

OHIO CAMPAIGN FINANCE HANDBOOK

CHAPTER 16: TRANSITION FUNDS

TRANSITION FUNDS

Officeholders elected or appointed to any elective office may establish a transition fund to receive donations and to pay costs incurred for inaugural and other related activities. The creation of a transition fund is completely optional as a candidate's campaign committee may also pay for these same expenses. A transition fund is separate and distinct from a candidate's campaign committee or any other fund or account. The maximum duration of existence for a transition fund is limited to 120 days. This chapter deals solely with regulations related to transition funds.

[R.C. 3517.1014]

What to Do First

Prior to receiving a donation or making a disbursement for the purpose of transition and inaugural activities, an officeholder – i.e. a person who has been elected or appointed any elective, non-judicial, office – must file a *Establishment of transition fund and Designation of transition fund Treasurer (Form 30-T)*. Though a transition fund must be separate from the officeholder's campaign committee, it is permissible for the same person to serve as treasurer for both entities. Both the designated treasurer and the officeholder must sign the *Establishment of transition fund and Designation of transition fund Treasurer form*.

A transition fund may be established by an officeholder pursuant to the following circumstances.

If elected at a General Election:

- » *No sooner than* the day after the day of the election if, based on the number of ballots outstanding and the unofficial results of the election, it is mathematically possible for the person (officeholder) to have been elected, and
- » *No later than* the last day of December of the year in which the election was held.

If appointed:

- » *No sooner than* after the person (officeholder) has been appointed to fill a vacancy in an unexpired term of a non-judicial elective office, and
- » *No later than* forty-five (45) days after the person is appointed to office.

If elected at a Special Election:

- » *No sooner than* the day after the day of the election, and
- » *No later than* forty-five (45) days after the election was held.

Bank Account

The treasurer must establish a bank or other financial institution account that is separate from any personal or business account and is used solely for the transition fund. All transition funds must be deposited into this separate account. All donations received and deposited, and all disbursements made from this account must be fully disclosed. Donations may only be accepted and disbursements may only be made during the transition fund's existence.

A federal identification number may be required by the transition fund's chosen financial institution. This number is issued by the Internal Revenue Service upon request.

Where to File Reports

Although transition funds may be established by officeholders at all levels – e.g. municipal, county, state, etc. – the disclosure reports of all transition funds must be filed by electronic means with the secretary of state.

[R.C. 3517.1014 (D)(2)]

FILING SCHEDULE

EXAMPLE:

A CANDIDATE CONSIDERED TO BE THE WINNER BASED ON UNOFFICIAL RESULTS FROM A NOVEMBER GENERAL ELECTION CREATES A TRANSITION FUND ON DECEMBER 1ST. THE INITIAL DISCLOSURE FILING WILL BE DUE ON JANUARY 15TH TO COVER DETAILS FROM DECEMBER 1ST THROUGH JANUARY 10TH.

THE SECOND DISCLOSURE FILING WILL BE DUE ON FEBRUARY 15TH TO COVER ACTIVITY FROM JANUARY 11TH THROUGH FEBRUARY 10TH.

When to File Reports

For the initial disclosure filing, the treasurer of a transition fund must file a full, true, and itemized report of all donations received and disbursements made from the creation of the transition fund to the close of business on the fifth day before the statement is required to be filed on the following dates:

- » The fifteenth (15th) day of January of the calendar year following the general election at which the officeholder was elected, or,
- » If the officeholder was elected at a special election or appointed to office, the sixty-fifth (65th) day after the transition fund is created.

Further reports are required to be filed on the fifteenth (15th) of each subsequent month of the fund's existence to reflect donations received and disbursements made from the close of business on the last day reflected in the last previously filed report to the close of business on the fifth (5th) day before the subsequent statement is required to be filed.

What to File

Each disclosure filing is required to be submitted using an online filing system and all of the following information must be provided:

- A. The full name and address of the treasurer filing the report, and;
- B. The full name and address of the officeholder benefitting from the transition fund, and;
- C. The balance brought forward from the most recent filing, if any, and;
- D. A statement of donations received, which shall include all of the following:
 - 1. The month, day, and year on which each donation was received;
 - 2. The full name and street address of each donor;
 - 3. The nature of each donation, if other than money;
 - 4. The value of each donation in dollars and cents; and
 - 5. If applicable, the name of the donor's current employer, or, if the donor is self-employed, the donor's occupation and the name of the donor's business.
- E. A statement of disbursements, which shall include all of the following:
 - 1. The name and address of the recipient of each disbursement;
 - 2. The date of each disbursement;
 - 3. The amount of each disbursement;
 - 4. The purpose for which each disbursement was made; and
 - 5. The date the transition fund incurred the cost for which the disbursement was made.
- F. The balance remaining in the fund at the close of the reporting period.

The information above is required to be disclosed only once within the transition fund reporting period which covers the date of the transaction (donation or disbursement). A transaction reported in one transition fund reporting period should not be reported again in a different reporting period; nor should one transition fund report be appended to include a transaction(s) for the next reporting period.

Donations

Donations to a transition fund, of both money and in-kind goods and services, may be received from individuals, including for-profit corporations, and campaign committees. All donations must be deposited into the separate account established for the transition fund. No donation may be accepted or deposited unless the officeholder has established a transition fund.

Donation Limits

Donations to the transition fund established for the joint offices of governor and lieutenant governor are limited, per donor, to \$10,000. This limit applies to the aggregate value of all donations made by the donor of both money and in-kind goods and services.

[R.C. 3517.1014 (C)(1)(b) & (3)(a)]

Donations to the transition fund established for an officeholder other than governor/lieutenant governor are limited, per donor, to \$2,500. This limit applies to the aggregate value of all donations made by the donor of both money and in-kind goods and services.

[R.C. 3517.1014 (C)(1)(c) & (3)(b)]

Disbursements

A transition fund may use any donation to pay for legitimate and verifiable costs incurred for ordinary and necessary transition activities and inaugural celebrations.

[R.C. 3517.1014 (A)]

These costs may include any of the following:

- » Office expenses (e.g. leases, supplies)
- » Salaries for transition personnel
- » Consulting fees
- » Food, beverages, and entertainment at an inaugural celebration.

The above-mentioned terms of legitimate and verifiable, ordinary and necessary are defined as follows:

Legitimate	conforming to recognized principles or accepted rules and standards;
Verifiable	able to be proven true, confirmed or authenticated;
Ordinary	taking place according to customary occurrences or procedures;
Necessary	appropriate and helpful to accomplishing a particular end.

Prohibitions

Donations to a transition fund may not be used for the purpose of influencing the election of any candidate for any office or for influencing the results of any election. While a transition fund may accept donations from candidate campaign committees, it may not make contributions to campaign committees, political action committees, legislative campaign funds, political contributing entities, or political parties.

A transition fund may not make any disbursements to pay for or reimburse any personal expenses of the beneficiary of the transition fund, except for costs incurred for transition activities and inaugural celebrations.

[R.C. 3517.1014 (G)]

Closing the Transition Fund

After the payment of all costs incurred for transition activities and inaugural celebrations, the treasurer of the transition fund shall dispose of any money or assets remaining in the transition fund prior to terminating the fund by doing either of the following:

1. Giving the amount, pro rata, to all persons who made donations to that transition fund as a refund of all or part of their donations;
2. Giving the amount to a non-profit corporation that is exempt from federal income taxation under subsection 501(a) and described in subsection 501(c) of the Internal Revenue Code

[R.C. 3517.1014 (H)]

In disposing of money or assets, the treasurer of a transition fund shall not refund to any campaign committee any donation received from that campaign committee.

Not later than one hundred twenty (120) days after a transition fund has been established, the treasurer of the transition fund shall file a final report of donations and disbursements. The final report shall be filed with a termination statement along with a copy of all available statements from the bank or other financial institution that held transition fund moneys. The bank or financial institution statements shall demonstrate a zero balance remaining in the transition fund account to confirm that all transition fund moneys were disposed of prior to the termination of the transition fund.

If final bank or financial institution statements are not available at the time of the filing of the final report, the transition fund must file with the secretary of state copies of the final bank or financial institution statements within five days after receiving those statements from the bank or financial institution.

Upon the filing of the final report and termination statement, the transition fund shall cease to exist.

[R.C. 3517.1014 (I)]

If, upon the completion of the official canvass of election returns for the election at which the beneficiary of a transition fund seeks election to office, it is determined that the beneficiary has not been elected to that office, within thirty days after the completion of the canvass the treasurer of the beneficiary's transition fund shall dispose of all assets remaining in the transition fund and immediately file a final report.