



# House of Representatives

General Assembly

**File No. 287**

*January Session, 2005*

Substitute House Bill No. 6225

*House of Representatives, April 12, 2005*

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING RECIPIENTS OF STATE FINANCIAL ASSISTANCE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2005*) (a) For purposes of this  
2 section:

3 (1) "Financial assistance" includes, but is not limited to, all forms of  
4 loans, grants and guarantees;

5 (2) "Labor organization" means any organization that exists for the  
6 purpose, in whole or in part, of collective bargaining or of dealing with  
7 employers concerning grievances, terms or conditions of employment,  
8 or of other mutual aid or protection in connection with employment;  
9 and

10 (3) "Nonprofit organization" means any organization that is exempt  
11 from taxation under Section 501(c)(3) of the Internal Revenue Code of

12 1986, or any subsequent corresponding internal revenue code of the  
13 United States, as from time to time amended.

14 (b) (1) No nonprofit organization shall use any state financial  
15 assistance for any of the following purposes: (A) Interfering in labor  
16 organizing and education campaigns, (B) interfering with, or  
17 participating in, the activities of labor organizations, (C) discriminating  
18 in hiring based on past labor organizing activity or to encourage or  
19 discourage membership in a labor organization, (D) persuading  
20 employees to support or oppose labor organizing activity, (E)  
21 harassing employees engaged in labor organizing activity, (F)  
22 preparing and distributing materials that advocate for or against labor  
23 organizing, and (G) hiring or consulting legal counsel or other  
24 consultants to advise the nonprofit organization on how to deter labor  
25 organizing or how to impede a labor organization that represents the  
26 nonprofit organization's employees from fulfilling its representational  
27 responsibilities.

28 (2) No nonprofit organization receiving any state financial  
29 assistance shall employ any accounting device or method of  
30 transferring funds in any manner intended to impede the purposes of  
31 this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	New section

**LAB**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

This bill, which prohibits any nonprofit organization that receives state funds from using the funds for interfering in any activities both encouraging and discouraging labor organizing, will have no fiscal impact to the state.

**OLR Bill Analysis**

sHB 6225

**AN ACT CONCERNING RECIPIENTS OF STATE FINANCIAL ASSISTANCE****SUMMARY:**

This bill prohibits nonprofit organizations from using any state financial assistance for the following purposes:

1. interfering in labor organizing and education campaigns;
2. interfering with, or participating in, the activities of labor organizations;
3. hiring discrimination based on past labor organizing activity or encouraging or discouraging membership in a labor organization;
4. persuading employees to support or oppose labor organizing activity;
5. harassing employees engaged in labor organizing activity;
6. preparing and distributing material that advocate for or against labor organizing; and
7. hiring or consulting legal counsel or other consultants to advise the nonprofit organization on how to deter labor organizing or how to impede a labor organization that represents the nonprofit organization's employees from fulfilling its representational responsibilities.

It defines (1) financial assistance to include loans, grants, and guarantees, and (2) a nonprofit as any tax exempt organization under § 501(c)(3) of the Internal Revenue Code.

If enacted this bill could be vulnerable to a court challenge that the National Labor Relations Act, the federal law that governs private sector labor relations and union organizing activity, preempts it (see

BACKGROUND).

EFFECTIVE DATE: October 1, 2005

## **BACKGROUND**

### ***Court Rulings on State Law Regulating Private Sector Labor Relations***

Courts have consistently held that in enacting the NLRA Congress intended to provide the definitive law on private sector labor relations. In 2002, the United States District Court for the Central District of California held that the NLRA preempted a California law similar to this bill. The court held that Congress intended to have the sole power to regulate in the area of assisting, promoting, or deterring union organization and the use of public funds for these purposes. It also found a limitation on free debate on issues dividing labor and management violated NLRA, as interpreted by the United States Supreme Court (*Chamber of Commerce of the United States v. Bill Lockyer*, 225 F. Supp. 2d 1199 (C. D. Cal., 2002)). On appeal, the United States Court of Appeals for the Ninth Circuit upheld the district court ruling. The California decisions are not binding on Connecticut courts.

## **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 8      Nay 3