

SENATE BILL REPORT

SB 5914

As Reported by Senate Committee On:
Ways & Means, April 4, 2017

Title: An act relating to public employer collection and remission of dues and other amounts on behalf of labor organizations.

Brief Description: Concerning public employer collection and remission of dues and other amounts on behalf of labor organizations.

Sponsors: Senator Braun.

Brief History:

Committee Activity: Ways & Means: 3/30/17, 4/04/17 [DPS, DNP].

Brief Summary of Substitute Bill

- Allows public employers, other than state agencies, to impose a fee on labor organizations of up to 5 percent of the amount remitted to the labor organization for administrative costs.
- Imposes a fee of between 2 percent and 5 percent on labor organizations for amounts remitted to the labor organization to cover costs related to the Public Employment Relations Commission.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5914 be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Bailey, Becker, Fain, 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; Billig, Carlyle, Conway, Darneille, Hasegawa, Keiser, Miloscia and Pedersen.

Staff: Amanda Cecil (786-7460)

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.

Background: 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.

The Personnel Service Fund is a revolving fund that is used by the Office of Financial Management (OFM) and PERC for the payment of costs related to the administration of the state civil service law. Monies in the account come from a charge on agencies of up to 1.5 percent of the value of the payroll for all classified positions. The charge is set by OFM and is currently 0.48 percent.

Summary of Bill (First Substitute): Public employers, other than state agencies, may impose a fee on a labor organization to offset the cost of administration. The fee may be up to 5 percent of any amounts collected on behalf of the labor organization as established by the employer. The rate of the fee is not subject to collective bargaining. If a labor organization fails to pay the fee within 60 calendar days of the end of the period for which the fee was assessed, the employer may retain a portion of the amount to be remitted as payment of the fee. If a labor organization fails to pay the fee within 60 calendar days of the end of the period for which the fee was assessed three times in a 12 month period, the employer may cease collecting amounts on behalf of the organization for one year.

State agencies must assess a fee on labor organization at a rate established by OFM as the greater of:

- two percent, or
- a rate that would allow no less than one-half of the amount appropriated to for PERC for the previous biennium to be collected, but no more than 5 percent.

Proceeds of the fees assessed by state agencies must be deposited to the Personnel Service Fund and used for costs of PERC.

If a labor organization fails to pay the fee within 60 calendar days of the end of the period for which the fee was assessed, the agency must retain a portion of the amount to be remitted as payment of the fee. If a labor organization fails to pay the fee within 60 calendar days of the end of the period for which the fee was assessed three times in a twelve month period, the agency must cease collecting amounts on behalf of the organization for one year.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Changes the retaining of amounts collected to a fee that is calculated based on the total amount remitted to a labor organization.
- Specifies that the amount of the fee is not subject to collective bargaining.
- Clarifies that all public employers other than state agencies may impose the fee.
- Provides that a public employer other than a state agency that imposes a fee may withhold payment from the amounts collected if the fee is not paid within 60 days of assessment and that if payment is not received within 60 days three times in a 12

- month period the employer may stop collecting on the organizations behalf for one year.
- Clarifies that state agencies must assess the fee at the rate established by OFM.
 - Provides that if a labor organization fails to pay the fee after 60 days of the fee being assessed the agency must withhold payment and if a labor organization fails to make payment within 60 days three times in a 12 month period a state agency must stop collecting on the organization's behalf for one year.
 - Makes the bill take effect immediately and declares an emergency.
 - Provides that if any part of the bill is found invalid or in violation of federal requirements the invalid or conflicting part of the bill is inoperative and other provisions remain in effect.
 - Makes technical corrections to statutory reference and agency name.

Appropriation: None.

Fiscal Note: Requested on March 29, 2017.

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

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The current process requires that the taxpayers subsidize costs of labor organizations. This allows the state to recoup some of that cost.

CON: The cost of collecting union dues is de minimis. This is singling out labor organizations and would apply to collections for things other than union dues such as charitable donations. Arizona tried this but exempted police and fire departments. This would violate current agreements.

Persons Testifying: PRO: Maxford Nelsen, Freedom Foundation.

CON: Brenda Wiest, Teamsters 117; Joe Kendo, Washington State Labor Council, AFL-CIO.

Persons Signed In To Testify But Not Testifying: No one.