

COMMITTEE ON COMMERCE
SENATE AMENDMENTS TO S.B. 1278
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 23-1421, Arizona Revised Statutes, is amended to
3 read:

4 23-1421. Labor organizations; fiduciary guidelines;
5 disclosure; accounting methods; benefit choice;
6 fringe benefit contributions; dues; contracts;
7 applicability; definitions

8 A. Notwithstanding any other law of this state and to the extent
9 allowed under federal law, a labor organization that collects benefit
10 monies or union dues is subject to similar fiduciary guidelines as required
11 by employers or third-party administrators providing benefits to employees
12 in this state, including all of the following:

13 1. The labor organization shall annually disclose to its members and
14 its members' employers all of the following information on one consolidated
15 statement:

16 (a) The labor organization's total revenue and expenditures for each
17 benefit category within this state and on a national level.

18 (b) The price of each unit collected, which is typically listed as
19 an hourly rate for each benefit category based on employee classification.
20 This disclosure shall be provided in a manner that allows a member to
21 determine the amount of benefit monies that have been collected on the
22 member's behalf.

1 (c) The cost of each benefit provided to the member, which is
2 typically listed as a monthly premium cost for insurance products or as
3 another formula for noninsurance benefits. This cost disclosure shall be
4 provided in a manner that is sufficiently detailed to allow a member to
5 determine the true cost of the benefit provided on the member's behalf.

6 (d) A list of any payments that the labor organization makes during
7 the year for each benefit category.

8 (e) A reconciliation and explanation of any differences between any
9 amounts disclosed pursuant to subdivisions (a) and (d) of this paragraph.

10 2. The disclosure required ~~pursuant to~~ BY paragraph 1 of this
11 subsection shall be made each year, not later than sixty days after the end
12 of the labor organization's fiscal year or the fiscal year of the specific
13 benefit trust funds, if different. The disclosure must be signed by an
14 officer of the labor organization under penalty of perjury.

15 3. The disclosure required ~~pursuant to~~ BY paragraph 1 of this
16 subsection must be either:

17 (a) Provided to each member and each member's employer either as a
18 paper mailing or via email.

19 (b) Posted on the labor organization's publicly viewable website
20 each year. If a labor organization posts the disclosure on a publicly
21 viewable website pursuant to this subdivision, the labor organization shall
22 both:

23 (i) Provide instructions to its members on how to access the
24 disclosure.

25 (ii) Maintain the prior years' disclosures on the same website.

26 4. A labor organization benefit plan must use generally accepted
27 accounting principles to account for benefit funds in a similar method as
28 required by an employer benefit plan.

1 5. A member of a labor organization may obtain health and welfare,
2 pension, vacation, sick or holiday benefits of the member's choosing
3 instead of the benefits offered by the labor organization. The member has
4 the ultimate discretion regarding which benefits the member chooses. If
5 the member chooses:

6 (a) To obtain benefits from the member's employer, the employer may
7 withhold payment to the labor organization for the hourly fringe charge for
8 those benefits.

9 (b) To obtain benefits from a person outside of the employment
10 relationship, the employer shall withhold payment to the labor organization
11 for that particular fringe benefit category and forward the monies to the
12 employee or benefit provider, as agreed to by [THE](#) employee and employer.

13 6. Any fringe benefit contributions that a union receives and that
14 are in excess of the costs that the union incurs with respect to that
15 fringe benefit must either be refunded to the employee or deposited into a
16 defined contribution plan on the employee's behalf within seventy-five days
17 after the end of the year.

18 7. A labor organization may not accept dues or benefits
19 contributions for employees ~~that~~ [WHO](#) have not voluntarily joined the labor
20 organization. Any resident of this state has standing in a court of this
21 state against the labor organization for monies that are paid to a labor
22 organization on behalf of the resident without the resident's consent.

23 8. An individual may not be considered to be a member of a labor
24 organization, or have any union dues or union benefits withheld from the
25 individual or the individual's employer, without the individual's
26 affirmative written consent. An employee or an employer may not pay any
27 penalty or fee related to the employee's abstention or resignation from
28 labor organization membership.

29 B. This section applies to any labor organization that is collecting
30 benefit monies or union dues on behalf of a resident of this state or an
31 employer that is domiciled within this state. This section does not apply

1 to labor organizations for employees working for the state, a political
2 subdivision of the state or federal governments.

3 C. Notwithstanding any other law of this state and to the extent
4 allowed under federal law, any member or employer ~~who~~ THAT is otherwise
5 obligated to contribute benefit monies for a benefit category as defined in
6 subsection D, paragraph ~~4 or 5~~ 1, SUBDIVISION (d) OR (e) of this section or
7 union dues has no such obligation during any time that the labor
8 organization is in violation of subsection A of this section. A labor
9 organization that is in violation of subsection A of this section for more
10 than thirty days forfeits the labor organization's claim on the benefit
11 monies the member or employer was obligated to contribute for a benefit
12 category as defined in subsection D, paragraph ~~4 or 5~~ 1, SUBDIVISION (d) OR
13 (e) of this section or dues during the time the labor organization was in
14 violation of subsection A of this section. This subsection does not allow
15 a member or employer to halt contributions for a benefit category as
16 defined in subsection D, ~~paragraphs~~ PARAGRAPH 1, ~~through 3~~ SUBDIVISIONS (a)
17 THROUGH (c) of this section, and a labor organization does not forfeit its
18 claim on benefit monies or dues for a benefit category as defined in
19 subsection D, paragraph 1, ~~through 3~~ SUBDIVISIONS (a) THROUGH (c) of this
20 section unless in accordance with an election made by the member pursuant
21 to subsection A, paragraph 5 of this section.

22 D. For the purposes of this section: ~~;~~

23 1. "Benefit category" includes any combination of one or more of the
24 following or additional benefit categories but may vary for each labor
25 organization:

- 26 ~~1.~~ (a) Health and welfare.
27 ~~2.~~ (b) Pension.
28 ~~3.~~ (c) Vacation, sick or holiday.
29 ~~4.~~ (d) Training.
30 ~~5.~~ (e) Other.

1 2. "LABOR ORGANIZATION":
2 (a) INCLUDES ANY RECOGNIZED LABOR ORGANIZATION AS DEFINED IN SECTION
3 23-1301 AND ANY TAFT-HARTLEY ACT TRUST BENEFIT PLAN THAT IS JOINTLY
4 OPERATED BY A LABOR ORGANIZATION.
5 (b) DOES NOT INCLUDE AN EMPLOYER-SPONSORED BENEFIT PLAN THAT IS NOT
6 MANAGED BY A LABOR ORGANIZATION."
7 Amend title to conform

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