

The LMRDA is primarily a reporting and disclosure statute. It establishes various reporting requirements for labor organizations, labor organization officers and employees, employers, surety companies, and employer consultants pursuant to Title II of the Act. Accordingly, the primary economic impact of the final rule will be the cost to reporting unions of compiling, recording, and reporting required information. The final rule establishes a new set of reporting requirements for those labor organizations with receipts of \$250,000 or more. See the following Paperwork Reduction Act section (Overview of Changes to Form LM-2, and Overview of the New Form T-1) for greater detail on the reporting, recordkeeping, and other compliance requirements of the rule. In order to

comply with these requirements, reporting unions may need to make adjustments in their recordkeeping and bookkeeping procedures and, in some instances, to make changes in computing hardware or software to file the reports electronically. None of these expenses is expected to have a substantial impact on the 4,463 unions considered to be small by SBA standards (because they amount to only 1.7% of these unions' average annual receipts over three years), in large part because the public comments and OLMS's auditing experience confirm that labor organizations, like most small entities following standard business practices, already maintain at least some of the receipt and disbursement records required by the final rule.

The average annual reporting and recordkeeping burden for the current Form LM-2 is \$8,381 or 0.3% of average annual receipts for all Form LM-2 filers. The average additional first year cost (including first year non-recurring implementation costs) of the final rule for the 4,463 unions considered to be small by SBA standards for filing both the revised Form LM-2 and new Form T-1 is less than \$17,876, or 1.6% of average annual receipts (see Table 1). The average total first year cost of the revised Form LM-2 and new Form T-1 on small unions is \$26,257, or 2.3% of total annual receipts. Further, the average total cost for small unions falls to \$18,322 or 1.6% of total annual receipts in the second year.

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