



Ohio

Holding Power Accountable

**Testimony by Trevor P. Martin,
Common Cause Ohio
On House Bill 16, the Ohio Ethics and Financial Disclosure Reform Act
Before the Ohio House Government Oversight Committee
March 28, 2023**

Chairman Peterson, Vice-Chair Thomas, Ranking Member Forhan, and members of the House Government Oversight Committee, thank you for providing me the opportunity to testify today in favor of House Bill 16, the Ohio Ethics and Financial Disclosure Reform Act. My name is Trevor Martin and I am here on the behalf of Common Cause Ohio which has over 30,000 members to urge you to strengthen and pass House Bill 16.

Ohio has a long and shameful history of public corruption, much of it centering around the Statehouse and its relationship with utility companies. The absence of disclosure and lack of transparency allow interested parties to spend money on lobbying and to influence elections and keep it secret. Until Ohio makes structural changes that improve disclosure, transparency, and accountability, we can only expect the scandals to get bigger and more complex.

It has now been nearly two and a half years since Ohio was rocked by the news of federal racketeering charges being brought against the Former Speaker Larry Householder and others involved with the House Bill 6 scandal, the biggest public corruption case in state history. However, since then, no laws have been passed that would stop something similar from happening again.

House Bill 16, the Ethics and Financial Disclosure Reform Act, introduced by Representative Derek Merrin is a welcome step in the right direction. It is a transformative and much needed reform package that will bring Ohio up to the same reporting standards of the majority of other states and required by those attempting to influence Congressional legislation.

In 2021, OpenSecrets, the nation's premier research group tracking money in U.S. politics and its effect on elections and public policy, tracked over \$1.8 billion in lobbying

spending at the state level — a substantial sum of money spent at state capitals across the country in an effort to influence policy and legislation. However, this only represents a portion of the total amount spent in the state level lobbying arena since many states' disclosure laws do not require a full accounting of the money spent to influence legislators and executives, preventing the public from knowing the full extent of this spending. Ohio is one of these states sorely lacking in disclosure.

In a [June 2022 report](#), OpenSecrets ranked Ohio at number 40 among the 50 states in lobbying disclosure. Meanwhile, [public corruption statistics](#) from the US Department of Justice consistently put Ohio in the top ten states for public sector corruption year after year. Some states like Ohio may be reluctant to adopt such reporting, but the fact that 26 states require full lobbyist compensation disclosure, seven have partial disclosure and it is required at the federal level, shows that it is not unreasonable to require. In fact, it could be argued that this is the benchmark.

The reforms put forth in House Bill 16 are encouraging common sense steps that could be taken to help get big money out of Ohio politics and clean up our government from the rampant corruption. Nevertheless, there are a couple of potentially problematic changes and some additional recommendations that we want to highlight if we could:

Loopholes in registration thresholds for legislative, executive branch, and retirement system lobbyists: The revised lobbying reporting thresholds introduced in HB 16 could actually reduce transparency because it is possible that fewer lobbyists will trigger the registration threshold for three reasons. First, the threshold seems to only cover direct contacts, which can be the smallest part of lobbying. It should include both direct contacts and preparation for such contacts. Second, the language is unclear if the 5% applies to meeting with one official or in the aggregate with all officials. Third, the threshold is not tied to a specific time period.

For example, the 5% threshold should be 5% of compensated time for either a month or the reporting period. If the current law is read as 5% of a person's monthly compensation, a person working 40 hours per week could sit in meetings with officials for up to 8 hours without triggering registration. That is a significant amount of direct contacts that few will ever meet. Typically, a person may spend over 5 hours preparing for a thirty-minute or one-hour direct contact. Therefore, applying the threshold to preparation time and the aggregate number of officials lobbied triggers registration for those who are compensated a significant amount to influence covered officials.

Inadequate Public Disclosure: There was a time when just having a search feature would have been considered a best practice, but now nearly all states have them and the way some search features are structured can even make it harder for people to retrieve this public information. A search is not particularly helpful if it is buried behind

several click throughs, filled with jargon that only makes sense to insiders or requires prior knowledge to perform the search. A large volume of online documents like PDFs is as useful as boxes of hard copy documents. The law should be clear that the information is in a format that is searchable, sortable, and downloadable, including an application programming interface (API) or similar format for bulk data analysis.

Additional Recommendations: Perhaps most reassuring about Representative Merrin's ethics bill is his willingness to amend his proposal. At the bill's first government oversight committee hearing Rep. Merrin stated that he would welcome "constructive criticism on how to make the bill better." Here are additional structural reforms that would strengthen this bill and help put a stop to Ohio's recurring epidemic of corruption:

- **Require political nonprofits and other corporate groups to disclose their donors and spending. Combine both House Bill 16 and House Bill 112, the Ohio Anti-Corruption Act, into one comprehensive and bipartisan reform package.** Ohio state law requires political candidates to publicly report donations to their campaigns. Organizations such as political action committees (PACs) are also required to report who funds them and what policy issues the PAC spends money on. Nevertheless, the House Bill 6 scandal, which led to the July 2020 arrests of House Speaker Larry Householder and several others, helped draw attention to a noteworthy exception in Ohio's campaign finance laws: nonprofit 501(c)(4) corporations and limited liability companies (LLCs), sometimes referred to as "dark money groups," are not required to submit such disclosure reports. Not surprisingly, they have become popular avenues for big money special interests to hide their spending on our elections.
- **Provide public access to records at Ohio's bill-writing agency, the Legislative Service Commission (LSC).** In 1998, it came to light that Senator Roy Ray who was being paid by a utility company had introduced legislation written by (and benefitting) that utility. Rather than banning this kind of self-dealing, lawmakers passed a bill to block access to Ohio Legislative Services Commission records so we would not be able to see which outside groups were writing legislation. Now, when utility, realty, insurance, or other industry stakeholders draft legislation for Ohio, the public remains in the dark. We need a bill to end the open records exemption for the LSC so we can see who is pulling the strings at the Ohio Statehouse. It's time to shine a light on our state's legislative process.
- **Require entities that engage in political advertising to report the expenditure and to identify themselves in the advertisement as the funding source.** After *Citizens United v. FEC* in 2010, the floodgates opened allowing corporations and wealthy donors the ability to spend unlimited amounts in elections. Since then, Ohio has not updated its laws. We need legislation that will

require disclosure of the funders of advertising so that we can “follow the money” and figure out who is trying to influence our vote, and why.

If we do not enact these reforms, the same kinds of scandals are certain to happen again. Corruption thrives in the dark. We need disclosure and transparency. That means enacting laws that let us see who is paying for what, and that help us discover what groups are suggesting, writing, and promoting which pieces of legislation that will affect our lives. Passing House Bill 16, strengthened and combined with the additional provisions found in House Bill 112, would be a monumental exhibit of openness and transparency in a state mired in corruption. The time is long overdue that our elected officials set partisanship aside and put the People of Ohio’s interests ahead of the monied interests. I thank you for the opportunity to testify today in support of House Bill 16, the Ohio Ethics and Financial Disclosure Reform Act.