

SENATE BILL REPORT

SB 5371

As Reported by Senate Committee On:
Commerce, Labor & Sports, February 15, 2017
Ways & Means, February 22, 2017

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, Rivers, Brown, Braun, Angel, Warnick and Honeyford.

Brief History:

Committee Activity: Commerce, Labor & Sports: 2/06/17, 2/15/17 [DP-WM, DNP].
Ways & Means: 2/20/17, 2/22/17 [DP, DNP, w/oRec].

Brief Summary of Bill

- Requires every employee organization to file a report with the Public Employment Relations Commission (PERC) containing contact and procedural information.
- Requires employee organizations representing at least 100 employees to file an annual financial report with PERC.
- Requires PERC to make the reports available on a website and retain the reports for at least ten years.
- Prescribes penalties for willful violations of the reporting requirements.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King, Rossi and Wilson.

Minority Report: Do not pass.
Signed by Senators Keiser, Ranking Minority Member; Conway, Hasegawa and Saldaña.

Staff: Jarrett Sacks (786-7448)

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.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget; Bailey, Becker, Fain, Miloscia, Padden, Rivers, Schoesler, Warnick and Zeiger.

Minority Report: Do not pass.

Signed by Senators Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Carlyle, Conway, Darneille, Hasegawa, Keiser and Pedersen.

Minority Report: That it be referred without recommendation.

Signed by Senator Billig.

Staff: Amanda Cecil (786-7460)

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 the LMRDA are public information, and the labor organization must make reports available to members and allow members to examine records.

PERC was created to assist public employers and employees in 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 request of one or more of the parties to the dispute.

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

- name, physical address, and mailing 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 that represent 100 employees or more 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 disbursements to each officer and employee who received more than \$10,000 from the labor organization and any other affiliated labor organization, or any labor organization affiliated with the same national or international labor organization;
- loans made to any officer, employee, or member totaling more than \$250, along with the purpose and terms of the loan;
- loans to any business enterprise and the purpose and terms of the loan; and

- other disbursements made by the organization, in all categories as prescribed by PERC.

Reporting requirements can be satisfied by filing copies of LMRDA required reports with PERC. PERC is given rulemaking authority to ensure the required reports are consistent with LMRDA requirements. Reports received by PERC are public records, which must be made available to the public via website and must be preserved for ten years. The employee organization must make copies of the required reports available to every employee and notify every employee in the bargaining unit that the reports are available.

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. 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 reporting requirements must be issued a fine of up to \$10,000. Any person who knowingly makes a false statement or representation of material fact, or who knowingly fails to disclose a material fact required in the reports 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 books, records, reports, or statements required to be kept must be issued a fine of up to \$10,000.

A null and void clause is included in the event specific funding is not provided in the budget.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on August 1, 2017.

Staff Summary of Public Testimony (Commerce, Labor & Sports): PRO: Private employees can see their union's finances under federal law; the bill allows the same for public employees. Some unions already file with federal government, but some do not have to because they only represent public employees. Employees have to make a choice as to whether to join the union; the bill provides them the information they need to make that decision.

CON: The requirements and penalties of the bill are not necessary. Unions have their own bylaws, and if a member wants this information, they can request it, or put the requirements in the bylaws. There is no reason to add additional burdens to unions.

Persons Testifying (Commerce, Labor & Sports): PRO: Senator Randi Becker, Prime Sponsor; Gerald Marsh, citizen; Jami Lund, Freedom Foundation.

CON: Geoff Simpson, WSCFF; Darren O'Neil, Teamsters 252.

Persons Signed In To Testify But Not Testifying (Commerce, Labor & Sports): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: Washington is forefront in transparency and public sector employers deserve the same information that the private sector gets. Past versions of similar legislation had lower cost estimates just a few years ago and now we are up to hundreds of thousands of dollars.

CON: This bill is not necessary, it is just the government trying to insert themselves in the inner workings of the union. This bill is misguided and unnecessary. Members should get involved in the union. Unions are most effective when the members are involved. This is an unnecessary government regulation.

Persons Testifying (Ways & Means): PRO: Senator Randi Becker, Prime Sponsor; Maxford Nelsen, Freedom Foundation.

CON: Geoff Simpson, Washington State Council of Fire Fighters; Steve Segall, citizen.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.