



The Montrose Group, LLC

TRANSFORMING YOUR WORLD

OHIO CAMPAIGN FINANCE AND LOBBYING GUIDE

FROM THE MONTROSE GROUP, LLC

AUGUST 2020

August, 2020

Dear Friend:

In 1993, I began my first job following graduation from the Ohio State University College of Law- serving as Director of Labor Relations for the Ohio Chamber of Commerce. What a time to start lobbying for the Ohio business community. I jumped right into working on then Governor George Voinovich's comprehensive reform of the state's struggling workers' compensation system. Nearly 3 million open workers compensation claims existed on the state monopoly worker insurance system- that would be 1 out of 3 Ohioans if each person had just one claim. That is when I first worked with then a young State Senator Bob Cupp from Lima. Senator Cupp crafted the Senate workers compensation legislation, worked with all stakeholders in public and private, mediated differences, made decisions on changes in the bill and sold his fellow Senators and House members on the merits of the legislation. Bob Cupp has been my model for the best in a legislator and public official since 1993.

Wind the clock forward 27 years and a sad day for the Ohio House when its Speaker Larry Householder was indicted in federal court, the election of now Representative Bob Cupp to become the Speaker of the Ohio House of Representatives offers a ray of hope for an institution I served in as a Member and care about deeply. Speaker Bob Cupp comes to the job with service as an elected official in all three branches of government and at both the local and state levels: as an Allen County commissioner, a four-term state senator, a court-of-appeals judge, and a justice of the Supreme Court of Ohio. He also served as a city prosecutor and as Chief Legal Counsel to former Ohio Auditor of State, Dave Yost. Using the term qualified for Speaker Cupp is an understatement.

Speaker Cupp's effort to restore integrity to the Ohio House cannot be done alone. Public officials, trade associations, lawyers and independent lobbyist need to help. Helping in this case starts with operating in the campaign finance and lobbying process within the bounds of the laws, rules and regulations of local, state and federal laws. Helping also means lobbying and advocating aggressively in the interests of your clients. Campaigns and lobbying will remain a "contact" sport. However, our firm, Montrose Group, LLC, will do its part through educational efforts on compliance with campaign finance and lobbying regulations but also promoting best practices that have built successful a successful lobbying practice based upon 30 years of experience. Montrose Group is providing a series of newsletter stories, publish an Ohio Campaign Finance and Lobbying Guide and will host a webinar on September 30, 2020 to discuss campaign finance and lobbying strategies and regulations.

Ohio needs Speaker Cupp to succeed and Montrose Group will do everything possible to make that happen.



Dave Robinson
Principal
Montrose Group, LLC



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MONTROSE GROUP OHIO CAMPAIGN FINANCE AND LOBBYING GUIDE

Executive Summary

Montrose Group's Ohio Campaign Finance and Lobbying Guide outlines how to effectively lobby and support the election of qualified candidates for public office.

Lobbying and Campaign Finance Strategy Can Support Quality Public Policy. In July, 2020, Ohio House of Representatives Speaker Larry Householder and a small group of lobbyist and campaign consultants were charged with racketeering in U.S. Federal Court. The facts alleged in the federal indictment illustrate the wrong approach to lobbying and campaign finance. Lobbying and campaign finance strategy can support quality public policy without violating the law or anyone's integrity through a policy based approach that recognizes the importance of elections.

2020 Ohio Election Preview. While President Donald Trump's Ohio electoral success in Ohio is still up in the air, the 99 members of the Ohio House of Representatives and 16 members of the Ohio Senate will likely benefit from connections with popular Governor Mike DeWine. Current Statehouse scandals may make it challenging for House Republicans to get their campaign organized but it is doubtful the Democrats will move into the majority. Key Ohio Statehouse races will center on Republican efforts to retain their suburban seats and Democratic efforts to retain the small number of rural and Appalachian districts they still represent.

Lobbying is a Heavily Regulated But Constitutionally Protected Profession. Lobbying is protected by the First Amendment to the U.S. Constitution and it is regulated by local, state and federal governments. In Ohio, a lobbyist is a person who is compensated to actively advocate the interests of others before Ohio's legislative and executive branches, or one of the state's retirement systems. Lobbyists are required to publicly register, comply with expenditure and gift restrictions with public officials and file public reports on their activity. Ohio has over 1500 registered lobbyist at the state level.

The Length and Limits of Political Contributions in Ohio Campaigns. Political contributions are a form of free speech protected by the First Amendment. However, local, state and federal laws regulate campaign contributions by limiting contribution amounts and who can contribute and requiring public disclosure of political contributions. Campaign contributions can be made to candidate campaign committees, Political Action Committees formed to support a company, cause or candidate, launch an independent expenditure committee to influence an election or policy issue, or contribute to a political party.

Political Action Committees Play a Major Role in the Election and Lobbying Process. Political Action Committees (PACs) are the prime method companies and trade associations use to provide campaign financing or political support to candidates for public office. Companies or campaigns may form a PAC to support political campaigns of candidates or issues placed before voters. A PAC can be either organized under state or federal regulations and contribution and expenditure limitations apply to PACs. PACs will spend billions of dollars in the 2020 election and Ohio has over 800 PACs registered with the Ohio Secretary of State.

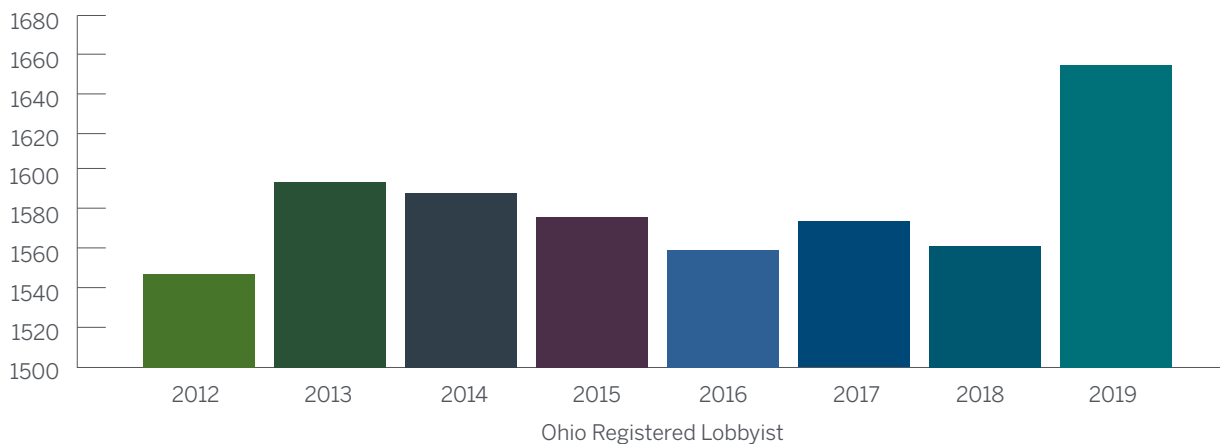


LOBBYING AND CAMPAIGN FINANCE STRATEGY CAN SUPPORT QUALITY PUBLIC POLICY.

In July, 2020, Ohio House of Representatives Speaker Larry Householder and a small group of lobbyist and campaign consultants were charged with racketeering crimes in U.S. Federal Court related to an alleged \$60 M bribery scheme involving First Energy's effort to gain a billion dollar subsidy to save two of their nuclear power plants. The facts alleged in the federal indictment illustrate the wrong approach to lobbying and campaign finance which is fueled by massive spending permitted by legal campaign finance tools but apparently implemented in an illegal fashion to support a leader only focused on personal ambition. Lobbying and campaign finance strategy can support quality public policy without violating the law or anyone's integrity.

First, there is nothing sinister with the connecting between lobbying on behalf of clients and making campaign contributions. Registered lobbyists work everyday with public officials on promoting sound public policy.

Total State of Ohio Registered Lobbyists 2012-2019



As the chart above illustrates, Ohio has between 1500 and 1600 registered lobbyists. The number of registered lobbyists in the Buckeye State has grown over time. In 2000, Ohio had 1129 registered legislative agents lobbying the Ohio General Assembly, and, by 2019, that number of registered legislative agents had reached 1540.¹ The lobbying of the Ohio Executive Branches of government has also increased recently. In 2000, 829 lobbyists were registered for Ohio Executive Agencies and that number has increased to 1110 in 2019.² However, Ohio's total number of state registered lobbyist is likely on par with similar states. As an example, the state of Michigan has roughly 1500 registered lobbyist influencing matters at the state.³

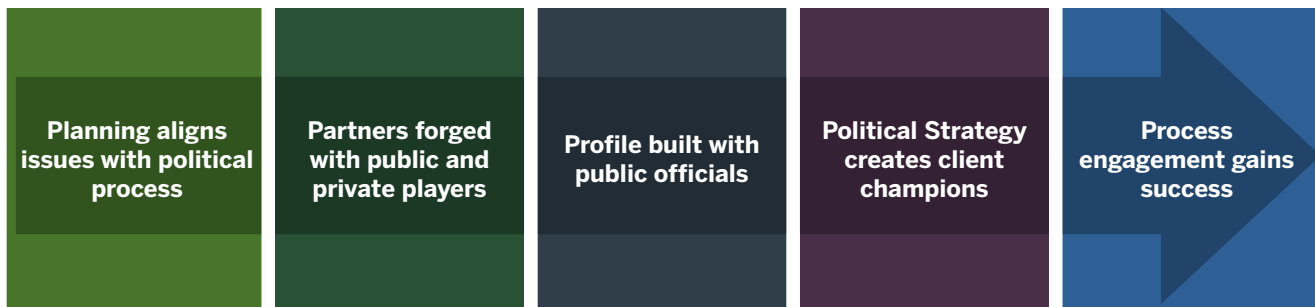
99% of these lobbyist follow the rules and regulations that clearly permit advocacy for their clients to include providing financial support for quality candidates for public office. Quality public policy does not happen without smart public officials focused on the success of their district, region, state and nation. Current laws require substantial regulation and public reporting of local, state and federal lobbying activity but the law also permits political contributions to be made directly to candidates campaign committees, political parties, Political Action Committees (PACs) and independent expenditure committees. Billions of dollars of campaign contributions are generated using these legal means to support candidates for local, state and federal government. Bribery, money laundering and massive independent campaign expenditures lead to public



policy and political disasters. Effective lobbying is generally about building relationships and trust with public officials that often centers on being a resource on issues. Public officials are faced with dozens of different issues a day. Term limits in state legislatures has made the job of legislators even tougher as they don't have enough time in office to build perspective on an issue.

Montrose Group's approach to lobbying and campaign finance is built around the five P's of public policy that focus on Planning aligned with the political process, building Partners with public and private players as who delivers the policy message matters more than what is said, developing positive Profile for clients with public officials, recognizing that quality public officials need to be elected through a Political Strategy client's need to support, and, finally, understanding the Process of government at the local, state and federal level to maximize the benefit for clients.

Montrose Group's Five Ps of Public Policy Advocacy



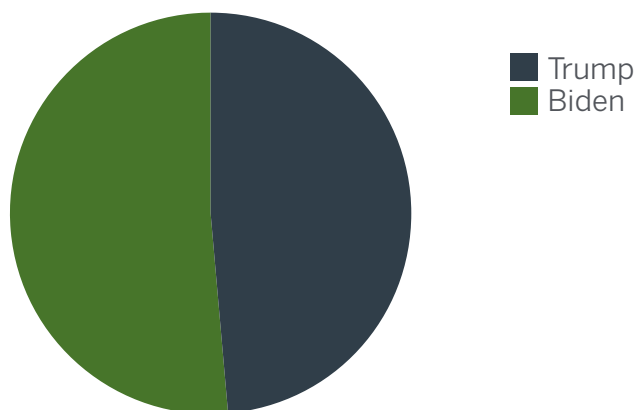
There is nothing in this lobbying approach anyone should be ashamed to tell their children about. These are traditional advocacy and political engagement tools that democracy's can successfully run on. The challenge becomes when public officials focused solely on personal advancement become fueled by interest groups willing to simply do anything, inside or outside of the law, to succeed. The Householder Scandal is an important reminder about the right and wrong approach to lobbying and campaign finance approaches.

OHIO ELECTION 2020 INCLUDES A PRESIDENTIAL BATTLE WITH LEGISLATIVE FIREFIGHTS

Except for a four-year stint where Governor Ted Strickland and others lead several statewide Ohio elected offices, the state of Ohio has been dominated by Republican leaders since the election of Cleveland Republican George Voinovich. Currently, both the Ohio House of Representatives and Ohio Senate are controlled by overwhelming majorities of Republican members driven in large part by the departure of Democratic success in rural Ohio and the continued Republican success in fast growing, ex-urban counties surround metro regions in Columbus, Cleveland, Cincinnati, Toledo, Akron, Canton and Youngstown. President Donald Trump has created political inroads in communities with larger than normal share of union households but driven up Democratic support in higher educated, white collar urban centers like Columbus and Cincinnati.



Ohio Presidential Campaign Polling RCP Average



Source: Real Clear Politics, May 30-July 16, 2020

The 2020 Election will be driven in large part on the performance of President Trump in the Buckeye state as well as the current scandal involving Ohio House Speaker Larry Householder who along with several campaign consultants, lobbyists and corporate interests was indicted in federal court on racketeering charges. While it is doubtful the campaign finance and bribery charges in the Householder scandal will impact many voters decisions in November of 2020 it may impact the ability of the House Republicans to successfully implement a successful campaign in districts that prove challenging due to President Trump's current political challenges. As the Real Clear Politics polling average illustrates, the race in Ohio for President currently gives former Vice President Joe Biden a slight edge which is not a good sign for President Trump as Ohio should be among the easier states he needs to win. However, predicting a Democratic victory in one of the most unpredictable years in America's 240 year history would be a mistake.

Who Ohio Republicans should be connecting voters with is Governor Mike DeWine. His management of the COVID 19 crisis in the state had brought him unprecedented support from both Republicans and Democrats. A June, 2020 Fox News Poll gave Governor DeWine with an 83% approval rating among Democrats and an 81% rating among Republicans, for a total 82% approval rating.^{xx} Again, while the COVID 19 crisis has surged of recent days, Governor DeWine's aggressive leadership and his ability to navigate the difficult process of balancing public health priorities with Ohioans personal liberties and the desire to reopen the economy have brought strong public support from voters across the state.

Ohio's 99 members of the House of Representatives and 16 even numbered Ohio Senate district races will be the prime election battle ground in November. House Republicans are focused on winning the few remaining rural and Appalachian districts that remain in Democratic hands while the Democrats are focused on ballot success in suburban districts uninspired by another four years of Donald Trump in the White House.



Hot Ohio House Battles

- 16th District/Rep. Dave Greenspan
- 23rd District/Rep. Laura Lanese
- 27th District/Rep. Tom Brinkman
- 42nd District/Open Suburban Dayton Seat
- 96th District/Open SE Ohio Rural Seat
- 99th District/Open NE Ohio Rural Seat

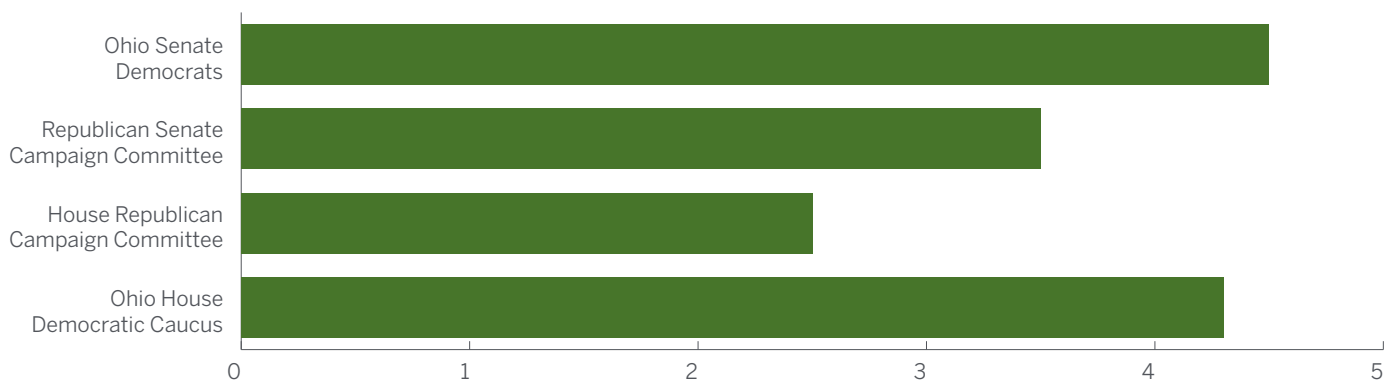
Hot Ohio Senate Battles

- 2nd District/Senator Teresa Gavarone
- 6th District/Open Seat in Suburban Dayton
- 8th District/Open Seate in Suburban Cincinnati
- 16th District/Senator Stephanie Kunze
- 24th District/Senator Matt Dolan
- 32nd District/Senator Sean O'Brien

With large majorities, the Republicans have more seats to protect than the Democrats in the legislature but they also traditionally have had a larger fundraising advantage as well as the districts in which the candidates are seeking office were drawn by a Republican controlled Apportionment Board.

The federal government's racketeering charges against Ohio House of Representatives' Speaker Larry Householder creates near term fundraising challenges for the House Republicans campaign to protect their 60 seats of the 99 House districts. Much of the current fundraising support for these campaigns is located in Speaker Householder's campaign committees and likely in independent expenditure campaigns aligned with Speaker Householder. The newly formed Ohio House majority leadership will need to quickly move to raise the funds needed to meet the multi-million dollar campaigns that await them in the Fall.

Ohio Legislative Campaign Committee Fundraising, Semiannual Report, July 2020



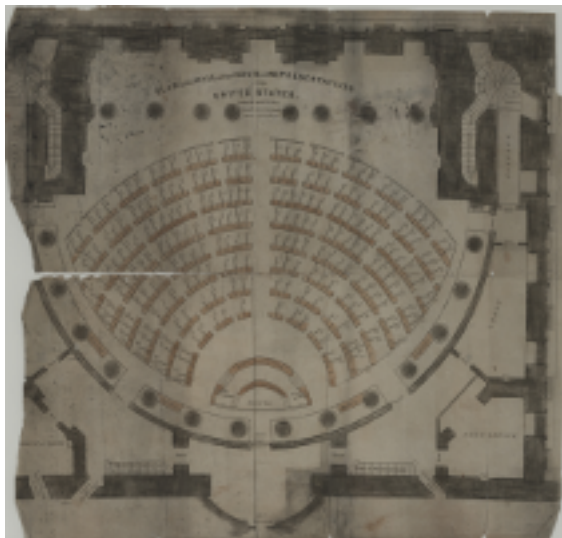
As the campaign caucus fundraising totals outline, Republicans maintain a fundraising advantage but more funds will likely be needed to wage effective campaign in expensive media markets like Cincinnati, Cleveland and Columbus.



LOBBYING HAS A LONG AMERICAN HISTORY

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

First Amendment to the U.S. Constitution (italics added)



The lobbying profession like religion, political speech, news media, and protestors all have their rights protected by the U.S. Constitution. Petitioning or lobbying the government was thought of by the Founding Fathers from the start based upon the long held English notion of petitioning the King to address grievances.

The term “lobby” derives from the Old High German *louba*, meaning hall or roof and its original use was not about government but about theaters.⁵ It came to be used in 18th-century British theaters, where the “box-lobby lounge” became a common sight, and he was someone who came not to see the play but to chat with the well-connected Londoners streaming through the lobby just outside their box seats.⁶ Lobby loungers showed up in American theaters, too, and provided the basis for the political version’s term.

The first lobby in the Capitol, seen as a semicircle near the bottom of this early floorplan to the left, was where most people came to bend the ear of a Representative.⁷ The switch to a political use of the term “lobby” began in 1810s, in the statehouses of the northeastern United States, and, in 1817, one newspaper referred to a William Irving as a “lobby member” (as opposed to an elected member) of the New York legislature.⁸ It was the first known use of the term in print, and it must have been a recent coinage, too, because in 1818 another writer helpfully defined a lobby member as someone who was “employed to advocate by extraneous influence” for petitions before the legislature.⁹ Later, newspapers added the variations “lobbying” (1820), “lobbyism” (1824), and “lobbyist” (1846).¹⁰

Today, lobbyists represent everyone- from the common person to those in labor unions to local and state government agencies, universities, schools, hospitals, nursing homes, insurance, financial services, manufacturing, energy, technology, transportation, retail, real estate, utility, agriculture and other companies. As the scale and scope of the local, state and federal government has grown with new spending, regulation, taxation and policy changes, organizations have engaged lobbyist to protect their interests.



MANY OHIO CITIES REQUIRE LOBBYING REGISTRATION

Ohio municipalities spend billions of dollars in revenues and adopt policies and sign government contracts impacting individuals, companies, labor unions and other groups. Like their counterparts at the state and federal government, many larger Ohio municipalities require lobbyist to register with the city and comply with ethics regulations.

Columbus, Ohio—the state’s largest city by far—defines a lobbyist or “legislative agent” as an individual who engages at least five (5) percent of his or her compensated time to “actively advocate” to persuade members of government to enact legislation to benefit his or her client(s) or employer.¹¹ Columbus defines “Actively advocate” to mean to “promote, advocate, or oppose the passage, modification, or defeat, or mayoral approval or veto of any legislation by direct communication but it does not include any individual not engaged by a client who has a direct interest in legislation if the person, acting under Section 3 of Article I, Ohio Constitution, assembles together with other persons to consult for their common good, instructs a public officer or employee of the state or any of its subdivisions, or petitions that public officer or employee for the redress of grievances.¹² Furthermore, Columbus excludes from the definition of a legislative agent or lobbyist the following:

- Elected official or a member of the staff of any elected official;
- Reporter gathering or furnishing information;
- Individual appearing before an elected official during a public meeting;
- Individual advertising or making statements in any media;
- Publication that caters to a specific association, charitable or non- profit organization; and
- Individual providing professional services relating to legislation and are not receiving compensation to advocate for the specific legislation.

Lobbyist are required to registered with the City of Columbus and file regular reports, and Columbus currently has 91 registered lobbyists working on a range of development, government contracting and public policy issues.

The Cuyahoga County Code requires Lobbyists to register with the Inspector General within thirty days after the start of lobbying activity on behalf of his or her client. If you meet certain limited criteria, you may be exempt from the registration process.¹³ The Cuyahoga County Code defines a Lobbyist as: any individual employed or retained by a client to contact via private written or oral communication any County elected official, employee, or board member to influence the award of County contracts, the appointment or confirmation of any individual, or the formulation, modification, or adoption of any County legislation, regulation, or policy.¹⁴ A Lobbyist does not include any individual who spends less than five percent (5%) of his or her compensated time lobbying governmental entities on behalf a specific client nor anyone who performs who advocates with county officials without compensation, whose performance of such action consists solely of testimony provided at public meetings, or whose performance of such actions are an incidental and insignificant portion of one's duties.¹⁵

Cincinnati requires lobbying registration as well. Cincinnati’s lobbying disclosure law consists of a general requirement that people, organizations or other groups who expend funds or receive compensation to influence legislative or administrative action of the City must register with the Clerk of Council of the City.¹⁶ Cincinnati defines a lobbyist or legislative agent as any individual who is engaged by an employer during at least a portion of his or her time, as one of his or her main purposes, to promote, advocate, or oppose the passage, modification, defeat, or executive approval or veto of any legislation by direct communication.¹⁷ If the advocacy by direct communication regarding legislation is directed to any councilmember, appointee of the Council, the City Manager, the director of any department created in the Administrative Code, or the staff of any such public official and the person is attempting to influence legislation, then the person engaged in such advocacy is a legislative agent.¹⁸



As a general rule, Cincinnati regulations define lobbying to involve direct contact or active advocacy at least three times for the purpose of influencing legislation during a calendar year with a city official for compensation.¹⁹ Cincinnati defines “actively advocate” to mean to promote, advocate, or oppose the passage, modification, defeat, or executive approval or veto of any legislation by direct communication with any member of the Council, appointee of the Council, the City Manager, the director of any department listed in the Administrative Code, or any member of the staff or employee of such public official.²⁰ Actively advocate does not include the action of any person not engaged by an employer who has a direct interest in legislation if the person, acting under Section 3 of Article I, Ohio Constitution, assembles together with other persons to consult for their common good, instructs a public officer or employee who is listed in this division, or petitions that public officer or employee for the redress of grievances.²¹ Cincinnati defines legislation to mean ordinances, resolutions, amendments, nominations, and any other matter pending before the Council, and staff means any city employee whose official duties are to formulate policy and who exercises administrative or supervisory authority or who authorizes the expenditure of city funds required to file a financial disclosure statement under Article XXVI of the Administrative Code.²²

OHIO STATEHOUSE REGULATES LOBBYING THROUGH PUBLIC DISCLOSURE AND EXPENDITURE LIMITS

In Ohio, a lobbyist is a person who is compensated to actively advocate the interests of others before Ohio's legislative and executive branches, or one of the state's retirement systems.²³ A person or entity who compensates a lobbyist to advocate on its behalf is referred to as an employer, and the relationship between an employer and a lobbyist is called an engagement.²⁴ Based on the subject matter outcome a lobbyist is attempting to influence, Ohio law categorizes engagements as: legislative engagements, executive engagements, or retirement system engagements.²⁵ Engagement types are not exclusive; lobbyists are often both a legislative and executive lobbyist for a single employer (and thus have multiple engagements with that employer).²⁶ Lobbyists may have engagements with multiple employers, just as employers may have engagements with multiple lobbyists.²⁷

In Ohio, lobbying does not include grassroots lobbying or efforts by those who are not compensated, that have a direct interest in Legislation, Executive Agency Decisions, or Retirement System Decisions, and who petition public officials and employees for the redress of their grievances, contacts made for the sole purpose of gathering information contained in a public record, appearances before public hearings of the general assembly, the controlling board, an Executive Agency, or a Retirement System to give testimony, news, editorial, and advertising statements published in bona fide newspapers, journals, magazines, or broadcasts and the gathering and furnishing of information for such news, editorial, and advertising statements, and publications primarily designed for and distributed to members of bona fide associations, or charitable or fraternal nonprofit corporations.²⁸ Ohio law does not permit registered lobbyist being compensated on a contingent or success fee basis for the outcome of legislation or an executive agency action.²⁹ Attorneys often represent clients before state agencies. Attorneys do not register as a Lobbyist where the outcome of their representation results in an agency decision that is only applicable to their client or certain named individuals, but attorneys must register as a Lobbyist where their communications with state agencies (other than testimony at a public hearing) may affect Legislation or Executive Agency Decisions that are universally applicable.³⁰



Registered state lobbyist are restricted in their Expenditures on public officials known as a Reportable Person. An Expenditure is any payment, reimbursement, or gift of anything of value provided by a Lobbyist or an Employer for the use or benefit of a Reportable Person regardless of the purpose for which it is given.³¹ An Expenditure includes: services, gifts, meals and beverages, entertainment, ticketed events, lodging, and transportation.³² An Expenditure provided to anyone personally associated with a Reportable Person (immediate family, significant other, friend, business partner) is for the benefit of the Reportable Person unless the Lobbyist or Employer has an independent relationship with the recipient that is separate from any personal association to the Reportable Person.³³ Expenditures are of different types with different limits as outlined in the table below.

Ohio General Assembly Expenditure Limits by Type	
Expenditure Type	Expenditure Limits
Itemized Gift Expenditures	Anything of value, excluding a meal or beverage, given to or made for the benefit of a Reportable Person that exceeds \$25
Itemized Meal/Beverage Expenditures	A meal or beverage expenditure made for the benefit of a particular Reportable Person that, when aggregated with all other meal/beverages made for the benefit of that person by the Lobbyist over the course of a year, exceeds \$50
Non-Itemized Meal/Beverage Expenditures	Meal/Beverages Expenditures Under \$50: A meal or beverage expenditure made for the benefit of a particular Reportable Person that, when aggregated with all other meal/beverages made for the benefit of that person by the Lobbyist over the course of a year, does not exceed \$50
Speaking Engagement Expenditures	A meal or beverage expenditure provided to certain Reportable Persons participating in a panel, seminar, or speaking event.
National Organization Conference Expenditures	A meal or beverage expenditure provided for the benefit of certain Reportable Persons attending a meeting or conference of a National Organization to which a state agency pays membership dues
All-Invited Event Expenditures	The cost of meals and beverages provided at an event to which all members of the general assembly are invited or to which all members of either chamber are invited

Each engagement must be registered with the Ohio Legislative Inspector General.³⁴ Thereafter, lobbyists and employers must periodically report details about the lobbying activity and any expenditures associated with the engagement, and this information is submitted by filing an Activity & Expenditure Report (AER).³⁵ Each calendar year consists of three reporting periods: January-April, May-August, and September-December. Following each, lobbyists and employers must each submit AER's to the OLIG.³⁶



2020-21 Ohio Lobbying Reporting Calendar

Due Date	Lobbying Report Activity
January 31, 2020	Deadline to file September-December 2019 Activity & Expenditure Reports and updated PED Statements.
June 1, 2020	Deadline for filing the January-April 2019 Activity & Expenditure Reports
September 30, 2020	Deadline to file May-August 2020 Activity & Expenditure Reports
January 1, 2021	September-December 2020 Activity & Expenditure Reports
January 15, 2021	The last day to renew all Legislative, Executive and Retirement System registrations in OLAC without a client signature page
February 1, 2021	Deadline to file September-December 2020 Activity & Expenditure

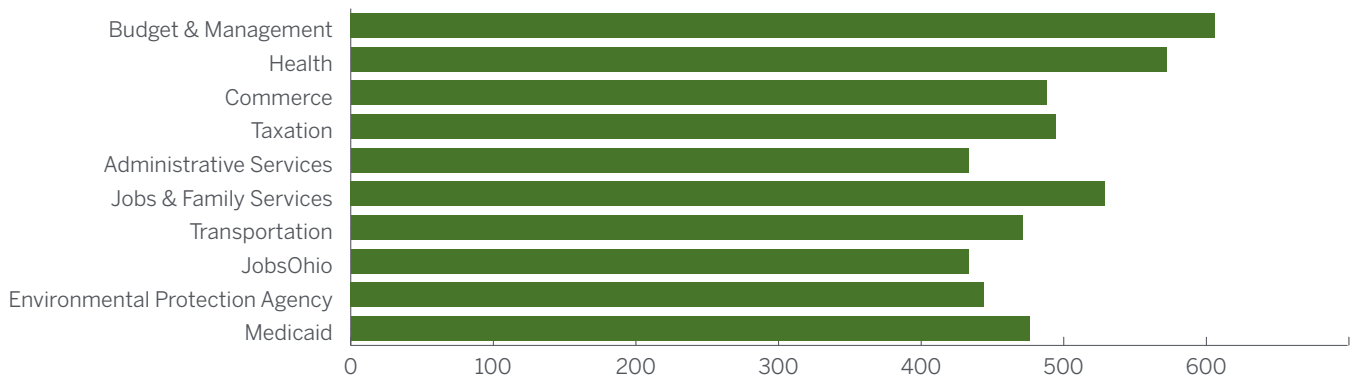
Finally, state of Ohio registered lobbyist are required to list expenditures they have with Ohio executive agency and legislators and staff. The overwhelming focus of lobbyist spending is on the Ohio General Assembly with \$766,849 reported for lobbyist legislative spending while the Ohio executive agency only accounted for \$8471 in total lobbying spending in 2019. The large legislative total illustrates the widespread use of legislative receptions by various interest groups and as more meal expenses for legislators while recent executive agency leaders have not permitted or discouraged their staff from taking any gifts from registered lobbyist including meals. As an example, of the \$766,849 total for lobbyist legislative expensive \$642,017 was for legislative receptions in which the entire Ohio General Assembly was invited.



STATE BUDGET AND ENERGY ISSUES DOMINATE OHIO STATEHOUSE LOBBYING FOCUS IN 2019-20

The state of Ohio operating, capital, transportation and workers compensation agency budgets along with controversial energy legislation all dominated Statehouse lobbying efforts in 2019 and 2020. All Ohio lobbying registrations are submitted electronically through the Ohio Lobbying Activity Center ("OLAC")—a website designed and maintained by the OLIG, and OLAC serves as a database for the public to view, search, and compile this information in real time. Registered lobbyist must also register what issues they are engaged in. This requires listing specific executive agency departments that typically report to the Governor.

Ohio Registered Lobbyist by Executive Agency, 2019



Again, the chart above illustrates the large role of the state's operating budget plays in the work of lobbyist. The Office of Budget and Management and Department of Taxation top the list of most lobbied state agency. The Health Department, Jobs and Family Services and Medicaid Department all play a large regulatory role with hospitals, nursing homes, welfare and the health care industry and they all made the top ten list. The Ohio Department of Commerce has grown in importance as the agency regulates many Ohio based businesses who need a license to operate such as the recently created Ohio medical marijuana program. The Department of Transportation administrated a multi-billion- dollar infrastructure budget and the Ohio Department of Administrative Services is the focal point for the award of many state government contracts.

The Governor's office is typically the most popular statewide elected official that lobbyist register as attempting to influence. 1065 Ohio lobbyist registered they were attempting to influence the Governor's office with the Lt. Governor coming in at 853, Attorney General at 857, Auditor of State at 639, Secretary of State at 624, and the Treasurer of State at 583 in 2019.³⁷

Registered lobbyist must also report specific bills in which they were engaged for legislative lobbying. As the table below illustrates the state operating budget, transportation budget, Ohio Clean Air Program and workers compensation budget lead the list of most lobbied House legislation.



House Bills With Most Reported Lobbying Activity 2019		
HB 166	Creates FY 2020-2021 operating budget	1229
HB 62	Creates FY 2020-2021 transportation budget	296
HB 6	Creates Ohio Clean Air Program	183
HB 80	Creates FY 2020-2021 Workers' Compensation budget	102
HB 115	Require agencies to reduce regulatory restrictions	94
HB 2	Create TechCred and Microcredential Assistance Programs	88
HB 247	Regards competitive retail electric service law	87
HB 194	Legalize and regulate sports gaming/tax sports gaming businesses	80
HB 246	Reform and modernize PUCO and Consumers' Counsel	72
HB 432	Grant Ohio occupational licenses to out-of-state licensees	71

From the Ohio Senate standpoint, easing regulatory restrictions as well as operating budgets, civil rights and infrastructure legislation topped the list for registered lobbyist influencing Senate Bills. It is worthy of note, that lobbyist are able to lobby the Senate on House bills and only register for the House Bill. Thus, lobbying activity in the Ohio Senate in 2019 was very focused on the state operating, transportation and workers compensation legislation.

Senate Bills With Most Reported Lobbying Activity in 2019		
SB 1	Reduce number of regulatory restrictions	165
SB 171	Enacts a 17-day interim budget	133
SB 11	Adds protections/mediation to civil rights law/keeps exemption	92
SB 33	Modify criminal and civil law for critical infrastructure damage	89
SB 172	Enacts a one-month Workers' Compensation interim budget	80
SB 97	Relates to providing estimates for health care preauthorization	77
SB 246	Require occupational licensing of out-of-state licensees	72
SB 8	Authorize tax credit for investment in opportunity zone	71
SB 111	Regulate and levy tax on sports wagering	70
SB 57	Decriminalize hemp and license hemp cultivation	70



CONGRESS REGULATES LOBBYING THROUGH PUBLIC DISCLOSURE & EXPENDITURE LIMITS

Lobbyist must also register and comply with federal government regulations dictated by the U.S. House of Representatives and U.S. Senate for legislative lobbyists. For federal lobbying, the Lobbying Disclosure Act of 1995, which governs federal lobbying, defines lobbying activities as any oral, written or electronic communication made to an executive or legislative branch official on behalf of a client with regard to:

- the formulation, modification or adoption of federal legislation;
- the formulation, modification or adoption of a rule, regulation, executive order or any other program;
- the administration or execution of a federal program or policy; and
- the nomination of a person subject to confirmation by the Senate.

Any preparation or planning activities and research that is intended to be used in lobbying activities is also included in the definition.

The federal Lobbyist Disclosure Act defines a lobbyist as any individual who is either employed or retained for financial or other compensation whose services include more than one lobbying contact and whose lobbying contact constitutes more than 20% of their service for the client over a three month period.

A lobbying firm whose total income for matters related to lobbying activities on behalf of a client does not exceed or is not expected to exceed \$3,000 in the quarterly period during which the registration would be made is not required to be registered with respect to such client.³⁸ An organization employing in-house lobbyists whose total expenses in connection with lobbying activities do not exceed and are not expected to exceed \$13,000 in the quarterly period during which the registration would be made is not required to be registered.³⁹ Section 4(a)(3) of the Lobbying Disclosure Act (LDA), as amended, provides that the registration threshold dollar amounts be adjusted every four years based upon changes in the Consumer Price Index, and the last adjustment was made on January 1, 2017. The next adjustment will be made on January 1, 2021.⁴⁰ As of September 30, 2018, there were 4,543 registrants representing 17,574 clients. The total number of individual lobbyists disclosed on FY 2018 registrations and reports was 13,848. The total number of lobbying registrations and reports processed was 115,922.⁴¹

Registered federal lobbyists are required to file quarterly reports related to their lobbying activity. Unlike the state of Ohio rules, federal lobbyist may work on a contingent fee basis but must register immediately upon their work. Also, unlike most local and state lobbying registration requirements, federal lobbying registration requires a listing of a good faith estimate of income and expenditures gained from clients as well as a listing of what issues and legislation the lobbyist is engaged with on behalf of clients.



Congressional Lobbying Public Disclosure Report Deadlines

Date	Reports Due
January 21, 2020*	4th Quarter report (Oct 1 – Dec 31, 2019)
January 30, 2020	LD 203 (Year End) Contributions Report (Jul 1 – Dec 31, 2019)
April 20, 2020	1st Quarter report (Jan 1 - Mar 31, 2020)
July 20, 2020	2nd Quarter report (Apr 1 – Jun 30, 2020)
July 30, 2020	LD 203 (Mid Year) Contributions Report (Jan 1 - Jun 30, 2020)
October 20, 2020	3rd Quarter report (Jul 1 - Sep 30, 2020)
January 20, 2021	4th Quarter report (Oct 1 – Dec 31, 2020)
February 1, 2021*	LD 203 (Year End) Contributions Report (Jul 1 – Dec 31, 2020)

Source: *U.S. Senate Clerk*

Congressional ethics rules prevent House and Senate members and staff from accepting gifts from lobbyists, foreign agents or organizations that retain lobbyists unless the gift meets a very narrow set of criteria.⁴² In addition, members and staff are strictly limited in terms of the travel and hospitality they may accept from the public, and the ethics rules are generally interpreted to allow members and their staff to accept free attendance at receptions and events widely open to the public.⁴³ The Congressional ethics committees approve attendance at ‘widely attended events’ if it fits the following criteria:

- there is a reasonable expectation that at least 25 people will attend the event;
- the event is open to individuals throughout a given industry of professionals or those who represent a range of individuals interested in a given matter;
- the invitation came from the sponsor of the event; and
- the attendance of the member of their staff is related to his or her official duties.⁴⁴

For the executive branch, the Office of Government Ethics also establishes standards of conduct for the executive employees.⁴⁵



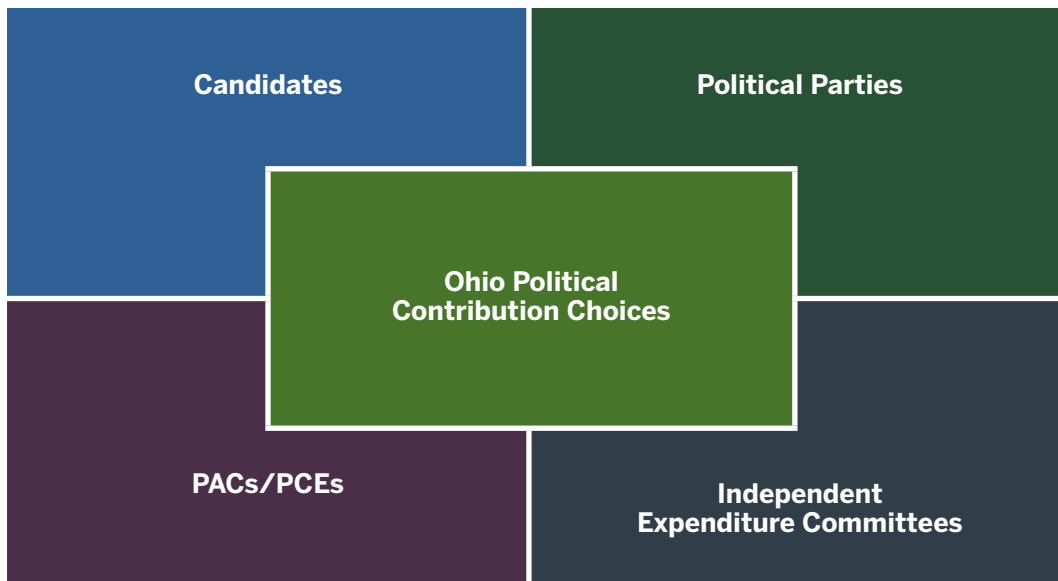
LENGTH AND LIMITS OF POLITICAL CONTRIBUTIONS IN OHIO CAMPAIGNS

Political contributions are a guaranteed right for Americans to make under the 1st Amendment to the Constitution. The U.S. Supreme Court for decades has found that political contributions or “money” constitutes free speech as supported by the U.S. Constitution through the Bill of Rights. While not all Americans can or will run to the nearest soap box and speak for or against a candidate or an issue or take to the Internet for the same purpose, many Americans choose to exercise political speech through contributions to candidates for public office or issues facing voters.

Campaigns for public office are not cheap and connecting with voters, especially in the age of COVID 19 where public events and even the simplest of campaign tactics such as knocking on your neighbor’s door to introduce yourself is very difficult for candidates. Financing direct mail, phone calls, radio, Internet or television ads is more important now more than ever. Quality candidates for public office, school tax levy’s, legislative direct initiatives, state constitutional amendments, social service tax levy’s, city charter amendments and other issues all need resources to get their message out. In fact, a new joint report from the ad tracking firm Advertising Analytics and analytics company Cross Screen Media projects that the total ad spending on the 2020 election cycle will reach \$6.7 billion, up 12 percent over their initial \$6 billion projection for the cycle. Money clearly remains the “mother’s milk” of politics as former California State Assembly Speaker of the House Jesse Unruh stated many years ago.

Ohio benefits from a wide range of political contributions to support candidates for public office and issues facing voters. A political contribution is a loan, gift, deposit, forgiveness of indebtedness, donation, advance, payment, transfer of funds or transfer of anything of value including a transfer of funds from an inter vivos or testamentary trust or a decedent’s estate that occurs for the purpose of influencing the results of an election. A contribution does not include unreimbursed personal expenses of volunteers, ordinary home hospitality, or personal expenses paid for by a candidate from the candidate’s personal funds. A contribution is received when any candidate or any agent of a committee or other entity gains possession of it but individuals under the age of seven years are prohibited from making any contribution. “In kind” political contributions include postage, signs, receiving office space without paying rent, the assistance of personnel compensated by a third party or the purchase of media advertising by a third party on behalf of a committee. To qualify as an in-kind contribution, the item or service must have been made with the consent of, in coordination, cooperation or consultation with, or at the request or suggestion of, the benefited candidate, committee, fund, party or entity. In-kind contributions received are considered a form of a contribution, and, therefore, subject to all laws or rules regarding contributions.





Political contributions can be made to a candidate, ballot issue committee, political action committee, political contributing committee or an independent expenditure committee all of which can impact the success or failure of an election. A “candidate” is defined as a person who has been certified to appear on a ballot or a person who has received contributions or made expenditures or has appointed a campaign treasurer. In Ohio, the combination of two people running for governor and lieutenant governor is considered a single candidacy. Persons who are write-in candidates are also considered candidates. People running for county or state party central committee, presidential electors, national convention delegates and charter commission members are not candidates and are not subject to campaign finance reporting.

A “ballot issue political action committee” in Ohio is defined as the circulator or committee in charge of an initiative or referendum petition for a statewide ballot issue that is established to receive contributions or make expenditures. Under the Ohio Constitution, ballot issues permit the registered voters to decide state constitutional amendments, legislative initiatives or repeals. Placing any measures before the voters in a larger and heavily populated state like Ohio is expensive business. Generally, to gain the signatures from the large number of counties required, signature gathers are paid which costs millions of dollars. Campaigns with the voters once a measure makes the ballot then can get really expensive. A recent prescription drug ballot initiative resulted in \$74M being spent to advocates and opponents that lead to the defeat of this measure. While this total was an Ohio record, it remains an expensive option to place matters before the voters of Ohio.

An independent expenditure committee may receive political contributions to advocate the election or defeat of a candidate or a ballot issue without the consent of, and not in coordination, cooperation or consultation with, or at the request or suggestion of, the candidate, campaign committee, or ballot issue. The U.S. Supreme Court decision in Citizens United has made the use of independent expenditure committees popular with some political contributors as they can be structured as to be able to accept unlimited contributions amounts, from any person or organization and not have those contributions reported to the public through traditional campaign finance reports as candidate committees, political parties, political action committees and political contributing entities are required to do. The political website Opensecrets.org estimates that in 2016, the last Presidential election year, independent expenditure committee spent nearly \$500 M on the political campaign.



A political action committee is a combination of two or more persons, the primary or major purpose of which is to support or oppose any candidate, political party, or issue, or to influence the result of any election through express advocacy. A PAC does not include candidate committees, legislative campaign funds, political parties, political contributing entities or political clubs. To determine whether a purpose is a primary or major purpose, the following should be considered: whether the combination of two or more persons receives money or any other thing of value in a common account for the specific purpose of supporting or opposing any candidate, political party, legislative campaign fund, political action committee, political contributing entity or ballot issue; whether the combination of two or more persons has or will make a continuing pattern of expenditures from a common account to support or oppose any candidate, political party, legislative campaign fund, political action committee, political contributing entity or ballot issue; whether the combination of two or more persons constitutes an entity that was not in existence prior to supporting or opposing any candidate, political party, legislative campaign fund, political action committee, political contributing entity or ballot issue; and whether the total dollar value of the combination of two or more persons' activity described in the above paragraphs during a calendar year exceeds \$100. A political contributing entity is any entity, including a corporation or labor organization, that may lawfully make contributions and expenditures to influence the outcome of an election. Again, [opensecrets.org](https://www.opensecrets.org) estimates that PACs, including independent expenditure committees which often create single candidate "Super PACs, will raise over \$3.2 B in 2020.

Political parties are also able to receive political contributions and spend resources to the benefit of political candidates. A major political party is any group of voters that garners and maintains at least 5% of the total vote in a gubernatorial or presidential election. Both the Democratic party and the Republican party are major political parties in the state of Ohio. In addition to having a statewide party apparatus, each major political party has separate, local organizations in each of Ohio's 88 counties.

Certain entities are not permitted to make specific political contributions in Ohio. Foreign nationals are prohibited by law from making political contributions to influence any candidate election. Candidates, campaign committees and all other political entities are prohibited from soliciting or accepting anything – including a monetary contribution, in-kind contribution, or independent expenditure – from a foreign national. Immigrants with a green card may make political contributions. C or S corporations are prohibited from making political contributions directly to candidates but Limited Liability Companies taxed like partnerships and partnerships are able to make direct political contributions to candidates as they act as "pass through entities" for income tax purposes. However, all corporations can contribute to ballot issues in Ohio and they also can contribute to state or local party "building funds."

CAMPAIGN CONTRIBUTION, EXPENDITURE AND DISCLOSURE REQUIREMENTS MATTER

Candidates for local, state and federal government offices in Ohio may operate with government-imposed contribution limits and must file reports detailing contributions and expenditures. Congressional and Presidential candidates campaign contribution, expenditure and disclosure requirements are regulated by the Federal Elections Commission. Candidates for municipal government offices are regulated by the city's campaign finance regulations but candidates for county government offices in general do not have political contribution limits. The Ohio Supreme Court regulates political contribution limits for judicial candidates at all levels in the state. Those seeking to do business with local or state government need to be aware of specific political contribution limits that apply for companies seeking to gain no-bid or other government contracts. Finally, state law provides express regulation of who and how much organizations can contribute to candidates for Governor, Secretary of State, Auditor, Attorney General and Treasurer and the Ohio General Assembly.



Federal law outlines campaign contribution restrictions for candidates for the U.S. House of Representatives, U.S. Senate, President and PACs organized under federal regulations as outlined below.

Federal Campaign Contribution Limits and Restrictions					
Entity	Candidate Committee	PAC	Party Committees: state/district/local	Party Committee: National	Additional National Party Committee Accounts
Individual	\$2800 per election	\$5000 per year	\$10,000 per year combined	\$35,500 per year	\$106,500 per account per year
Candidate Committee	\$2000 per election	\$5000 per year	Unlimited transfers	Unlimited transfers	
Multicandidate PAC	\$5000 per election	\$5000 per year	\$5000 per year combined	\$15,000 per year	\$45,000 per account
Noncandidate PAC	\$2800 per election	\$5000 per year	\$10,000 per year combined	\$35,500 per year	\$106,500 per account per year
Party committee: state/district/local	\$5000 per election (combined)	\$5000 per year	Unlimited transfers	Unlimited transfers	
Party committee national	\$5000 per election	\$5000 per year	Unlimited transfers	Unlimited transfers	

Source: *Federal Elections Commission*

The federal contribution limits outlined above do not apply to independent expenditure committees often called Super PACs as they may accept unlimited contributions from individuals, corporations or labor unions, have no expenditure limits nor reporting requirements. Federal government candidates also have quarterly and pre-election campaign finance reporting requirements to disclose contributions and expenditures.

Ohio is a Home Rule state which provides its municipalities whose charter established Home Rule status permits cities to adopt many of their own operational rules for operating. Many cities have adopted campaign finance regulations impacting the maximum political contribution level, including:

- Columbus limits political contributions from individuals, PACs/PCEs, and other local, state and federal campaign committees to municipal campaign committees to a maximum of \$13,292.35 per calendar year;
- Cleveland limits political contributions per calendar year from individuals to \$5000 and PACs/PCEs to \$7500 per calendar year for a candidate for Mayor and for candidates for City Council to \$1500 from individuals and \$3000 from PACs/PCEs with corporate contributions prohibited in all cases, no contributions from city employees above \$100, and no limits on personal contributions to a candidates' campaign committee; and
- Cincinnati limits political contributions for candidates for city council and mayor to \$1100 per individual, \$2700 per PAC/PCE, and \$10,500 from a political party or legislative campaign fund.



Ohio has multiple methods by which to make political contributions to candidates for Governor, Secretary of State, Auditor, Attorney General and Treasurer or the Ohio General Assembly.

- *Direct Candidate Contributions.* Political contributions can be made for the Primary and General Election directly to the campaign committees of Ohio's statewide elected officials and members of the General Assembly.
- *County and State Political Parties.* Political contributions can also be made to state and county political parties but these funds cannot be directed or controlled by the contributor to go directly to the benefit of a specific governmental official.
- *State Political Party Candidate Fund.* Ohio political parties are permitted to operate state candidate funds that operate to support the individual candidates for Governor, Secretary of State, Auditor, Treasurer and Attorney General, and individuals, PACs/PCEs, and county parties can all contribute to state political party candidate funds.
- *County and State Party/Legislative Building Funds.* Ohio county and state political parties and General Assembly joint legislative funds are able to raise separate funds, including corporate contributions, for the operation of their building facilities.
- *General Assembly Legislative Funds.* Ohio House of Representatives and Ohio Senate members' campaigns are supported by the operation of legislative funds that support the Ohio House of Representative Republicans with a separate fund for House Democrats, and separate funds for Ohio Senate Republicans and Democrats, and these legislative funds can operate traditional campaign funds as well as building funds.

Also, no state of Ohio agency or department or any local political subdivision such as a city, county, township or school district can award any no-bid contract greater than \$500 in value to any individual, partnership, association, professional association, estate, or trust if the individual has made or the individual's spouse has made, or any partner, shareholder, administrator, executor, or trustee or the spouse of any of them has made, as an individual, within the two previous calendar years, one or more contributions totaling in excess of one thousand dollars to the holder of the public office having ultimate responsibility for the award of the contract or to the public officer's campaign committee. However, as the table below illustrates, individuals, PACs/PCEs, County Party's, State Party's, Legislative Funds and candidate campaign committees operate with required contribution limits but they also offer a wide range of opportunities to support candidates for public office in Ohio through a number of other organizations. Of course, these contributions to other organizations cannot be directed or controlled for specific use to a particular candidate by the individual making the contribution.



Ohio Campaign Contribution Limits
Effective 25 FEB 2019 through 24 FEB 2021

This chart is intended to be a general guide and does not include every statutory provision relating to contribution limits.

From To <small>Per Election Period unless otherwise footnoted</small>	INDIVIDUAL <small>(Must be 7 years of age or older)</small>	PACs PCEs	COUNTY PARTY <small>State Candidate Fund</small>	COUNTY PARTY <small>Other Account ⁸</small>	STATE PARTY <small>State Candidate Fund</small>	LEGISLATIVE CAMPAIGN FUND	CAMPAIGN COMMITTEE <small>(includes local)</small>
STATEWIDE	\$13,292.35	\$13,292.35	\$332,308.77 ¹²	\$3,323.09 ⁹	\$749,688.58 ⁷	PROHIBITED	\$13,292.35
SENATE	\$13,292.35	\$13,292.35	\$13,292.35 ¹ \$149,538.95 ²	\$3,323.09 ⁹	\$149,538.95 ⁷	\$74,437.16 ⁶ \$149,538.95 ⁶	\$13,292.35
HOUSE	\$13,292.35	\$13,292.35	\$13,292.35 ¹ \$74,437.16 ²	\$3,323.09 ⁹	\$74,437.16 ⁷	\$38,556.54 ⁶ \$74,437.16 ⁶	\$13,292.35
STATE PARTY <small>State Candidate Fund</small>	\$39,877.05 ³	\$39,877.05 ³	No Limit	PROHIBITED	No Limit	No Limit	\$39,877.05 ⁵
LEGISLATIVE CAMPAIGN FUND	\$19,938.53 ³	\$19,938.53 ³	No Limit	PROHIBITED	No Limit	PROHIBITED	\$19,938.53 ⁵
COUNTY PARTY <small>State Candidate Fund</small>	\$13,292.35 ¹⁰	PROHIBITED	PROHIBITED	PROHIBITED	No Limit	No Limit	\$13,292.35 ⁴
PACs PCEs	\$13,292.35 ³	\$13,292.35 ¹³	\$13,292.35 ¹¹	\$13,292.35 ¹¹	\$13,292.35 ¹¹	PROHIBITED	\$13,292.35 ³

1. These limits apply to contributions given to a campaign committee which is **not** a *designated state campaign committee*.
2. These limits apply to cash or cash equivalents, not in-kind. The campaign committee of a House or a Senate candidate which is a *designated state campaign committee* may **accept**, in aggregate, from any one or a combination of state candidate funds of county political parties **\$66,461.75** and **\$132,970.17**, respectively, in an election period.
3. These limits are per calendar year.
4. This limit is per calendar year and may only be made if the campaign committee's candidate will appear on a ballot in that county or is an officeholder representing any part of that county.
5. These limits are per calendar year and do not apply to contributions given by a *designated state campaign committee*.
6. These limits apply to cash or cash equivalents, not in-kind. The smaller limit is for the Primary election period and the larger limit is for the General election period.
7. These limits apply to cash or cash equivalents, not in-kind.
8. These limits apply to political parties in counties having a population of less than 150,000 which do not establish a State Candidate Fund. *Other Account* does not include an account that contains moneys received from the Ohio Political Party Fund (Restricted Fund).
9. Recipients of county party non-State Candidate Fund contributions must be campaign committees for statewide candidates or a *designated state campaign committee*.
10. This limit is per calendar year. Contributions to a County Party SCF are restricted to individuals residing in the county or *designated state campaign committees* of the County Party SCF.
11. These limits are per calendar year and apply to the aggregate of contributions given by the National, State and County level of a political party.
12. A campaign committee for a statewide candidate may **accept** not more than this amount, in aggregate, from any one or a combination of state candidate funds of county political parties in an election period.
13. This limit is per calendar year and does not apply to contributions made to or received by one or more PACs that are affiliated.

February 25, 2019

Please consult section 3517.102 of the Ohio Revised Code.

Source: Ohio Secretary of State



The Ohio Supreme Court establishes rules for the election of judges in Ohio who have a separate set of contribution and campaign regulations.

Ohio Supreme Court Judicial Candidate Campaign Contribution Limits				
Candidate	Individual for Primary & General Election	Organization for Primary & General Election	Political Party for Primary Election	Political Party for General Election
Supreme Court Justice	\$3800	\$7000	\$189,500	\$347,600
Court of Appeals	\$1300	\$3800	\$37,900	\$75,900
Common Pleas, Municipal, County Court over 750,000	\$600	\$3800	\$37,900	\$75,900
750,000 or less	\$600	\$3800	\$31,600	\$63,100
Party committee: state/district/local	\$5000 per election (combined)	\$5000 per year	Unlimited transfers	
Party committee national	\$5000 per election	\$5000 per year	Unlimited transfers	

Finally, campaign committees are required to file regular reports during the year to disclose the amount, names and occupations of those that have contributed to their campaign.

2020 State of Ohio Campaign Finance Reporting Calendar	
Reporting	Timeframe
2019 Annual	Jan. 31, 2020 to disclose activity through Dec. 31, 2019.
Pre-Primary	March 5, 2020 to disclose activity through Feb. 26, 2020
Post-Primary	June 5, 2020 to disclose activity through May 29, 2020.
Semiannual	July 31, 2020 to disclose activity through June 30, 2020.
Pre-General	Oct. 22, 2020 to disclose activity through Oct. 14, 2020.
Post-General	Dec. 11, 2020 to disclose activity through Dec. 4, 2020.
2020 Annual	Jan. 29, 2021 to disclose activity through Dec. 31, 2020

No matter the public office sought, campaigns require substantial reporting of political contributions to ensure the public is fully aware of who is supporting which candidate—disclosure remains the hallmark of campaign finance reform as it lets the voter know, for better or worse, who is financially supporting candidates for public office.



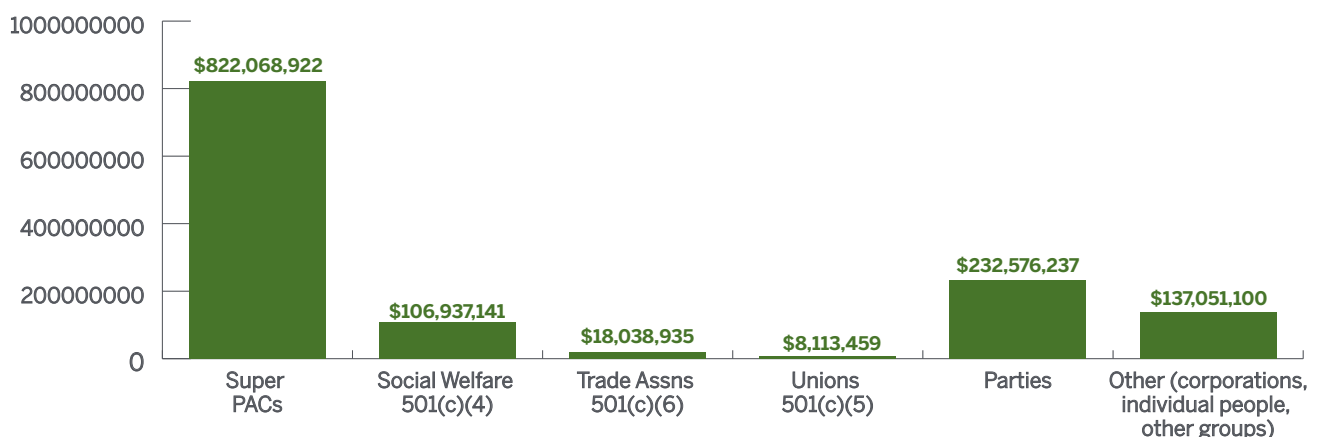
POLITICAL ACTION COMMITTEES PLAY A MAJOR ROLE IN THE ELECTION AND LOBBYING PROCESS

Political Action Committees (PACs) are the prime method companies and trade associations use to provide campaign financing or political support to candidates for public office. Companies or campaigns considering forming a Political Action Committee (PAC) to support political campaigns of candidates or issues placed before voters. A PAC can be either organized under state or federal regulations. The web site opensecrets.org estimates that PACs, including Super-PACs or independent expenditure committees, have nearly \$1 B that can be spent on the U.S. elections in 2020.

According to the Federal Elections Commission (FEC), Presidential candidates raised nearly \$2.5 billion and spent \$2.3 billion in the first 15 months of the 2019-2020 election cycle, according to campaign finance reports filed with the FEC that cover activity from January 1, 2019 through March 31, 2020.⁴⁶ Congressional candidates collected \$1.4 billion and disbursed \$806.3 million, political parties received \$1.1 billion and spent \$812.8 million, and PACs raised over \$3.7 billion and spent over \$3.1 billion in the 15-month period. Disbursements for independent expenditures reported in this period totaled \$160.2 million.⁴⁷ Electioneering communications and communication costs reported to the Commission totaled \$2.1 million and \$164,494, respectively.⁴⁸

The 243 candidates running for Senate in 2019 and 2020 reported total receipts of \$481.8 million, disbursements of \$237.2 million, debts of \$34.8 million and cash-on-hand of \$312.4 million. In addition to the 2020 primary and general elections, these numbers encompass financial activity associated with the 2020 special election for Georgia's U.S. Senate seat.⁴⁹ The 1,848 candidates running for the House of Representatives reported combined total receipts of \$929.2 million, disbursements of \$569.1 million, debts of \$75.9 million and cash-on-hand of \$604.2 million in the 15-month period.⁵⁰ In addition to the 2019 primary and general elections, these numbers encompass financial activity associated with the 2019 and 2020 special elections for California's 25th Congressional District, Maryland's 7th Congressional District, New York's 27th Congressional District, North Carolina's 3rd, 9th, and 11th Congressional Districts, Pennsylvania's 12th Congressional District and Wisconsin's 7th Congressional District.⁵¹

2018 Campaign Spending



Source: Opensecrets.org



The Ohio Secretary of State's office reports over 800 registered and active PACs in Ohio. According to OpenSecrets.org, Ohio candidates for public office received nearly \$64 M in political contributions during the 2018 election but only \$6.5M was directly from PACs.⁵²

In the state of Ohio, PACs can either be formed under state or federal law. State PACs can contribute to local and state government candidates for public office in Ohio but cannot contribute to candidates for federal offices such as candidates for the U.S. House of Representatives, U.S. Senate or President. A state PAC in Ohio is defined as the combination of two or more persons, the "primary or major purpose" of which is to support or oppose any candidate, political party, or issue, or to influence the result of any election through express advocacy. A PAC does not include candidate committees, legislative campaign funds, political parties, political contributing entities or political clubs. To determine whether a purpose is a "primary or major purpose", the following should be considered:

- Whether the combination of two or more persons receives money or any other thing of value in a common account for the specific purpose of supporting or opposing any candidate, political party, legislative campaign fund, political action committee, political contributing entity or ballot issue;
- Whether the combination of two or more persons has or will make a continuing pattern of expenditures from a common account to support or oppose any candidate, political party, legislative campaign fund, political action committee, political contributing entity or ballot issue;
- Whether the combination of two or more persons constitutes an entity that was not in existence prior to supporting or opposing any candidate, political party, legislative campaign fund, political action committee, political contributing entity or ballot issue; and
- Whether the total dollar value of the combination of two or more persons' activity described in the above paragraphs during a calendar year exceeds \$100.

A corporation may sponsor a PAC and pay its administrative, establishment or solicitation costs. Corporations may not give and a corporate PAC may not accept money or property from the corporation for use by the corporate sponsored PAC in supporting or opposing candidates or another partisan political purpose. The Ohio Administrative Code gives detailed information on corporate PAC activity, including reporting and disclosure requirements; corporate payments of the administrative, establishment and solicitation expenses of its PAC; social and fund raising requirements; permitted communications between the corporation and its PAC; and prohibited uses of corporate money or property.

Federal, State and Local PACs registered with the Federal Election Commission (FEC) may use its federal PAC account to make Ohio non-federal disbursements. Such PACs are called federal, state and local PACs (FSLs). Before such a disbursement is made, the FSL PAC must register with the secretary of state's office by filing a copy of its most recent Statement of Organization, a federal form. Thereafter, whenever information listed on the form changes, a copy of the revised form must be filed with the secretary of state at the same time it is filed with the FEC. Whenever an FSL PAC files a report that includes Ohio non-federal activity, a copy of that same report must be filed with the secretary of state. The only necessary pages are the summary page, the detailed summary page and any disbursement pages that reflect Ohio non-federal activity. FSL reports must be postmarked by federal, not Ohio, reporting deadlines. The campaign committees of a candidate for federal office wishing to make expenditures to Ohio non-federal candidate committees, Ohio PACs or Ohio PCEs, legislative campaign funds, state political party funds or county political party funds must first register as an FSL PAC before making such expenditures.

The FEC defines PACs to include separate segregated funds (SSFs), nonconnected committees, Super PACs, and Leadership PACs. SSFs are political committees established and administered by corporations, labor unions, membership organizations or trade associations. These committees can solicit contributions only from individuals associated with a connected or sponsoring organization. By contrast, nonconnected committees — as their name suggests — are not sponsored by or connected to any of the aforementioned entities and are free to solicit contributions from the general public. Super PACs (independent expenditure only political committees) are committees that may receive unlimited contributions from individuals,



corporations, labor unions and other PACs for the purpose of financing independent expenditures and other independent political activity. Hybrid PACs (political committees with non-contribution accounts) solicit and accept unlimited contributions from individuals, corporations, labor organizations and other political committees to a segregated bank account for the purpose of financing independent expenditures, other ads that refer to a federal candidate, and generic voter drives in federal elections, while maintaining a separate bank account, subject to all the statutory amount limitations and source prohibitions, that is permitted to make contributions to federal candidates. Finally, the FEC defines a Leadership PAC as a political committee that is directly or indirectly established, financed, maintained or controlled by a candidate or an individual holding federal office, but is not an authorized committee of the candidate or officeholder and is not affiliated with an authorized committee of a candidate or officeholder. Members of Congress and other political leaders often establish Leadership PACs in order to support candidates for various federal and nonfederal offices. Like other multicandidate PACs, a Leadership PAC may contribute up to \$5,000 per election to a federal candidate committee.

PACs are actually a form of campaign finance reform as prior to the legal expansion of independent expenditure committees they limited corporate contributions to those made by their employees in limited amounts, disclosed who contributed to the PAC and who the PAC contributed to. The growth of SuperPACs has changed all that and changed the political landscape as well where now a small group of individuals or corporations can have a major impact on an election without having to disclose their contributions or expenditures.

ENDNOTES

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