



News Release

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MSHA Issues Interpretive Bulletin on Limited Liability Companies

ARLINGTON, Va. – The U.S. Department of Labor’s Mine Safety and Health Administration (MSHA) published an Interpretive Bulletin regarding Limited Liability Companies (LLCs) in today’s *Federal Register*. The purpose of the Interpretive Bulletin is to inform the public that Section 110(c) of the Federal Mine Safety and Health Act of 1977 applies to agents of LLCs. Section 110(c) states that, when “a corporate operator” commits a safety or health violation, “any director, officer, or agent of such corporation” who knowingly authorized, ordered, or carried out the violation is personally subject to a civil penalty.

“Limited Liability Companies are like corporations in that they shield their agents from personal liability. For that reason, they raise concerns similar to those which led Congress to enact Section 110(c),” said David G. Dye, MSHA’s acting administrator. “The Secretary of Labor believes that Section 110(c) should be applied to agents of LLCs, because their actions often directly affect miners’ safety and health.”

A Limited Liability Company is a hybrid business entity that effectively did not exist when Congress enacted the Mine Act in 1977. LLCs did not attain any significant popularity until 1988, when the Internal Revenue Service announced that they could be taxed as partnerships despite their corporation-like liability shield. Once the IRS declared LLCs could elect pass-through taxation, their numbers grew dramatically.

According to MSHA records, 782 of the nation’s 7,287 active mine operators – approximately 10 percent – now identify themselves as LLCs. A number of the nation’s large operators are LLCs.

Although the Interpretive Bulletin is not required to go through notice-and-comment rulemaking, it is open to public comment and will take effect after the comment period closes and all comments are reviewed.

Written comments on this Interpretive Bulletin should be submitted by June 8, 2006 to MSHA’s Office of Standards, Regulations and Variances, 1100 Wilson Blvd., Room 2350, Arlington, Va., 22209-3939. The fax number is (202) 693-9441. Comments may also be submitted by e-mail to zzMSHA-comments@dol.gov, by including “Interpretive Bulletin regarding Limited Liability Companies” in the subject line.

The Secretary of Labor is responsible for interpreting and applying statutes she is authorized to administer. More specifically, Congress delegated to the Secretary, acting through the Mine Safety and Health Administration, the authority to administer the Mine Act.

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