



SIoux FALLS AREA  
CHAMBER OF COMMERCE

*Progress is everyone's business*

## ISSUE BRIEF:

### Fees for Services — Initiated Measure 23

July 2016

Approved by the Executive Committee: July 25, 2016

Approved by the Board of Directors: July 27, 2016

***The Sioux Falls Area Chamber of Commerce encourages a “NO” vote on Initiated Measure 23 on the 2016 general election ballot.***

### Background

Under South Dakota law, statutory changes can be initiated by the citizenry by obtaining valid signatures equaling at least 5 percent of the vote total from the prior gubernatorial election. That means 13,871 signatures are required for measures proposed in 2016. IM 23 is an initiated measure that has been certified by the Secretary of State for inclusion on the 2016 general election ballot.

The entire measure includes two sections and is stated as follows:

Section 1. Notwithstanding any other provisions of law, an organization, corporate or nonprofit, has the right to charge a fee for any service provided by the organization.

Section 2. The effective date of this Act is July 1, 2017.

### Initiated Measure 23 would do the following:

- Gives corporate organizations and non-profit organizations the right to charge a fee for any service provided. If passed, it would go into effect on July 1, 2017.

### Discussion

Currently, 26 states have right-to-work legislation, including South Dakota, which has been a right-to-work state since 1947. Such designation prevents businesses from entering into contracts with unions that require all workers — not just those who are unionized — to pay union fees. While IM 23 would not require employees to join a union, if non-union members are represented by a union, non-union members may be required to pay for fees and services. If IM 23 passes, it is unclear what effect it will have on South Dakota's right-to-work laws because IM 23 does not explicitly repeal any statute.

### Proponent Rationale

Proponents of IM 23 believe unions shouldn't be required to provide free services such as contract negotiations or representation during contract negotiations, the grievance process, etc. since they are one of very few organizations required to provide a service without being able to charge a fee. Additionally, those in favor believe it will increase wages over time because, with more members paying dues, unions will be better funded and will thus be more effective in negotiations with employers.

### Opponent Rationale

This measure is brought to South Dakota by unions interested in expanding their resources without having to actually add members. It is an end-run around our state's right-to-work laws. Unions, and other organizations, would essentially be collecting fees

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from workers against their will. If the organization wants to increase membership, they should do a more persuasive job convincing employees to support the union. In addition, the fee charged to non-union members without their permission, would not result in non-union members receiving equal benefits as those who possess full union membership. Opponents also feel this type of mandate would be detrimental to the economy, namely by stifling job growth and dissuading business attraction.

Further, it is very unclear what organizations this measure would apply to. Clearly it is a union effort to defeat right-to-work, but as written it provides no guidance as to the type of organizations that could also deploy a fee for services strategy.

*Note: Detailing “Proponents” and “Opponents” rationale is designed to provide the reader with an understanding of the opinions and talking points from each perspective. They are not intended to reflect any position of the Sioux Falls Area Chamber of Commerce.*

**Chamber Position** (Adopted Aug. 17, 2016)

***The Sioux Falls Area Chamber of Commerce encourages a “NO” vote on Initiated Measure 23 on the 2016 general election ballot.***

### **Rationale**

*IM 23 is an assault on our state’s right to work laws and the ability of workers to choose to join or not to join unions and other bargaining units. This proposed law is ambiguous as it relates to the organizations for which it might apply and what other laws may be adversely affected if passed.*

### **Sources**

“South Dakota Right for Organizations to Charge Fees for Services, Initiated Measure 23 (2016) - Ballotpedia.” *South Dakota Right for Organizations to Charge Fees for Services, Initiated Measure 23 (2016) - Ballotpedia*. Web. 02 May 2016.

“South Dakota Secretary of State, Shantel Krebs.” *South Dakota Secretary of State, Shantel Krebs*. Web. 02 May 2016.

“Right to Work States | National Right to Work Legal Defense Foundation.” *NRTW News Views RSS*. Web. 02 May 2016.