

OLMS Issues Final Trust Reporting (Form T-1) Rule

On March 6, 2020, the Office of Labor-Management Standards (“OLMS”) issued the Form T-1, final rule, which can be found on the Federal Register site at <https://www.federalregister.gov/documents/2020/03/06/2020-03958/labor-organization-annual-financial-reports-for-trusts-in-which-a-labor-organization-is-interested>.

Effective and Filing Dates

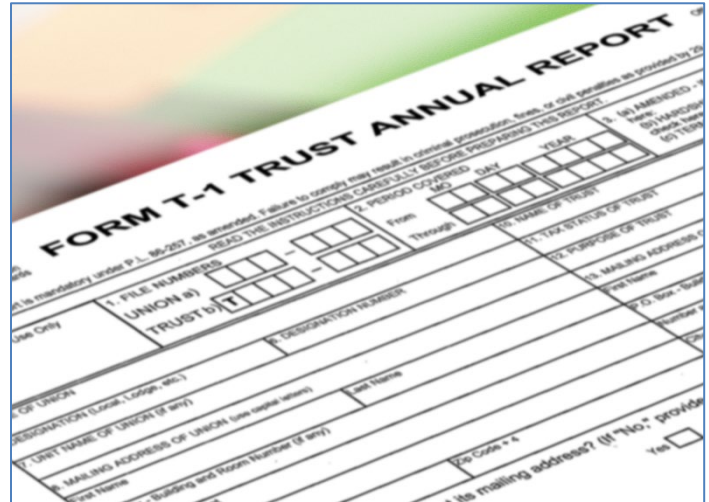
The rule is effective on April 6, 2020, however, no labor organization is required to file a T-1 until 90 days after the conclusion of their first fiscal year that *begins* on or after June 4, 2020. The Form T-1 will cover the trust’s most recently concluded fiscal year and a T-1 is required only for trusts with fiscal years beginning on or after June 4, 2020. The “most recently concluded fiscal year” is that which began on or before 90 days prior to the filing union’s fiscal year.

Who Must File Form T-1?

Only current LM-2 filers are required to file T-1 for each trust that meets the following criteria: the union, either alone or in combination with other unions, (1) selects or appoints the majority of the members of the trust’s governing board, or (2) contributes more than fifty percent of the trust’s receipts. Note that contributions made pursuant to a collective bargaining agreement are considered labor organization contributions. A number of exemptions may obviate the filing of a Form T-1 (see below).

What Does the Form Look Like?

Form T-1’s first page resembles an LM-2 Form, with similar informational items. The T-1 is much shorter and only has three itemization Schedules, one each for officer and employee disbursements, one for receipts, and another for disbursements. The itemization threshold is \$10,000 instead of the \$5,000 on the LM-2; there is no requirement for functional activity reporting.



Exemptions

The following T-1 filing exemptions should be carefully reviewed:

- *Political Action Committees (PACs) and related organizations* which submit timely, complete and publicly available reports (these should be listed in item 69 in response to item 11(a));
- *Federal Employee Health Benefit Plans* subject to the provisions of the FEHBA;
- *For-Profit Commercial Banks* established or operating pursuant to the Bank Holding Act of 1956;
- *Credit Unions* (this was added in the final rule);
- *Any Trust* that meets the statutory definition of a labor organization and already files an LM-2, -3 or -4 or is otherwise exempted by LMRDA from reporting;
- *Employee Benefit Plans* covered by ERISA that file a Form 5500.

In addition to these exemptions, a partial exemption is provided for a trust in which an audit was conducted in accordance with requirements in the final rule. If this option is selected, the union must still complete and file the first page of Form T-1 along with a copy of the audit report.

Finally, a union may voluntarily file a Form T-1 on behalf of one or more other unions where each would have otherwise been obligated to file their own Form T-1.

Next Steps

Form LM-2 filers are strongly urged to consult their most recent LM-2 where items 10 (Trusts), 11(a) (Political Action Committees) or 11(b) (Subsidiaries) are checked "Yes," those organizations are listed in item 69. The exemptions listed above should be carefully applied to each listed organization to determine which are exempted from T-1 filing. This would be an opportune moment to

ensure that any real or potential subsidiary organizations (e.g. building corporations) are declared as such and properly reported.

For more information, please contact us at 866.464.2839 or drop a line to info@calibrecpa.com.