

**CONTRIBUTION DISCLOSURE ACT
FOR UNIONS**

House Bill 4305
Sponsor: Rep. Wayne Kuipers
**Committee: Employment Relations,
Training and Safety**

Complete to 3-28-01

A SUMMARY OF HOUSE BILL 4305 AS INTRODUCED 2-20-01

House Bill 4305 would create a new act to be known as the Contribution Disclosure Act, to require labor unions to obtain an individual's written authorization, on a specified form, before using dues or fees for political, ideological, social, or charitable events or activities; lobbying for legislation; organizing employees of other employers; or, other activities that are not collective bargaining, contract administration, or grievance processing. The act also would impose certain duties on the Department of Consumer and Industry Services, and provide for penalties if provisions of the act were violated.

Dues expenditure prohibition without annual authorization. The bill specifies that a labor organization that accepted payment of dues or fees from an individual as a condition of that individual's employment, in accordance with a collective bargaining agreement or other agreement authorized by law, could not expend any portion of those dues or fees for the purposes cited above, unless the organization had obtained the individual's written authorization on a written authorization form, at least once each calendar year.

Written authorization form. The bill specifies the language of the written authorization form, and would require that it be printed using at least 12-point print. The form would be entitled "Union Dues and Political Activities – Your Rights" and read as follows:

The use of your union dues or fees is restricted by several federal and state laws. This form is to inform you of your rights regarding union dues or fees used for purposes other than collective bargaining.

The United States supreme court has ruled that a worker is not required to pay dues or fees that will be used for purposes not related to collective bargaining activities, contract administration, or grievance processing. Communication Workers of America v Beck, 487 US 735 (1988).

Under section 55 of the Michigan campaign finance act, 1976 PA 388, MCL 169.255, a labor organization is prohibited from requiring 'dues' or union fees as contributions for political purposes. Specifically, a labor organization may not require noncollective bargaining dues or fees for political purposes by doing any of the following:

- 1. Using coercion or physical force.*
- 2. Making a contribution a condition of employment or membership.*

3. *Using or threatening to use job discrimination or financial reprisals.*

An individual who knowingly violates section 55 of the Michigan campaign finance act is guilty of a felony punishable by a fine up to \$5,000 and imprisonment for up to 3 years, or both. A labor organization may be fined up to \$10,000.

A labor organization may solicit and obtain funds from you for political, ideological, social, or charitable events or activities; lobbying for legislation; organizing employees of other employers; or, other activities that are not collective bargaining, contract administration, or grievance processing on an automatic basis, including but not limited to a payroll deduction plan, only if you affirmatively consent in writing to the contribution at least once every calendar year.

Your dues or fees for membership in, or union representation from, the _____ are _____ dollars and _____ cents (\$_____) for the year beginning _____ and ending _____ dollars and _____ cents (\$_____, or _____%) of your dues or fees may be used for political, ideological, social, or charitable events or activities, lobbying for legislation, organizing employees of other employers, or other activities that are not collective bargaining, contract administration, or grievance processing only if you voluntarily consent below. An annual audit of these expenses is required to be filed with the state department of consumer and industry services, and a copy of that audit is available from the labor organization upon your request.

Under state and federal law, you do not have to pay this amount. This amount will be subtracted from the dues or fees you owe if you do not sign this form to have your dues or fees used for organizing employees of other employers, lobbying, or participating in political, social, charitable, or other ideological activities that are not related to collective bargaining, contract administration, or grievance processing.

I, _____, voluntarily authorize _____ to use \$_____ (_____%) of my dues or fees for political, ideological, social, or charitable events or activities, lobbying for legislation, organizing employees of other employers, or other activities that are not collective bargaining, contract administration, or grievance processing.

Employee signature Date

cc: Your Employer
Your Union President

Duties of Department of Consumer and Industry Services. Under the bill, the department would be required to prepare and make available to a labor organization upon its request, the written authorization form contained in the bill.

Double penalties; fees and costs. If a labor organization expended all or a portion of an individual's dues or fees for the purposes noted above, and had not obtained an individual's signature on a written authorization form, the organization would be liable to the individual for double all of the following, plus reasonable attorney fees and costs: a) the amount of dues or

fees that were collected from the individual without the individual's express consent on a written authorization form; and, b) interest at the lawful rate. In addition to awarding money damages, the bill specifies that a court could award equitable relief to an individual injured by a violation of the act. Further, the bill specifies that a labor organization has violated this section if it expended money from an individual's dues or fees for the purposes noted above, after the individual had resigned from the labor organization, or after the individual had rescinded or revoked his or her authorization for the expenditure.

Annual financial report. The bill would require a labor organization to provide the Department of Consumer and Industry Services with an annual financial report, prepared by a certified public accountant who was independent from the labor organization, that separately itemized and described all expenses that were not related to collective bargaining, contract administration, or grievance processing. The bill would require that the itemization and description be detailed and written in a readily understandable manner.

Withdrawal, rescissions, and revocations. The bill would prohibit a labor organization from restricting an individual's right to do either of the following: a) withdraw from the labor organization at any time; and b) rescind or revoke an authorization at any time after it is signed. Further, the bill specifies that a withdrawal, rescission, or revocation is effective 30 days after the individual provides the labor organization with written notice. Finally, the bill would prohibit a labor organization or its agents from harassing, coercing, attempting to intimidate, penalizing, or discriminating against an individual for any of the following reasons: a) electing not to sign a written authorization form; b) withdrawing from labor organization membership; and c) rescinding or revoking an authorization.

Definitions. The bill would define "labor organization" to mean that term as defined in section 2 of Public Act 176 of 1939 (MCL 423.2). [This law, which governs labor disputes and employment relations, defines "labor organization" to mean any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.] Further, the bill would define "written authorization form" to mean a document described in the bill that is signed by an individual who is required to pay dues or fees to a labor organization under a collective bargaining agreement or other agreement authorized by law.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.