On May 17, 2018, the Missouri General Assembly adopted a comprehensive rewrite of Missouri public sector labor law in House Bill 1413 (HB 1413), which primarily concentrates on the public sector labor law provisions of Chapter 105 of the Missouri Code. HB 1413 is effective August 28, 2018, unless vetoed by the governor.

In this three-part series devoted to a close examination of the legislation that will dramatically change public sector labor law in Missouri, we have focused on the significant features of HB 1413. Part one noted the historical and newly-enacted HB 1413 carve-outs from Missouri’s public sector labor law, which are critical to an understanding of union reporting and other union obligations since public safety labor organizations are exempt from Chapter 105’s public sector labor laws. Part two discussed HB1413’s important new rules pertaining to public sector collective bargaining. In our final installment of the series, we examine HB 1413’s union reporting rules and other obligations.

### Union Reporting and Other Obligations

#### Constitution and Bylaws

Every labor organization must adopt and file with the Missouri Department of Labor and Industrial Relations a constitution and bylaws (Sec. 105.533.1). The statute spells out certain requirements for the constitution and bylaws (Sec. 105.533.1(1) to (5)).

#### Financial Reports

Every labor organization must file annually with the Department a detailed financial report (Sec. 105.533.2(1) to (11)). Line items which must be included relate to political contributions (Sec. 105.533.2(9) and (10)).

- In order that a labor organization be able lawfully to use monies obtained from an employee for political purposes, it must obtain the advance, informed consent (written or electronic) of the employee and the consent expires after 12 months (Sec. 105.5052).
- The report must be electronic and easily accessible to all members of the labor organization (Sec. 105.5053).
- For just cause, all members have the right to examine the books and records from which the report was prepared (Sec. 105.5053).
**Financial Reports by Union Officers and Employees**

Union officers and employees (excluding clerical and custodial employees) must file with the Department an annual financial report of transactions and holdings which might implicate a conflict of interest vis-à-vis the public employer (Sec. 105.535).

**Sunshine Law**

The reports filed with the Department are open records and may not be closed (Sec. 105.540.1). As open records, these reports are available to the public (Sec. 105.540.2 and 3).

**Recordkeeping**

Every labor organization must maintain financial records commensurate with the records required by 29 U.S.C. Sec. 431(b) and these records must be provided to all bargaining unit members represented in a searchable electronic format (Sec. 105.505.6 and 7). All Department reports must be backed up by records which must be retained and available for inspection for 5 years after the reports have been filed (Sec. 105.545).

**Remedies**

False entries in the required reports, as well as concealment or destruction of backup records is punishable by a fine of up to $10,000.00 and/or imprisonment of not more than one year (Sec. 105.555.1 and 2). Failure to file a required report and/or tardiness in filing, subjects the labor organization to a fine of $100 for each day of tardiness (Sec. 105.555.4). Failure to maintain records commensurate with those required by 29 U.S.C. Sec. 431(b) and/or failure to make them available to bargaining unit members subjects the labor organization to suit where reasonable attorney’s fees and court costs are recoverable (Sec. 105.505.7).

**Key Takeaways**

Public employer financial statements have always been available under the Sunshine Law to taxpayers, employees and labor organizations; the new financial reporting rules for labor organizations represent the other side of that coin. These new rules will make it easier for bargaining unit members to track union political contributions and control whether their earnings will be used to support a union’s out-of-synch political viewpoint. Perhaps an unintended, but real, implication will be additional business for accounting firms that count public sector labor organizations as clients.

*This is the final installment of a three-part series examining Missouri’s HB 1413. Part one addressed the bill’s carve-outs and provisions affecting the representation process. Part two discussed HB 1413’s rules pertaining to public sector collective bargaining.***