



OHIO CAMPAIGN FINANCE HANDBOOK

**CHAPTER 9: BUSINESS AND
LABOR ORGANIZATIONS**

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BUSINESSES AND LABOR ORGANIZATIONS

OVERVIEW

Corporate Business Campaign Finance Activity

A business that has filed articles of incorporation pursuant to R.C. 1701 is considered to be a “corporation” for campaign finance purposes. Under Ohio law, the use of a corporation’s money or property for political purposes is *severely limited*. Corporations, whether for-profit or nonprofit, are **prohibited** from giving money, items, personnel, space or anything of value to:

- » candidates
- » non-ballot issue PACs
- » legislative campaign funds
- » state candidate fund of a political party
- » general fund of a political party

Use of a corporate logo in an endorsement or solicitation letter meant to support a candidate or political party is a prohibited use of corporate resources. However, the placement of a campaign sign on the property of a corporation, nonprofit corporation or labor organization is not a violation. [R.C. 3599.03; OEC Adv. 97ELC-05]

Generally, legal professional associations and other professional associations that have incorporated pursuant to R.C. 1785, as well as limited liability companies(LLCs) established via R.C. 1705, are not considered “corporations” for campaign finance purposes under R.C. 3599.03 and therefore are not prohibited from issuing one or more checks for the purpose of making one or more individual contributions to partisan elections by individuals – partners, owners – associated with the organization. For reporting purposes, these entities are considered unincorporated businesses or, if applicable, partnerships.

Unincorporated Business Campaign Finance Activity

Business “partnerships” and businesses that have not filed articles of incorporation are not considered to be a “corporation” for campaign finance purposes. When a partnership or other unincorporated business uses its checking account to transmit a contribution, it must include with the contribution check detailed information of each partner, owner or member and their allocated portion of the contribution. The recipient of such a contribution must itemize each allocated portion according to the information provided. No contribution from a partnership or other unincorporated business may be accepted, deposited or used unless the recipient has the allocation information necessary to itemize the contribution by the partner(s), owner(s) or member(s).

[R.C. 3599.03; OAC 111-5-20; OEC Adv. 96ELC-03]

Labor Organization (General Treasury Activity)

A labor organization may use its money or property, including dues monies, to support or oppose candidates, political parties, non-ballot issue PACs and legislative campaign funds. Prior to making expenditures from dues monies, a labor organization must file form 30-D, *Designation of Treasurer*, establishing a political contributing entity (PCE). See Chapter 7, *Political Contributing Entities*, for more information.

[R.C. 3517.10]

Ballot Issue Support

A corporation or labor organization may use its money or property to support or oppose a proposed or certified ballot issue or question. If the contribution is made as a monetary or in-kind contribution to a ballot issue committee, then the corporation or labor organization must file form 30-B-1, *Contributions from a Corporation or Labor Organization Supporting or Opposing Ballot Issues*, at the same filing location and by the same filing deadlines that the ballot issue committee must file its reports. See Chapter 8, *Ballot Issue Committees*, for more information.

[R.C. 3599.03(C)]

If the corporation or labor organization uses its money or property to make an independent expenditure to support or oppose any ballot issue, then it must file Form 30-B-2, *Independent Expenditures from a Corporation or Labor Organization Supporting or Opposing Ballot Issues*. This form must be filed at the county board of elections if the issue is a local issue or at the secretary of state's office if the issue is statewide.

[R.C. 3517.105(C)(2)]

Communicating Information

A corporation or labor organization may use its money or property to communicate information in support of, or in opposition of a political party or candidate for election so long as both of the following conditions are met:

1. The communication is sent exclusively to members, employees, officers, or trustees of the labor organization or the shareholders, employees, officers, or directors of that corporation or to the immediate families of any such individuals.
2. The communication is not made by mass broadcast, such as by radio or television, and is not made by advertising in a newspaper of general circulation.

Examples of how a corporation or labor organization may communicate this information include:

- » mail
- » letters, flyers, newsletters
- » e-mail

- » reports and memoranda
- » posting of information in non-public areas of the corporation or labor organization facility
- » permitting speech by a candidate or other person to individuals included in the set of recipients in item #1 above

[R.C. 3599.03 (F); OAC 111-4-09]

These communications can include an endorsement of one or more candidates, so long as they conform to the above conditions and limitations.

Non-partisan Activity

Corporate and labor organization general treasury funds may be used for programs, such as voter registration drives or debates, that do not promote a particular candidate, PAC or political party.

Nonprofit Corporations

Under campaign finance laws, nonprofit corporations organized pursuant to R.C. 1702, have the same campaign finance restrictions as for-profit corporations.

In addition, nonprofit corporations who communicate information in support of, or in opposition of a political party or candidate for election are subject to the same requirements as for-profit corporations and labor organizations. A nonprofit corporation may use its money or property to communicate with its members, as long as the members, stockholders, donors, trustees or officers are the predominant recipients of the communication - even if the message being communicated is political in nature.

[R.C. 3599.03(F)]

Use of a nonprofit corporation's money or property for political purposes may or may not impact the tax exempt status of the nonprofit corporation. Questions related to a nonprofit corporation's permitted or prohibited political activities based on the tax exempt status of the corporation should be directed to the Internal Revenue Service.

Internal Revenue Service

(800) 829-1040

www.irs.gov



Payroll Deduction Plans

Employers, including corporations (both profit and nonprofit), partnerships, limited liability companies, and labor organizations, may make deductions for political use from the wages or salaries of employees who sign authorizations for such deductions. This authorization must be signed separately from an application for membership in, or authorization of payment of dues to, any organization. Employees must indicate in writing how their money is to be spent (e.g. to a PAC or PCE). The actual cost of deducting and forwarding contributions may be paid by the employer or may be deducted from the employee's contribution. All decisions regarding who receives contributions must be made by employees.

Employers may open separate accounts in the name of the employee where the money may be kept until the employee designates a recipient. All checks forwarded to recipients should clearly provide the underlying employee contributor's name, address and amount contributed. Earned interest cannot be distributed in a manner other than by the employee's choice or a ratio based upon the employee's choice. Recipients of donations aggregating \$25 or less in a calendar year from individuals contributing via this method do not need to itemize the contributor information.

[R.C. 3517.10, 3599.031; OAC 111-5-13]

Sponsoring a PAC

A corporation (profit or nonprofit) or labor organization may sponsor a PAC. Sponsorship is indicated on the PAC's *Designation of Treasurer*. Sponsorship permits the corporation or labor organization to pay certain establishment, administrative and solicitation expenses on behalf of the sponsored PAC. Examples of these expenses include attorney fees and computer, copying and bookkeeping costs. The corporation or labor organization is also permitted to pay certain costs related to the solicitation of contributions for the sponsored PAC. These expenses must be paid directly by the corporation or labor organization or be paid into a separate administrative account set up by the PAC. The sponsor may not reimburse the PAC for these expenses. The sponsored PAC must report these expenses on form 31-I, *Establishment, Administrative and Solicitation Expenses*. Corporate expenditures made to benefit Ohio state or local candidates or political parties are not considered establishment, administrative or solicitation expenses. See Chapter 6, *Political Action Committees*, for more information.

[R.C. 3517.082; OAC 111-4-01 to 111-4-08]

When a PAC is sponsored by a corporation or labor organization, the name of the sponsor must be included in the name of the PAC.

[OAC 111-1-04]

POLITICAL PARTY SUPPORT

Building Fund

A corporation or labor organization may use general treasury funds to make gifts to the building fund of state and county political parties, as long as the building fund is specifically designated and used to defray any cost incurred for the construction, renovation, or purchase of an office facility. If the gift is from a corporation engaged in business in the state, then the gift may not exceed 10 percent of the total construction, renovation or purchase cost of a building. Political parties may set up a separate account called a building fund and may accept direct corporate gifts for this purpose. Public utilities, however, are prohibited from making such gifts.

[R.C. 3517.101(B), 3599.03(D)]



Restricted Fund

A corporation or labor organization may also use general treasury funds to make gifts to the restricted fund of state and county political parties. These gifts are limited to \$10,000 per restricted fund per calendar year. The restricted fund of a political party is established to pay or defray the operational costs of the party and may not be used to support or oppose any particular candidate. For example, the restricted fund may pay for staff salaries, office supplies and equipment, including computer hardware and software.

[R.C. 3517.1012, 3517.18, 3517.13 (X)]

Levin Account

Each state political party may establish a Levin account that may be used to pay or defray the costs of voter registration, voter identification and get-out-the-vote activity. Any corporation or labor organization may make a gift to a Levin account in a calendar year in which a candidate for federal office will appear on an election ballot. These gifts are limited to \$10,000 per applicable year. Corporate or labor organization gifts to a Levin account are prohibited during a year in which no candidate for federal office will appear on an election ballot.

[R.C. 3517.1013]

No reporting requirements apply to any corporation or labor organization making gifts to the building, restricted or Levin accounts of a political party. The receipt of these gifts is included in the disclosure statements of the recipient political party fund.

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