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Diane V. Grendell, State Representative
Ohio's 76th House District

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Chair Wilkin, Vice Chair White, Ranking Member Sweeney, and members of the Ohio House Government Oversight Committee,

Thank you for the opportunity to present sponsor testimony on House Bill 13, the 'Light of Day Bill'. I'm joined here today by my joint-sponsor Representative Mark Fraizer who will also be speaking on this legislation.

Since "dark money" currently is legally permissible, this bill is not about the past. It is about shedding more light on campaign finances in Ohio in the future.

Transparency creates trust.

Ohio's campaign finance laws provide transparency through disclosures of campaign contributions. Federal and Ohio law provides a statutory loophole that essentially cloaks funds contributed to 501(c)(4)'s and other organizations that are intended for social welfare and charity to expend undisclosed funds to candidates or causes, not only within Ohio, but across our nation.

These funds are referred to as "dark money". Under current law, dark money is legal and difficult to track. We can change that in Ohio.

Our legislation is meant to create a better state for Ohioans. We craft our bills with their needs, wants, and requests in mind. After all, this is why we serve public office: To further the prosperity and longevity of Ohio and the great people who live within it. The process deserves total transparency. Our citizens deserve total transparency.

This bill seeks to reform Ohio campaign finance disclosure laws by bringing them in line with the 2010 United States Supreme Court decision from Citizens United v. FEC. In short, a problem exists under Ohio law prohibiting ads being run for political candidates/issues from corporations, 501(C)s, LLCs, etc., as opposed to it being regulated. The Citizen's United Supreme Court Case from 2010 ruled that the referred entities are First Amendment protected institutions, therefore able to promote candidates (and donate to them). Through my discussions with LSC I have come to understand that a current legal grey area exists as Ohio law states these groups are prohibited from donating to political issues or candidates, but the United States Constitution rules otherwise.

House Bill 13 seeks to address the United States Supreme Court decision while expanding the reporting requirements in place to close the dark money loophole. Provisions include:

- Removing the exception for continuing association from current law; this will require that 501(c)(4)s, unincorporated groups, and LLCs to file political expenditure disclosures in Ohio for funds spent in support of or opposition to candidates and issues on the ballot in Ohio.
- Separating the definitions of Political Action Committee and Political Contributing Entity.
- Expanding the definition of Political Contributing Entity. A PAC is formed for purely political purposes, while a political contributing entity is an organization that is engaging in political donations, but the creation of such organization is not for political purposes.

- Political Contributing Entities are required to keep separate accounts earmarked for political expenditure purposes for funds raised for and expended on candidates or issues in Ohio.
- Individuals donating to Political Contributing Entities for political expenditures for candidates or issues in Ohio must be disclosed. Individuals donating to an organization for charitable or nonpolitical purposes for uses unrelated to political expenditures in Ohio are not required to be disclosed.
- Political Contributing Entities that refuse to create a separate account for political expenditures in Ohio and donate to political candidates or issues out of their general funds must disclose all donations and donors.

The above changes seek to concisely address the major lack of transparency issues surrounding our current political donation system. Ohioans are entitled to the full picture so that they are able to make the best informed decisions with all campaign finance information present. This is true whether a candidate is running for state office or president, but we can only address state campaigns. With that, I urge the committee's favorable consideration of House Bill 13; let's shine 'Light of Day' on campaign finance spending in Ohio. Thank you again for hearing our testimony.

I or Representative Fraizer will take any questions you have regarding the bill.

Sincerely,

Diane V. Grendell
State Representative
Ohio's 76th House District