

Note: The state fiscal year is July 1 through June 30. For example, FY 2005 is July 1, 2004 – June 30, 2005.

- The bill requires disclosure of electioneering communications with the Secretary of State’s office, which could increase the costs of processing such disclosures.
- Requires the filing of registration statements by a political fundraiser to the Secretary of State, which could create a cost for the processing of such statements. The Secretary of State must issue a registration card to a political fundraiser after they have filed initial registration statements. The Secretary of State must publish a report containing statistical data on these registration statements by the 15th of March of each year. The Secretary of State must also administer a \$25 registration fee for filing an initial registration statement.
- There may be potential revenue gain from fines levied for failure to file or the late filing of electioneering communication statements, to be deposited in the Ohio Election Commission's Fund 4P2. The bill establishes a fine of not more than \$10,000 plus not more than \$1,000 per day for a person failing to file a required notice of establishment of an electioneering communication committee. The bill also establishes a fine for electioneering communication committees that violate the 30-day pre-election communication restriction. This fine is equal to three times the direct costs of airing the violating communication.
- With the new reporting and disclosure requirements listed in the bill, and the availability of such information to the public, the Ohio Elections Commission may experience an increased number of violation complaints against specific candidates or political parties.
- The bill requires auditing of "restricted funds" of state and county political parties by the Auditor of State's office. This would increase the volume of audits already done by the Auditor, and presumably increase the costs of this function as well.
- The bill requires the Secretary of State to adopt rules that would allow candidates and campaign committees to file campaign finance statements by paper rather than electronic means. The Secretary of State will also be permitted to charge a fee that offsets the costs for converting these documents to electronic format.
- The bill requires that the Ohio Ethics Commission investigate any claims of false information contained in statements filed by political fundraisers.
- Finally, the bill permits the Attorney General to investigate compliance with sections 3517.30 to 3517.38 of the Revised Code, which govern fundraiser disclosure statements added by the bill, and to pass any apparent violations to the Franklin County prosecutor for further action.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2005	FY 2006	FUTURE YEARS
County Boards of Elections			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase in administrative costs	Potential increase in administrative costs	Potential increase in administrative costs
County Courts (Franklin County and others)			
Revenues	Potential gain from fines	Potential gain from fines	Potential gain from fines
Expenditures	Potential increase due to	Potential increase due to case	Potential increase due to

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- There may be a potential decrease in costs for the removal of outdated campaign finance law. Local boards of elections would be able to use electronic means of transmission.
- Boards of Elections would likely incur new costs for administering the bill's new reporting requirements.
- There may be new court costs and offsetting revenues for potential prosecution of fifth degree felonies for failure to file the new statements required of petition circulators or those persons compensated for distributing and submitting voter registration applications. As the volume of such cases cannot be determined, it is difficult to quantify any new costs or revenues that would be created as a result.

Detailed Fiscal Analysis

The bill makes extensive changes to state campaign finance law. For detail on specific provisions concerning campaign contribution limits, the use of political party funds, and other changes made by the bill, consult the LSC bill analysis. This fiscal note describes the impact of these changes on the Secretary of State's office, which would assume new regulatory responsibilities, the Auditor of State's office, which would assume new auditing responsibilities, and the Ohio Elections Commission, as well as the effects on county boards of elections and county courts.

Fiscal Effect on Secretary of State for New Filing Requirements

There are several filing requirements made in the bill with respect to electioneering communications. There are also requirements for the Secretary of State to make such filings public on the Internet. This includes deposit and disbursement statements required to be filed with the Secretary of State by county political parties. These requirements are summarized below. In general, it is assumed that the large volume of new reporting required by the bill could lead to a large increase in the number of filings that will be received by the Secretary of State's office. Such an increased workload could lead to a minimal increase of administrative costs for the Secretary of State's office, but it is unlikely that any additional staff would be needed.

Fundraiser Registration

Each political fundraiser must file with the Secretary of State, within ten days following the engagement of the fundraiser an initial registration statement. This statement must show the name, business address, and occupation of the political fundraiser. The statement must also show the name and business address of the employer or real party in interest on whose behalf the political fundraiser is acting. The statement must also contain a brief description of the nomination or election to which the engagement relates, if any, and the name of the candidate, office, or issue to which the engagement relates. In addition to this required initial registration statement, each political fundraiser and employer must file a statement that confirms the continuing existence of each engagement described in the initial registration statement. This statement must also list the specific nomination or election and the

candidate, office, or issue regarding which the political fundraiser seeks to raise contributions under the period covered by the updated statement. These statements must be filed no later than the last day of January, May, and September of each year. If the political fundraiser is engaged by more than one employer, the political fundraiser must file a separate initial and updated registration statement for each engagement. The political fundraiser that is employed under the filed engagement must send written notification of its termination within 30 days after its termination. In addition to the required information in the preceding disclosure statements, a political fundraiser must file a separate statement of political fundraising for each employer that engages the political fundraiser. This statement must contain the total amount of expenditures made by the fundraiser during the reporting period covered in the statement, the total contributions raised during this period, and the identity of each contributor who made a contribution during this period.

The Secretary of State must charge a registration fee of \$25 for filing the initial registration statement. All money collected from this fee shall be deposited into the General Revenue Fund of the state. The Secretary of State shall also be responsible for reviewing each registration statement filed to ensure it contains all necessary information. The Secretary of State must notify all those filing statements that lack the requisite information. If an amended statement is not issued within 15 days of notification, the Secretary of State must assess a late fee of \$12.50 per day up to a maximum fee of \$100. This fee may be waived if good cause is shown. On or before the 15th day of March of each year, the Secretary of State must publish a report containing statistical data on registration statements filed with the Secretary of State in the preceding year. For a detailed description of what these statements must include, consult the LSC bill analysis.

The Secretary of State must create and make available an appropriate form for the requisite filings. In addition, the Secretary of State shall publish a handbook that explains in clear and concise language sections 3517.30 to 3517.39 of the Revised Code and make it available free of charge to political fundraisers, employers, and other interested persons.

The Secretary of State must keep on file all of the above statements. These statements are public record and open to public inspection. The Secretary of State must computerize this information so that it is readily accessible to the public. To offset the expense of providing these materials, the bill permits the Secretary of State to charge a fee not to exceed the cost of copying and delivering the statements. The Secretary of State shall also compile an updated list of registered political fundraisers and their employers by no later than the last day of February and October of each year. This information may be provided to the general public for a fee that does not exceed the cost of copying and delivering the documents.

Paper Filing for Certain Campaign Committees

The Secretary of State must adopt rules permitting campaign committees of a candidate for statewide office that makes expenditures of less than \$25,000 during a filing period, or campaign committee of a candidate for member of the General Assembly or the office of judge of court of appeals that would otherwise be required to file campaign finance statements by electronic means, to file those statements by paper. Filing by paper must be done not sooner than 24 hours after the end of the filing period that is covered by the applicable statement. The paper filing will also be accompanied by a fee

that will be determined by rule. This fee must not exceed the cost of the data entry and data verification incurred by the Secretary of State to convert the filing to an electronic format. If an eligible campaign committee, which files an affidavit, subsequently fails to file the statement on paper by the established deadline determined by the Secretary of State, penalties for the late filing of campaign finance statements will apply.

Electioneering Communication Committees

An electioneering communication committee must electronically file within 24 hours of its first disclosure date, and weekly thereafter under circumstances specified within the bill. The bill requires the Secretary of State's office to determine by rule or addendum when an electioneering communication amendment or correction of statement is to be filed. Next, any person who intends to make a disbursement for direct costs of producing or airing an electioneering communication must establish an electioneering communication committee, and file a notice to that effect with the Secretary of State's office, prior to making the disbursement. Finally, the bill requires that all county political parties file campaign finance statements with respect to state candidate funds by electronic means to the Secretary of State.

The bill also requires the Secretary of State's office to indicate in what forms petition circulator disclosure statements and voter registration application-taker forms are to be created. The bill requires the Secretary of State to prescribe the form and content of these required statements. There is no new cost for developing these forms.

Ohio Ethics Commission Investigations

If a dispute arises between a candidate, campaign committee, political party, PAC, or legislative campaign fund and an employer or political fundraiser with respect to a contribution, expenditure, or financial transaction alleged in a statement to be filed with the Secretary of State, any of these entities may file a complaint with the Ohio Ethics Commission. The Commission must then investigate the complaint. The complaint must be filed three days prior to the time the statement is required to be filed with the Secretary of State. An employer or political fundraiser who is found to have filed a false statement of political fundraising or false statement detailing financial transactions is liable in a civil action to any candidate, campaign committee, political party, PAC, or legislative campaign fund that sustains damage as a result of the statement.

Ohio Attorney General Investigations

The Attorney General and any assistant or special counsel may investigate compliance with sections 3517.30 to 3517.38 of the Revised Code in connection with statements required to be filed under those sections. In the event of an apparent violation, the Attorney General shall report the findings of any such investigation to the prosecuting attorney of Franklin County, who shall institute further proceedings.

Auditor of State Auditing Requirements

The bill requires the Auditor of State to audit the restricted funds of state and county political parties to verify that the moneys in those funds were expended in accordance with campaign finance law. The Auditor of State must also distribute moneys in the Ohio Political Party Fund to political parties in a manner provided for under existing law after the Auditor deducts from those moneys the cost of conducting restricted fund audits. It is assumed that this would increase the State Auditor's cost to review this documentation, and possibly require additional staff. The Auditor of State will annually submit a report to the Department of Taxation estimating the costs the Auditor of State will incur during that year in conducting these audits. The costs indicated in the report will be paid from the Political Party Fund.

Fiscal Impact of New Filing and Auditing Requirements

Elections Commission Oversight

The bill also establishes a fine of not more than \$10,000 plus not more than \$1000 per day for a person who fails to file a required notice that the person is establishing an electioneering communication committee, or fails to file a required disclosure. The bill establishes a fine for the violation of the 30-day restriction clause. This fine is equal to three times the amount of money that was disbursed by the violating electioneering communication committee to air the violating communication. All revenues generated as a result of such fines will be deposited into the Elections Commission Fund (Fund 4P2).

County Boards of Elections – New Filing Requirements

The increased filing requirements of the bill may potentially lead to increased costs for county boards of elections. County boards of elections may need to hire additional staff to meet these increased demands. The bill requires the circulator of any election related petition to identify on the statement, the name of the person, if any, which is employing the circulator. Anyone receiving compensation for circulating a petition would be required to file a statement to that effect with the county board of elections. Also, the bill requires persons receiving compensation for registering an applicant to vote to file a statement to that effect with the county board of elections. In each of these cases, failure to do so will result in a fifth degree felony.

Offsetting these new expenses slightly, county boards of elections could see a potential decrease in administrative costs due to the elimination of obsolete Campaign Finance Law procedures for the filing of campaign finance statements by candidates for the office of member of the General Assembly, prior to March 1, 2004.

Potential Court Costs and Gains in Fine Revenue

There may also be an increase in costs to county courts for any potential prosecutions of those persons charged with the fifth degree felony violations described above. A fifth degree felony carries a sentence of six to twelve months in jail and a fine of \$2,500. It would seem unlikely that a jail term would be imposed. It is more likely that the courts will gain some fine revenue as a result of successful prosecutions. In addition, the Franklin County prosecutor would incur some costs if the Attorney General forwards complaints involving fundraiser reporting violations.

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