

# Change requires LM-3 and LM-4 to be filed electronically



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**O**n July 1, the Office of Management and Budget (OMB) approved a request by the Department of Labor (DOL) Office of Labor-Management Standards (OLMS) concerning the filing of annual LM reports.

The approved request implements a change that requires filers of Forms LM-3 and LM-4 to submit reports electronically, and to offer temporary and continuing hardship exemptions when electronic filing will cause an undue burden or expense. The changes also modify the hardship exemption process for Form LM-2 filers by eliminating the continuing hardship exemption.

Since 2005, OLMS has required labor organizations to submit the Form LM-2 electronically. OLMS also permitted, but did not require, those who file the Form LM-3 and Form LM-4 to file electronic reports. Under the new rule, OLMS will require all filers to file electronically.

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**“The mandatory Form LM-3 and Form LM-4 electronic filing, as well as the changes to the Form LM-2 hardship process, will be applicable to fiscal years beginning on or after Jan. 1, 2017.”**

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OLMS advises that, to file electronically, labor unions use the Electronic Forms System (EFS), which allows anyone with a web-enabled computer to complete, sign and electronically file without any cost and without downloading special software. More information is available on the DOL website concerning electronic filing as well as information on registering with EFS. Additionally, anyone who needs to prepare or sign an LM form in EFS will need a specific PIN for their union. The DOL advises that each union (i.e., each branch or state association) should select *one* representative to register with EFS online and obtain a PIN for that union (branch or state association).

Unless your branch has no annual income or financial activity, you must file with OLMS one of three types of financial reports depending upon the total annual receipts of the branch or state association. Labor organizations with

\$250,000 or more in annual receipts are required to file a Form LM-2. Labor organizations with at least \$10,000 but less than \$250,000 are required to file form LM-3. Labor organizations with annual receipts of less than \$10,000 must file a Form LM-4.

OLMS has advised that it will provide a process for all LM-3 and LM-4 filers to apply for a temporary hardship exemption, whereby filers may apply for additional time to complete the form electronically, provided that they temporarily submit paper forms in the interim. In addition, LM-3 and LM-4 filers can apply for a continuing hardship exemption, which permits filers to delay electronic filing for as long as a year. Previously, filers of Form LM-2 were permitted a continuing hardship exemption, but that option has been eliminated. Please note, however, that the LMRDA does not provide for or permit an extension of time for filing for any reason. The temporary hardship exemption does not remove the requirement to file on time.

The mandatory Form LM-3 and Form LM-4 electronic filing, as well as the changes to the Form LM-2 hardship process, will be applicable to fiscal years beginning on or after Jan. 1, 2017.

The Labor-Management Reporting and Disclosure Act (LMRDA) requires unions to file the annual report within 90 days after the branch’s or state association’s fiscal year. Branch and state presidents and secretary-treasurers are responsible for ensuring that required reports are filed in a timely and accurate manner.

Further information on this change can be found on the DOL website at [dol.gov/olms/elec\\_file.htm](http://dol.gov/olms/elec_file.htm). Links to access the OLMS EFS are also available from this web page, including registration links.

**Bonding requirements**—Under the LMRDA, all branches and state associations that have liquid assets and annual receipts of \$5,000 or more in value must be bonded. If your branch and state are bonded, you should always check to make sure that the bond is for the proper amount. Many branches and state associations can actually be underbonded if this is not reviewed. A great rule of thumb is to review your branch’s or state’s bond each year when you file your LM report. To find out if your branch or state association is properly bonded, visit [dol.gov/olms/regs/compliance/bonding.htm](http://dol.gov/olms/regs/compliance/bonding.htm), where you will find additional information and a bonding computation worksheet. There is also a bonding computation worksheet in the *NALC’s Branch Officer’s Guide to Finance and Administration*, which can be found under “resources” on the Secretary-Treasurer’s page on the NALC website, [nalc.org](http://nalc.org).