THE GENERAL ASSEMBLY OF THE STATE OF OHIO

HOUSE OF REPRESENTATIVES

Representative Steve Hambley (69th District)

Chairman Schaffer, Vice Chair Scherer, Ranking Member Rogers, and members of the House Ways and Means committee. Thank you for the opportunity to present House Bill 185 before you today. It is my contention that House Bill 185 would help encourage more political participation in local and county elections. On the state level, the legislature has given ourselves the benefit of offering a political contribution tax credit to those who wish to offer financial support to the candidate of their choice. House Bill 185 is simple: it extends the currently existing tax credit to the local level thereby creating more consistency in our tax code and hopefully encouraging more participation in local elections.

I offer several fundamental reasons for advocating the expansion of the current tax credit:

- Increased participation makes government more accountable and responsive, and citizens who give even small financial contributions are more likely to become vested and participate in nonfinancial ways.
- Participation exposes the electorate to a variety of ideas and viewpoints, furthers self-government, and enhances the legitimacy of government decisions.

Having served 23 years in city and county government, I know too well how indifferent many of our constituents can be about their local elections when it does not coincide with a major state or federal election. Statistically, this point holds true. In the State of Ohio, voter turnout for all general elections has been trending downward since 1978, but as you can see in the attached table that trend is most evident in non-presidential election years. The median voter turnout over the last 10 presidential elections has been 72%, compared to 54% for statewide office election years, and 45% for local office election years.

Dating back to the 1960s, advocates for campaign finance reform have included as part of their agenda political contribution tax credits, largely based upon a strategy to encourage greater and broader participation in the political process. In 1971, in a bi-partisan vote Congress enacted tax incentives for political contributions. From

1972 to 1986, federal taxpayers could claim a 50% non-refundable tax credit for contributions to federal, state and local candidates. While the maximum credit was increased in later years, it was repealed in 1985 by the US Congress and President Reagan seeking to simplify the federal tax code. An estimated 5 million Americans or approximately 5% to 6% of all tax filers were claiming the credit at the time.[1]

Ever since the demise of the credit nationally, there have been advocates on both the politically ideological right and left that advocate for restoring the federal tax credit. That appeal has become even more vocal in response to the decisions of the Roberts Court (*Citizens United v. FEC* and *McCutcheon v. FEC*) on campaign finance. As one left-leaning think tank analyst stated, "A tax credit for political contributions may be one of the only reforms that could help bridge the ideological divide over money in politics."[2]

In 1995, the state of Ohio enacted a comprehensive campaign finance reform law that included the current tax credit. It allows a credit for a taxable year equal to the combined total contributions made by each taxpayer filing up to $50 for an individual return and up to $100 in the case of a joint return. The caveat is that these credits are only applicable for contributions made to a defined list of state government offices (governor, lieutenant governor, secretary of state, auditor of state, treasurer of state, attorney general, member of the state board of education, chief justice of the supreme court, justice of the supreme court, or member of the general assembly) and not county, local or district offices.

In my brief research and questioning of some legislators that were around back then, several advocates for the credit ostensibly saw it as one small way to dilute the deleterious effects and influence of special interest money in state politics. But we were not the only state at the time looking seriously at this strategy for implementing campaign finance reform. Of the four states (Arkansas, Ohio, Oregon, and Virginia) who grant non-refundable tax credits for political contributions, only Ohio and Arkansas do not allow these credits to apply for local elections. Minnesota offers a refundable tax credit for political contributions to all candidates and parties, while Arizona offers a tax credit for contributions to a Clean Election Fund. Regardless, all of these programs excluding Oregon's were passed in the 1990s.

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[1] Cantor, J. E. (1995). *Campaign financing in federal elections: A guide to the law and its operation*. Washington, DC: Congressional Research Service.

[2] "Participation and Campaign Finance: The Case for a Federal Tax Credit." David H. Gans, Constitutional Accountability Center (January 13, 2015). See also "The Participation Interest," Spencer A. Overton, *The Georgetown Law Journal*, 1259-1310 (2012).

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There is significant evidence that the political contribution tax credit approach does increase the propensity of citizens to contribute and thereby, by definition, increase the participation of voters in the system. As Chief Justice Roberts's opinion in *McCutcheon* v. *FEC* explained, "There is no right more basic in our democracy than the right to participate in electing our political leaders. Citizens can exercise that right in a variety of ways: They can run for office themselves, vote, urge others to vote for a particular candidate, volunteer to work on a campaign, and contribute to a candidate's campaign."

Fortunately for our case, there was a significant study conducted on Ohio's tax credit program and published in 2005 which analyzed its' effects.[3] The major research questions of the study were: First, can tax credits increase the number of citizens making political contributions? And second, can tax credits change important characteristics of the overall donor pool? Drawing upon scientifically based survey research methodology the authors concluded "yes" for both basic questions. The authors further concluded: "Our results indicate that if citizens are made aware of the tax credits, they have the potential to attract donors who are more similar to the general public than the current pool of campaign contributors. Tax credits have the greatest effect on small contributors, on younger adults, and on less partisan individuals." In summary, they concluded that tax credits can matter.[4]

I am not naïve enough to contend that this tax credit alone will lead to greater political participation at the local government level, but I do believe that every step toward that civic ideal is worthwhile. While giving nominal donations does not bind that person to vote, I do believe that it increases the likelihood of that individual voting, being engaged in the local political system and thereby furthering self-government and enhancing the legitimacy of government decisions.

House Bill 185 encourages more participation, public accountability, and political efficacy in local elections. I am happy to answer any questions you may have. Thank you.

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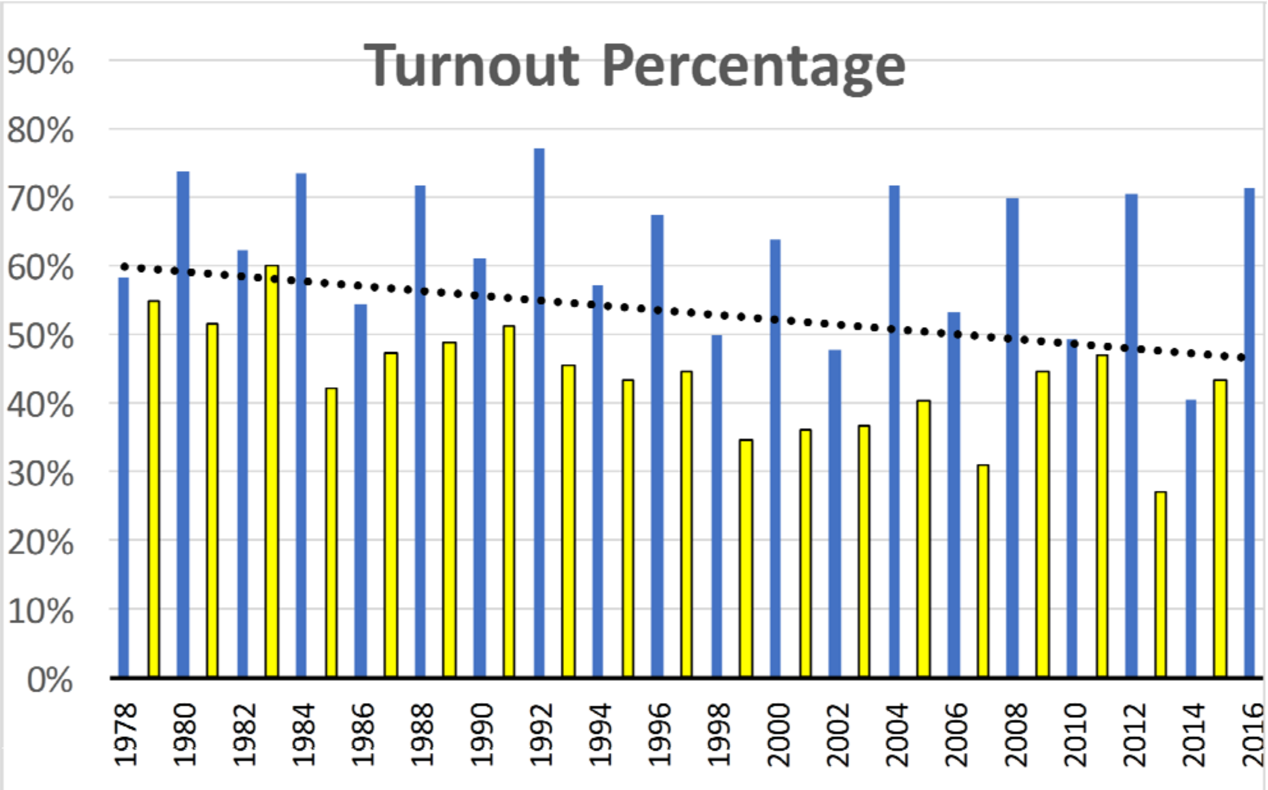
[3] "Political Contribution Tax Credits and Citizen Participation," Robert G. Boatright and Michael Malbin, *American Politics Research*, Vol. 33, No. 6. November 2005.

[4] Boatright and Malbin, p. 787 and 813.



Voter Turnout in General Elections (1978-2016)

State Offices	Turnout Percentage	Local Offices	Turnout Percentage	Presidential	Turnout Percentage
1978	58%	1979	55%	1980	74%
1982	62%	1981	52%	1984	74%
1986	54%	1983	60%	1988	72%
1990	61%	1985	42%	1992	77%
1994	57%	1987	47%	1996	67%
1998	50%	1989	49%	2000	64%
2002	48%	1991	51%	2004	72%
2006	53%	1993	45%	2008	70%
2010	49%	1995	43%	2012	71%
2014	41%	1997	45%	2016	71%
		1999	35%		
		2001	36%		
		2003	37%		
		2005	40%		
		2007	31%		
		2009	45%		
		2011	47%		
		2013	27%		
		2015	43%		
Number	**10**		**19**		**10**
Median	**54%**		**45%**		**72%**
Std Deviation	**7%**		**8%**		**4%**

Source: **Ohio Secretary of State, Jon Husted**