

SENATE BILL REPORT

ESB 5226

As Passed Senate, March 10, 2015

Title: An act relating to protecting public sector workers' rights through public disclosure of public sector unions' finances.

Brief Description: Protecting public sector workers' rights through public disclosure of public sector unions' finances.

Sponsors: Senators Becker, Braun, Warnick, Dammeier and Benton.

Brief History:

Committee Activity: Commerce & Labor: 1/21/15, 1/28/15 [DP, DNP].

Ways & Means: 2/16/15, 2/24/15 [DP, DNP, w/oRec].

Passed Senate: 3/10/15, 26-22.

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King and Warnick.

Minority Report: Do not pass.

Signed by Senators Hasegawa, Ranking Minority Member; Conway and Keiser.

Staff: Mac Nicholson (786-7445)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Bailey, Becker, Brown, Hewitt, O'Ban, Padden, Parlette, Schoesler and Warnick.

Minority Report: Do not pass.

Signed by Senators Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Billig, Conway, Fraser, Hasegawa, Hatfield and Kohl-Welles.

Minority Report: That it be referred without recommendation.

Signed by Senator Rolfes.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Pete Cutler (786-7474)

Background: Under the federal Labor Management Reporting and Disclosure Act (LMRDA), certain labor organizations must submit informational and financial reports with the Office of Labor Management Standards at the U.S. Department of Labor. The reports and documents filed under LMRDA are public information, and the labor organizations must make reports available to members and allow members to examine records.

The Public Employment Relations Commission (PERC) was created to assist public employers and employees settling labor disputes through mediation and fact finding in a uniform and impartial manner. PERC may offer its services in any labor dispute arising under a collective bargaining statute administered by PERC, either upon its own motion or upon the request of one or more of the parties to the dispute.

Summary of Engrossed Bill: Every employee organization must file a report with PERC, signed by the president and secretary of the organization, containing the following information:

- name, mailing address, and physical address of the organization;
- name and title of each officer; and
- detailed statements regarding certain provisions made and procedures followed by the organization.

Employee organizations representing at least 100 employees must file an annual report with PERC, signed by the president or treasurer of the organization, containing the following information:

- assets and liabilities;
- receipts and sources of the receipts;
- salary, allowances, and other direct or indirect disbursements to each officer and employee who received more than \$10,000 from the reporting organization and any other affiliate labor organization, or any labor organization affiliated with the same national or international labor organization;
- loans totaling more than \$250 made to any officer, employee, or member, together with the purpose and terms of the loan;
- loans to any business enterprise, together with the purpose and terms of the loan; and
- other disbursements made by the organization in all categories as prescribed by PERC.

Individuals required to sign the reports are personally responsible for filing the reports and for any false statements that the individual knows are false contained in the reports. Reporting requirements can be satisfied by filing copies of LMRDA required reports with PERC.

Reports received by PERC are public records, must be available to the public via a website, and must be preserved for at least ten years. Organizations must make copies of the reports available to every employee in the bargaining unit, and must annually notify every employee that reports are available on PERC's website.

PERC must assess a \$50 fine for each day a complete and accurate report is overdue, and can refer matters of compliance to the Attorney General or other enforcement agency.

Any person who willfully violates the legislation must be issued a fine of up to \$10,000. Any person who knowingly makes a false statement or representation of a material fact, or who knowingly fails to disclose a material fact in any document or report required by the legislation must be issued a fine of up to \$10,000. Any person who willfully makes a false entry in or willfully conceals, withholds, or destroys any books, records, reports, or statements required to be kept must be issued a fine of up to \$10,000.

PERC is given rulemaking authority to ensure that required reports are consistent with LMRDA requirements.

If specific funding for purposes of this act is not provided in the omnibus operating appropriations act, this act is null and void.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on August 1, 2015.

Staff Summary of Public Testimony (Commerce & Labor): PRO: Public sector employees in a union deserve the same access to information as their private counterparts. The bill is the same as federal regulations that unions must comply with today. All members should be able to know where their money goes. This is an important step toward providing protections to public sector employees that exist under federal law for private employees. This provides basic consumer protection for union members.

CON: This bill places an unnecessary administrative burden on unions. Many unions already report this information to the U.S. Department of Labor. The bill seems punitive. No other organizations in Washington are required to disclose their financial and other information in this manner. This bill provides no benefit to represented members or the public. Union members can already access this information. This bill creates another layer of bureaucratic requirements.

Persons Testifying (Commerce & Labor): PRO: Senator Becker, prime sponsor; Maxford Nelsen, Freedom Foundation; Jim Johnson, William Berry, John Berry, Gerald Marsh, citizens.

CON: Joe Kendo, WA State Labor Council; Brenda Wiest, Teamsters 117.

Staff Summary of Public Testimony (Ways & Means): PRO: Increasing the transparency of public sector union finances and their accountability to union members is a worthwhile investment. \$500,000 would be a good investment. As a teacher I was not told the union was spending my money to pay lobbyists and union staff more than a teacher with a

doctorate degree to testify to the Legislature, on positions I did not agree with. An employee should not have to sign up and pay representation fees in order to get basic information about union finances.

CON: The bill is not needed. The \$240,000 cost would be for a duplicative service. Union members who want information about their union's finances can already get it by asking the union.

Persons Testifying (Ways & Means): PRO: Dennis Redmon, state employee, Dept. of Revenue; Maxford Nelsen, Freedom Foundation, Labor Policy Analyst; Bill Berry, Grant Pelesky, citizens.

CON: Joe Kendo, WA State Labor Council.