or other document filed  
33 under subsections (1), (3), and (5) of this section.

34 (b) The commission shall furnish copies of reports or other  
35 documents filed with the commission under subsections (1), (3), and (5)  
36 of this section at a charge based on the cost of the service.

37 (c) By ninety days after the effective date of this section, the  
38 commission shall operate a web site or contract for the operation of a

1 web site that allows public access to reports, copies of reports, or  
2 copies of data and information submitted in reports, filed with the  
3 commission under subsections (1), (3), and (5) of this section.

4 (d) The employee organization must make copies of reports or other  
5 documents filed under subsections (1), (3), and (5) of this section  
6 available to every employee in the bargaining unit, and must annually  
7 notify every employee in the bargaining unit that the reports are  
8 available on the commission's web site.

9 (8) The commission may determine whether an actual violation of  
10 this section has occurred, and following that determination issue and  
11 enforce an appropriate order subject to the following terms:

12 (a) If the commission finds that an employee organization has  
13 violated this section by failing or refusing to prepare the reports as  
14 required in subsections (1), (3), and (5) of this section or by  
15 preparing an incomplete or inaccurate report, the commission shall  
16 issue an order compelling compliance and assess a fine of fifty dollars  
17 for each day each report was overdue.

18 (b) On finding a second violation by the employee organization, the  
19 commission shall:

20 (i) Issue an order compelling compliance; and

21 (ii) Assess a fine of fifty dollars for each day each report was  
22 overdue or order the refund of all membership dues or agency shop fees  
23 to employees in the bargaining unit for the period covered by the  
24 report, whichever amount is greater.

25 (c) On finding a third violation by the employee organization, the  
26 commission shall:

27 (i) Issue an order compelling compliance;

28 (ii) Assess a fine of fifty dollars for each day each report was  
29 overdue or order the refund of all membership dues or agency shop fees  
30 to employees in the bargaining unit for the period covered by the  
31 report, whichever amount is greater; and

32 (iii) Order an employee election in the affected bargaining unit to  
33 determine whether the employee organization will continue to be the  
34 exclusive bargaining representative of the bargaining unit. The  
35 election shall be conducted upon the expiration of the existing  
36 collective bargaining agreement covering the affected bargaining unit.

37 (d) The commission may make determinations and issue and enforce  
38 orders at its own discretion or as a response to a petition filed by

1 the employer, any employee in the bargaining unit before expiration of  
2 the applicable collective bargaining agreement, or any member of the  
3 general public. The commission may, at its discretion, refer matters  
4 of compliance to the state attorney general or other enforcement  
5 agency.

6 (9) Civil enforcement provisions:

7 (a) Any person who willfully violates this section shall be fined  
8 not more than ten thousand dollars.

9 (b) Any person who makes a false statement or representation of a  
10 material fact, knowing it to be false, or who knowingly fails to  
11 disclose a material fact, in any document, report, or other information  
12 required under this section shall be fined not more than ten thousand  
13 dollars.

14 (c) Any person who willfully makes a false entry in or willfully  
15 conceals, withholds, or destroys any books, records, reports, or  
16 statements required to be kept by this section shall be fined not more  
17 than ten thousand dollars.

18 (d) Each individual required to sign reports under subsections (1),  
19 (3), and (5) of this section is personally responsible for the filing  
20 of those reports and for any statement contained therein which he or  
21 she knows to be false.

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.52 RCW  
23 to read as follows:

24 Section 2 of this act applies to employee organizations under this  
25 chapter.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.56 RCW  
27 to read as follows:

28 The requirements applicable to employee organizations under section  
29 2 of this act apply to bargaining representatives under this chapter.

30 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.59 RCW  
31 to read as follows:

32 Section 2 of this act applies to employee organizations under this  
33 chapter.



1        NEW SECTION.   **Sec. 6.**   A new section is added to chapter 41.76 RCW  
2   to read as follows:

3        Section 2 of this act applies to employee organizations under this  
4   chapter.

5        NEW SECTION.   **Sec. 7.**   A new section is added to chapter 41.80 RCW  
6   to read as follows:

7        Section 2 of this act applies to employee organizations under this  
8   chapter.

9        NEW SECTION.   **Sec. 8.**   A new section is added to chapter 47.64 RCW  
10   to read as follows:

11        Section 2 of this act applies to employee organizations under this  
12   chapter.

13        NEW SECTION.   **Sec. 9.**   This act takes effect July 1, 2012.

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