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## SECRETARY OF STATE

### Gifts to political entities

- Expands the permitted recipients and uses of a gift, which is exempt from the limits on campaign contributions and expenditures, that any person may give to a political entity for the purpose of funding an office facility.
- Allows a legislative campaign fund to receive such a gift, in addition to a state or county political party, as under continuing law.
- Eliminates the requirement that such a gift be used for an office facility that is not used solely for the purpose of directly influencing the election of any individual candidate in any particular election for any office.
- Exempts a gift made by a corporation for these purposes from the general prohibition against a corporation using its money in support of or opposition to a candidate.
- Permits such a gift to be used for the lease of an office facility; for furniture, fixtures, equipment, and supplies to be used in an office facility; and for the operating costs, maintenance, and repair of an office facility, in addition to the construction, renovation, or purchase of an office facility, as under continuing law.
- Applies all of the continuing administrative requirements for office facility gifts to legislative campaign funds.
- Modifies those administrative requirements to include references to the expanded permitted uses of an office facility gift.

### Source of political publication

- Eliminates the requirement that a candidate or legislative campaign fund include the residence or business address of the candidate or of the chairperson, treasurer, or secretary of the legislative campaign fund in its disclaimer on a political publication.
- Requires the disclaimer for a candidate, legislative campaign fund, or campaign committee only to include the words "paid for by" followed by the name of the entity.



## **Miscellaneous Federal Grants Fund**

- Creates the Miscellaneous Federal Grants Fund to be credited with grants the Secretary of State receives from federal sources for which continuing law does not designate a fund.
- Requires the Secretary of State to use the moneys credited to the fund for the purposes and activities required by the federal grant agreements.
- Specifies that all investment earnings of the fund are to be credited to the fund.

## **Other provisions**

- Eliminates the forms for financing statements and financing statement amendments prescribed in current law and instead requires a filing office to accept forms promulgated by the American Law Institute and the National Conference of Commissioners on Uniform State Laws.
- Eliminates the requirement that the Secretary of State establish a minimum number of direct recording electronic voting machines for each county that chooses to use those machines as the primary voting system in the county.
- Eliminates provisions of the Campaign Finance Law that were permanently enjoined due to their unconstitutionality, which govern the expenditure of personal funds by candidates and permit the opponents of personal funds candidates to accept contributions in excess of the contribution limits.

## **Gifts to political entities for office facilities**

(R.C. 3517.01, 3517.101, 3517.992, and 3599.03)

### **General provisions**

The bill allows a legislative campaign fund (LCF) to accept a gift for an office facility from any person, including a corporation, but not a public utility. (An LCF is a fund that is established as an auxiliary of a state political party and is associated with one of the houses of the General Assembly.) Currently, only a state or county political party may accept such a gift. Under continuing law, office facility gifts are exempt from the limits on campaign contributions and expenditures.

Further, the bill permits an eligible entity to use office facility gift for any of the following purposes:



- Leasing an office facility;
- Furniture and fixtures to be installed in an office facility;
- Equipment and supplies to be used in an office facility;
- The operating costs, maintenance, and repair of an office facility.

Under continuing law, such a gift may be used for the construction, renovation, or purchase of an office facility. The gift must be specifically designated and used to defray the permitted costs. A monetary gift from a corporation engaged in business in Ohio must not exceed 10% of the costs incurred for office facility purposes.

The bill eliminates the requirement that an office facility gift be used for a facility that is not used solely for the purpose of directly influencing the election of any individual candidate in any particular election for any office. Consequently, under the bill, a corporation's office facility gift is exempt from the general prohibition against a corporation using its money in support of or opposition to a candidate.

### **Administrative requirements**

The bill modifies the administrative requirements concerning office facility gifts to include references to the expanded permitted uses of such a gift. The bill also specifies that all of those requirements apply to LCFs.

Under continuing law, an entity that receives an office facility gift must file an annual statement containing certain details with the Secretary of State. The entity must appoint a treasurer for that purpose.

An entity that receives monetary gifts for an office facility also must deposit those funds in a separate account. When an entity sells an office facility or its furniture, fixtures, equipment, or supplies, the entity must deposit in the account an amount that is the same percentage of the proceeds of the sale as the monetary gifts were of the total cost of those goods or services. The money in the account may be used only for permitted office facility purposes.

The bill applies the continuing law penalties to an LCF that commits certain violations concerning an office facility gift. An entity that fails to file a required statement concerning an office facility gift must be fined not more than \$100 for each day of violation. And, an entity that knowingly fails to report, or knowingly misrepresents, an office facility gift must be fined not more than \$10,000. Finally, an entity that expends an office facility gift for a purpose other than the permitted

purposes listed above must be fined not more than twice the amount of the improper expenditure.

### **Identification of source of political publication**

(R.C. 3517.20)

The bill eliminates some of the information that a candidate or a legislative campaign fund must include in its disclaimer on a political publication. Under the bill, such an entity must include only the words "paid for by" followed by the name of the entity. Current law requires a candidate also to include the candidate's residence or business address and requires a legislative campaign fund also to include the residence or business address of the fund's chairperson, treasurer, or secretary.

The bill also clarifies that a campaign committee's disclaimer must include only the words "paid for by" followed by the name of the committee. Under continuing law, a campaign committee must include only the committee's name in its political publications.

### **Miscellaneous Federal Grants Fund**

(R.C. 111.28)

The bill creates the Miscellaneous Federal Grants Fund in the state treasury. The fund is to be credited with grants the Secretary of State receives from federal sources that are not otherwise designated for crediting to a particular fund. Continuing law designates specific funds to receive moneys from the U.S. Election Assistance Commission and the U.S. Department of Health and Human Services.

The bill requires the Secretary to use the moneys credited to the fund for the purposes and activities required by the applicable federal grant agreements. All investment earnings of the fund are to be credited to the fund.

### **Forms for UCC filing statements and amendments**

(R.C. 1309.521)

Under continuing law, to claim an interest in collateral for a loan under the Uniform Commercial Code (UCC), generally a person must file a financing statement with the Secretary of State's office or the appropriate county recorder's office (referred to as the filing office). The bill eliminates the forms for financing statements and amendments to financing statements prescribed in current law that a filing office cannot refuse to accept unless an exception applies. Instead, under the bill, a filing office cannot refuse to accept a written record in the form and format set forth in the official text of



the 2010 amendments to Article 9 of the UCC promulgated by the American Law Institute and the National Conference of Commissioners on Uniform State Laws for financing statements or, for amendments, as set forth as form UCC3 and form UCC3Ad in the final official text of the 2010 amendments to Article 9 of the UCC promulgated by those entities. The most significant difference between these forms and the forms prescribed under current law is that the UCC forms have a place to indicate the filer's electronic mail address. The forms also are organized slightly differently.

### **Minimum number of direct recording electronic voting machines**

(R.C. 3506.22 (repealed); Section 514.03 of H.B. 66 of the 126th General Assembly (repealed))

The bill eliminates the requirement that the Secretary of State establish a minimum number of direct recording electronic voting machines for each county that chooses to use those machines as the primary voting system in the county.

Under current law, every eight years, the Secretary of State must establish that minimum number based on a ratio of 175 registered electors to each machine. For the purposes of the formula, the number of registered electors in the county is the higher of (1) the total number of registered voters in the county as of the October deadline for voter registration for the last presidential election, or (2) the average of that total for the last two presidential elections.

### **Repeal of permanently enjoined provisions governing personal funds in campaigns**

(R.C. 3517.10, 3517.102, 3517.103, 3517.153, 3517.154, 3517.155, and 3517.992; R.C. 3517.1010 (repealed))

The bill eliminates provisions of the Campaign Finance Law that (1) regulate the ability of candidates and their family members to expend their personal funds for campaign purposes and (2) allow the opponents of personal funds candidates to accept contributions in excess of the contribution limits. These laws currently are not enforced because they have been ruled unconstitutional.<sup>214</sup>

Under the existing statute, when a candidate for statewide office or for the office of member of the General Assembly has received or expended, or expects to expend, more than a specified amount of personal funds during a primary or general election period, the candidate must file a personal funds notice. "Personal funds" includes

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<sup>214</sup> *Buckley v. Valeo*, 424 U.S. 1 (1976); *Davis v. Federal Election Commission*, 554 U.S. 724 (2008); and *O'Brien v. Brunner*, Case No. 2:09-CV-733 (S.D. Ohio 2009).

contributions by certain members of the candidate's family. When a candidate has filed a personal funds notice, the candidate's opponent may file a declaration of no limits, and the contribution limits no longer apply to the opponent.

Current law also details procedures for an opponent to dispose of excess funds after the election period has ended and for a personal funds candidate to dispose of excess personal funds in order to avoid being classified as a personal funds candidate in future election periods.

The bill repeals these provisions, all of which are currently unenforceable as they are the subject of a permanent injunction. Under continuing law, a candidate who spends personal funds for campaign purposes generally must deposit the funds in the candidate's campaign fund before expending them. And, while the bill removes family contributions from the definition of "personal funds," the standard limits and reporting requirements continue to apply to contributions by a candidate's family.

