

July 1, 2004 New Effective Date for LM-2 Changes

On Thursday January 22, 2004, a federal judge upheld the October 2003 Labor Department regulation requiring unions to disclose more details about their finances. This ruling also changes the effective date to years beginning on or after July 1, 2004.

In November, the AFL-CIO sued, asking the judge to invalidate the rule, which was to take effect January 1, 2004. The AFL-CIO contended Labor Secretary Elaine Chao did not have the authority to issue the rule or to require unions to report detailed transactions.

U.S. District Judge Gladys Kessler, Washington D.C., ruled that the secretary did have the rulemaking authority and that the rule was "reasonable, adequately explained, and not arbitrary or capricious."

Kessler blocked the DOL from imposing the new regulation until July 1, or until 90 days after it makes available a "fully tested version" of the electronic reporting software it has promised unions, whichever is later. This follows Judge Kessler's December 31 decision to grant a preliminary delay for a year (Legacy News Flash 04-1, January 5, 2004).

We will continue to provide you with information regarding the new requirements and the effective dates. Please feel free to contact us if you have any questions or would like to discuss your local union's ability to comply with the new regulations.

Note: Our Annual Tax Releases and Rates & Limits Release are posted in the Publications Section of our website, www.legacycpas.com.