

SENATE BILL 1035

By Ketron

AN ACT to amend Tennessee Code Annotated, Title 8,
Chapter 50, relative to the financial reporting for
state employee associations or unions.

WHEREAS, pursuant to federal law, private sector unions are obligated to make detailed financial disclosures; however, public sector labor unions are not obligated to make these same financial disclosures; and

WHEREAS, financial reporting requirements for unions and employee associations are designed to ferret out corruption, breaches of trust and other financial mischief; and

WHEREAS, a lack of transparency impedes the flow of information necessary for state union members, elected officials and the public to make sound decisions; and

WHEREAS, the power of employees to make sound decisions concerning workplace representation hinges on an employee's access to useful and relevant information; and

WHEREAS, state disclosure requirements would place public sector unions on relatively equal footing with private sector unions; and

WHEREAS, the state favors transparency and a policy of broad disclosure; now,
therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 50, Part 1, shall be amended by adding the following as a new section thereto:

8-50-118.

(a) A state employee association shall annually, not more than sixty (60) days after the end of its fiscal year, provide financial disclosure information to all employees in the bargaining unit and to the general public by filing with the comptroller of the treasury's office, a report containing the following information, detailed by functional

spending categories, that accurately discloses its financial condition and operations for the preceding fiscal year:

(1) Assets and liabilities at the beginning and end of the fiscal year;

(2) Salary, cost of fringe benefits, allowances, and other direct or indirect disbursements to each officer of the employee association, and the support staff as well as contributions to state or national affiliates;

(3) All income received or the value of services furnished to the employee association by any affiliated labor organization or any other labor organization on behalf of the employee organization;

(4) A report of the total amount spent by the employee association, and an itemization of all expenditures that exceed one thousand dollars (\$1,000) for:

(A) Contract negotiation and administration;

(B) Organizing activities;

(C) Strike activities;

(D) Litigation;

(E) Public relations;

(F) Political activities;

(G) Voter education;

(H) Activities attempting to influence the passage or defeat of legislation;

(I) Conference, convention and travel; and

(J) Training activities;

(5) The percentage of the employee association's total expenditures that were spent for each of the activities described in subdivision (a)(4);

(6) The names and addresses of any public relations firms, law firms or lobbyists that were used by the employee association for the activities described in subdivision (a)(4); and

(7) A list of candidates, political organizations, nonprofits and charitable organizations to which the employee association contributed.

(b) The report required in subsection (a) shall be prepared by an auditing organization, independent of the employee association, using generally accepted auditing standards and generally accepted accounting principles, that ensures the accuracy and veracity of the information provided by the employee association. All expenditures shall be reported as either germane to collective bargaining, contract administration, or grievance processing, or not so related.

(c) The employee association shall disclose information to all employees in the bargaining unit and to the general public by filing with the comptroller of the treasury a report signed by its president and secretary or corresponding principal officers, and containing the following information:

(1) The name of the employee association, its mailing address, and any other address at which it maintains its principal office or at which it keeps records;

(2) The name and title of each of its officers;

(3) The initiation fee or fees required from a new or transferred member;

(4) The regular dues or fees or other periodic payments required to remain a member of the employee association; and

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

(A) Qualifications for, or restrictions on, membership;

- (B) Levying of assessments;
- (C) Participating in insurance or other benefit plans;
- (D) Authorization for disbursement of funds of the employee organization;
- (E) Audit of financial transaction of the employee association;
- (F) The calling of regular and special meetings;
- (G) The selection of officers and stewards;
- (H) Discipline or removal of officers or agents;
- (I) Imposition of fines, suspensions, and expulsions of members, including the grounds for such action and any provision made for notice, hearing, judgment, and appeal;
- (J) Authorization for bargaining demands; and
- (K) Ratification of contract terms.

(d) Any change in the information required by subsection (c) shall be reported to the comptroller of the treasury at the time the employee association files with the comptroller the annual financial report required in subsection (a).

(e) Every officer of an employee association and every employee of an employee association, other than an employee performing exclusively clerical or custodial services, shall file with the commission within sixty (60) days of the end of its fiscal year a signed report listing and describing for the preceding fiscal year:

- (1) Any stock, bond, security, loan given or received, or other interest, legal or equitable, that the officer or employee or the officer's or employee's spouse or minor child directly or indirectly held in, and any income or any other benefit with monetary value (including reimbursed expenses) which the officer or employee or the officer's or employee's spouse or minor child directly or indirectly

derived from, any business any part of which consists of buying from, selling or leasing to, or otherwise dealing with, the employer;

(2) Any stock, bond, security, loan given or received, or other interest, legal or equitable, that the officer or employee or the officer's or employee's spouse or minor child directly or indirectly held in, and any income or any other benefit with monetary value (including reimbursed expenses) which the officer or employee or the officer's or employee's spouse or minor child directly or indirectly derived from, a business any part of which consists of buying from, or selling or leasing directly or indirectly to, or otherwise dealing with the employee organization;

(3) Any direct or indirect business transaction or arrangement between the officer or employee or the officer's or employee's spouse or minor child and the employer or any subsidiary thereof whose employees the association represents or is actively seeking to represent, except work performed and payments and benefits received as a bona fide employee of the employer; and

(4) Any payment of money or other thing of value (including reimbursed expenses) which the officer or employee or the officer or employee's spouse or minor child received directly or indirectly from any person who acts as a labor relations consultant to the employer.

(f) Subdivisions (e)(1)-(4) shall not be construed to require any such officer or employee to report such officer or employee's bona fide investments in securities traded on a securities exchange registered as a national securities exchange under the Securities Exchange Act of 1934, in shares in an investment company registered under the Investment Company Act or in securities of a public utility holding company

registered under the Public Utility Holding Company Act of 1935, or to report any income derived there from.

(g) Every person required to file any report under subsections (a), (c) and (e) shall maintain records on the matters required to be reported which will provide in sufficient detail the necessary basic information and data from which the documents filed with the comptroller of the treasury may be verified, explained or clarified, and checked for accuracy and completeness, and shall include vouchers, worksheets, receipts, and applicable resolutions, and shall keep such records available for examination for a period of not less than six (6) years after the filing of the documents based on the information which they contain. The comptroller of the treasury shall preserve such statements or reports for not less than ten (10) years. The contents of the reports and documents filed with the comptroller of the treasury pursuant to subsections (a), (c) and (e) shall be public information and shall be made available to the public upon receipt of a public records request.

(h)

(1) Any person who willfully violates this section shall be fined not more than ten thousand dollars (\$10,000).

(2) Any person who makes a false statement or representation of a material fact, knowing it to be false, or who knowingly fails to disclose a material fact, in any document, report, or other information required under this section shall be fined not more than ten thousand dollars (\$10,000).

(3) 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 by this section shall be fined not more than ten thousand dollars (\$10,000).

(4) Each individual required to sign reports under subsections (a), (c) and (e) shall be personally responsible for the filing of such reports and for any statement contained therein which he knows to be false.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.