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AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

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**CONTACT: Jonathan Collegio
202-785-0266**

New Labor Department Rule to Hold Unions Financially Accountable

New implementation from the Department of Labor answers concerns raised by recent union scandals

WASHINGTON—Today, Americans for Tax Reform (ATR) praised the final rule issued by the Department of Labor to increase reporting requirements for unions. The Washington, D.C.-based organization has argued that recent labor union scandals such as those involving the Washington Teachers Union and the U.L.L.I.C.O. mandate stronger reporting requirements that allow the rank and file union members to see where their dues are going.

“We are very pleased by today’s ruling from the Department of Labor. Secretary Chao’s leadership in the Labor Department is clearly visible. These new rule changes will ask of the larger unions some of the same disclosure requirements corporations are already meeting,” said ATR President Grover Norquist.

ATR has noted that while corporate requirements were rightly raised in response to the corporate accounting scandals, no similar requirements have existed for large labor unions, despite scandals occurring in the unions. While the Sarbanes-Oxley Act addressed corporate reporting requirements, the Labor Department looked to a new rule implementing present law to increase the accountability of large labor unions.

Originally, the Department of Labor had sought more ambitious reporting requirements, but in its email to stakeholders today, the Department stated that the rule would not be implemented until January of 2004 (meaning the earliest compliance mandated would be in 2005) and the new LM-2 disclosure reports would only kick in for unions with more than \$250,000 receipts.

“Small, local unions without the resources to meet the new, more stringent reporting requirements can file on the simpler LM-3,” said Norquist, “but those huge organizations need to be accountable to their members and the public at large. Corruption can happen in any organization and the average member has a right to see where his or her money is going.”

The Department of Labor has noted that it will provide training for the new requirements free of charge to those who request it, and has offered other services to assist unions in meeting the new requirements. Notably, the Department only made the rule change after an extensive comment period, including a 30-day extension.

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Jonathan Collegio at (202) 785-0266 or at jcollegio@atr.org.