



Proposal Puts Too Much Power in Unions' Hands

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Although the Employee Free Choice Act has gotten most of the attention, it is not the only pro-labor legislative proposal that warrants scrutiny.

One such initiative, the Patriot Corporations of America Act of 2009, deserves particular focus because it would greatly increase the success of union-organizing drives. Further, if the legislation includes a card-check feature rather than allowing employees to vote for or against a union by secret ballot, it would achieve the Employee Free Choice Act's key provision through the regulatory process. The Patriot Corporations Act sounds good on the surface. It offers American corporations a 5 percent tax break in exchange for providing needed domestic jobs and employee benefits. These designated "Patriot Corporations" also would receive preference in federal contract bids.

These advantages, however, come with a price. To achieve an annually renewed Patriot Corporation designation, a corporation would have to meet the following requirements during the taxable year:

- Produce at least 90 percent of its goods and services in the United States.
- Pay its highest-paid manager no more than 10,000 percent more than lowest-paid full-time employee.
- Conduct at least 50 percent of its research and development within the United States.
- Contribute at least 5 percent of its payroll to a portable pension fund for employees.
- Pay at least 70 percent of its employees' health insurance costs.
- Maintain a policy of neutrality in employee organizing drives.
- Provide full differential salary and insurance benefits for all National Guard and Reserve employees who are called to active duty.
- Violate no federal workplace regulations, including those relating to the environment, workplace safety, labor relations and consumer protection.

The Patriot Corporations Act's tax break could benefit many corporations, especially if tax rates begin rising. But any company that wishes to remain union-free should approach the neutrality obligation with extreme caution.

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