



Pennsylvania Conference of Teamsters

Strength in Numbers 95,000

William Hamilton, President & Eastern PA Legislative Coordinator – Joseph Molinero, Sec.-Treasurer & Western PA Legislative Coordinator – Tim O'Neill, Consultant – Dan Grace, Trustee & Legislative Advisor – Robert Baptiste, Esq. Legal Advisor

LEGISLATIVE ACTION ALERT

Novak | Francella
LLC CERTIFIED PUBLIC ACCOUNTANTS

May 30, 2019

IMPORTANT NOTICE FOR LABOR UNIONS FROM THE PA CONF. OF TEAMSTERS ACCOUNTANTS

The Office of Labor-Management Standards (OLMS) today published a Notice of Proposed Rulemaking (NPRM) to establish a Form T-1 to require annual reporting on financial information pertinent to “trusts in which a labor organization is interested”.

A trust in which a labor organization is interested is defined as “A trust or other fund or organization (1) which was created or established by a labor organization, or one or more of the trustees or one or more members of the governing body of which is selected or appointed by a labor organization, and (2) a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.” The NPRM provides exemptions to the T-1 Form for trusts that file Form 5500.

The proposed Form T-1 uses the same basic template as prescribed for the Form LM-2, although Form T-1 is shorter and requires less information. Both forms require the labor organization to provide specified aggregated and disaggregated information relating to the financial operations of the labor organization and the trust.

The Department proposes to require a labor organization with total annual receipts of \$250,000 or more to file a Form T-1, under certain circumstances, for each section 3(l) trust, as defined by 29 U.S.C. § 402(l) of the LMRDA. Under this proposed rule, the Form T-1 reporting requirements are triggered where the labor organization during the reporting period, either alone or in combination with other labor organizations, (1) selects or appoints the majority of the members of the trust’s governing board, or (2) contributes more than 50 percent of the trust’s receipts (when applying this financial or managerial dominance test, contributions made by an employer pursuant to a collective bargaining agreement shall be considered the labor organization’s contributions).

The Department has previously proposed the implementation of the Form T-1 in 2003, 2006 and 2008. The 2003 and 2006 rules were vacated by the courts. The 2008 rule was rescinded in 2009 before it was implemented. The proposed rule is currently open for public comments through July 29, 2019. We will continue to monitor the progress of the proposed rule and will follow up with additional information. See: www.govinfo.gov/content/pkg/FR-2019-05-30/pdf/2019-10971.pdf for more detailed information regarding this proposed rulemaking.

Disclaimer:

This is for informational purposes only for client of Novak Francella LLC and should not be relied upon by anyone else. All readers should rely on the advice of their legal counsel and other professional advisors.

Boston | Connecticut | New York | Philadelphia | Washington, DC

800.836.4283

www.novakfrancella.com



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