



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 506 of the 128th G.A.](#)

Date: May 24, 2010

Status: As Introduced

Sponsor: Reps. Goyal and Murray

Local Impact Statement Procedure Required: No — Minimal cost

Contents: Permits domestic corporations and labor organizations to make independent expenditures and electioneering communications

State Fiscal Highlights

- The bill eliminates prohibitions against corporations and labor organizations from making independent expenditures and electioneering communications in support of or in opposition to candidates for office, with certain specified exceptions. This could increase the volume of statements of expenditures filed with and the associated processing costs for the Elections Division within the Secretary of State's Office.
- The Elections Division is primarily funded through GRF appropriation item 050321, Operating Expenses, but is supplemented by funding from appropriation item 050603, Business Services Operating Expenses, within the Uniform Commercial Code Filing Fund (Fund 5990).
- There are currently seven electioneering communication entities and approximately 1,100 active-status political action committees (PACs) registered with the Secretary of State. Between calendar years 2006 and 2008, there were 22 filings made by electioneering communication entities and approximately 65,000 expenditure filings made by PACs.

Local Fiscal Highlights

- The bill could increase the volume of statements that corporations and labor organizations would be required to file in connection with expenditures for elections at the local level. These filings would be handled by the county boards of elections, which could incur higher costs for handling the additional filings.

Detailed Fiscal Analysis

Overview

A recent U.S. Supreme Court ruling invalidated federal law that prohibits corporations from making independent expenditures and electioneering communications in support of or opposition to candidates for political office. Elections law in Ohio currently contains prohibitions similar to those struck down by the U.S. Supreme Court. The bill thus eliminates the current prohibitions against these activities and related penalties and instead regulates these activities in a way similar to how they are regulated under existing law for other entities, such as political action committees (PACs). The bill does, however, prohibit certain corporations and labor organizations from making expenditures. A complete description of these requirements and a list of the types of corporations and labor organizations prohibited from making expenditures can be found in the LSC bill analysis.

As a result of the changes in the bill, there will most likely be a higher volume of filings for independent expenditures and electioneering communications made by corporations and labor groups. This could increase processing costs for the Elections Division within the Secretary of State's Office for state elections, and for county boards of elections that handle these filings for races at the local level. Because many of these filings are likely to be made electronically, the fiscal effect of these changes on the Secretary of State and county boards of elections are likely to be minimal.

On the state level, the Elections Division is primarily funded through GRF appropriation item 050321, Operating Expenses. However, the Division also receives supplemental funding from appropriation item 050603, Business Services Operating Expenses, within the Uniform Commercial Code Filing Fund (Fund 5990). County boards of elections are funded through a county's general fund. Much of the additional costs resulting from the bill would be incurred during the 90 days before an election, during which independent expenditure statements must be filed on a weekly basis.

At the state level, there are seven electioneering communication entities that are registered with the Secretary of State. Between calendar years 2006 and 2008, these entities made 22 disbursements of cash totaling \$4.4 million that required a filing. There are also 1,108 active status PACs registered with the Secretary of State. Between 2006 and 2008, these entities made 64,879 filings of general expenditures as required under law. Of this number, it is not clear how many were statements of independent expenditures.