

OHIO CAMPAIGN FINANCE HANDBOOK

CHAPTER 5: POLITICAL PARTY ACCOUNTS

Updated May 2014

POLITICAL PARTY ACCOUNTS

What is a Political Party

A major political party is any group of voters that garners and maintains at least 20% of the total vote in a gubernatorial or presidential election. Both the Democratic party and the Republican party are major political parties in the state of Ohio. In addition to having a statewide party apparatus, each major political party has separate, local organizations in each of Ohio's 88 counties.

[*R.C. 3517.01 (A)*]

ACCOUNT TYPES

A political party may have several basic types of accounts. They include:

- » building account;
- » general political account;
- » restricted funds account;
- » state candidate fund;
- » judicial account; or
- » Levin account (state party only)

Except for a judicial account, each of these accounts requires a separate bank account and designation of treasurer.

Building Account

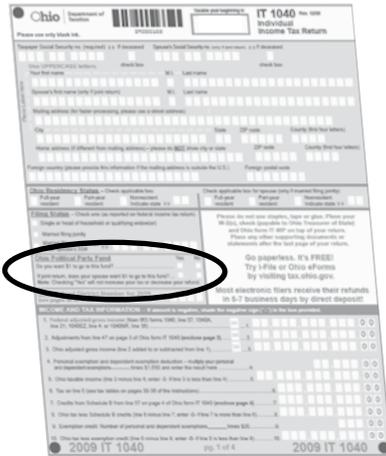
Building funds may be used for the construction, renovation, purchase, or lease of, as well as any furniture, fixtures, equipment, supplies, operating costs (not including personnel), and the maintenance or repair of office facilities that are not used solely for the purpose of influencing the election of any individual candidate in any particular election for any office. Any individual, partnership, unincorporated business organization or association, political action committee (PAC), political contributing entity (PCE), labor organization, corporation (other than a public utility) may make one or more gifts, limited to \$10,000 per calendar year, to a building fund. Monies received into a building fund must be kept in a separate bank account because gifts may be accepted directly from corporations doing business in Ohio. [*R.C. 3517.101; OEC Adv. 2000ELC-04*]

General Political Account

The general political account is the fund used by a state or county political party to support candidates not subject to the state contribution limits, such as candidates for mayor, city council or county commissioner. This account is also known as the local political account or the non-state candidate fund. However, a county political party in a county with a population less than 150,000 may support certain candidates from the general political account, but at a very low dollar limit. Currently, the limitation is \$3,038.88 per election period. See *State Candidate Fund* section below for more detail.

Restricted Funds

A county or state party shall deposit any funds received from the Ohio political party fund (also known as tax check off or public funds money) into its restricted fund. Political parties may also deposit other funds into this account, including gifts from corporations or labor organizations, as long as those gifts do not exceed \$10,000 per calendar year. [R.C. 3517.1012, 3517.13(X)]



Money in the restricted fund may not be used for supporting or opposing specific candidates, to influence the outcome of any candidate or issue election, to pay party debts incurred as a result of elections, or to make payment in excess of the market value of the item or service received for payment. Restricted funds money may be used for party headquarters, including staff salaries, get-out-the-vote campaigns, administration costs for party fund-raising drives, computers, or for direct mailings that do not target a particular candidate or issue. [R.C. 3517.18]

A county or state party must report its restricted fund activity at the Semiannual and Annual reporting deadlines. A county or state political party restricted fund report must be filed by electronic means with the secretary of state if the fund has accepted any gifts from a corporation or labor organization. The secretary of state or the county board of elections review a restricted funds deposit and disbursement statements to ensure they were filed on time and completed in full. Because some of the restricted funds could be derived from tax dollars, the auditor of state reviews these reports to determine that the funds were spent in accordance with law. [R.C. 3517.1012, 3517.17]

State Candidate Fund

A state candidate fund is used to support statewide and general assembly candidates. A state political party must use this fund to support its statewide or general assembly candidates. A county political party in a county that has a population of 150,000 or more **must** establish a separate state candidate fund in order to support statewide or general assembly candidates. A county political party affiliated with a county having a population of less than 150,000 **may** establish a state candidate fund, but is not required to do so.

If a county political party affiliated with a county having a population of less than 150,000 does not establish a state candidate fund, it may still support statewide or general assembly candidates, but may do so only at a reduced monetary level. Currently, the limitation is \$3,038.88 per election period.

A county political party’s state candidate fund may **not** accept contributions from any of the following sources:

- a political action committee (PAC);
- a political contributing entity (PCE);
- any individual whose designated Ohio residence is outside the county
- a campaign committee of a candidate whose name will not appear on the ballot in that county or does not represent all or part of the county as an elected public office holder;
- another county political party state candidate fund;
- any county or state political party non-state candidate fund, such as a general political account or restricted fund. [R.C. 3517.102(C)(4)(a)(i)]

All contributions made by all county political party state candidate funds shall be aggregated together for the purpose of determining a statewide or general assembly candidate’s contributions limits.

[R.C. 3517.102 (A) and (B); OAC 111-1-10]

THE FOLLOWING
COUNTIES HAVE
POPULATIONS ABOVE THE
150,000 THRESHOLD
PURSUANT TO THE 2008
STATE AND COUNTY
CHARACTERISTIC
POPULATION ESTIMATE
OF THE US CENSUS
BUREAU:

BUTLER	CLERMONT
CUYAHOGA	DELAWARE
FRANKLIN	GREENE
HAMILTON	LAKE
LICKING	LORAIN
LUCAS	MAHONING
MEDINA	MONTGOMERY
PORTAGE	STARK
SUMMIT	TRUMBULL
WARREN	

Judicial Account

Although it is not addressed in Title 35 of the Revised Code, a judicial account is an option available to a political party for the purpose of making one or more contributions to the campaign committee of a candidate for judicial office. The Ohio Supreme Court has adopted a Code of Judicial Conduct that governs candidates for judicial office. Pursuant to Rule 4.4 of the Code, the campaign committee of a judicial candidate is prohibited from receiving a contribution from a political party, unless the contribution is made from a separate fund established by the political party solely to receive donations for judicial candidates.

For more information on judicial candidate regulations, including access to read or download the Code of Judicial Conduct, please visit the Ohio Supreme Court's web site:

www.supremecourt.ohio.gov/Judiciary/candidates

Levin Account

A Levin account is a fund that only a state political party may establish. Levin account funds may be used for voter registration, voter identification, get-out-the-vote or generic campaign activities that would not otherwise be considered a contribution or expenditure. Levin account funds may not be used to influence the election of any individual candidate. Corporations or labor organizations may make a gift to a Levin account not to exceed \$10,000 per calendar year and only in years in which a candidate for federal office will appear on the ballot. Levin account activity is reported at the Semiannual and Annual reporting deadlines. These reports must be filed by electronic means with the secretary of state. [R.C. 3517.1013]

REPORTING

Disclosure of campaign finance activity is a crucial element in monitoring compliance with and effectiveness of Ohio's campaign finance laws and regulations. When a report is filed, it must be a full, true and itemized accounting of contributions and expenditures for the reporting period.

Where to File Reports

Statewide political parties file their reports with the secretary of state. County political parties file most of their reports with the county board of elections. County political party state candidate funds and county political party restricted funds that have received deposits from a corporation or labor organization must file their reports by electronic means with the secretary of state.

[R.C. 3517.11(A), 3517.106(E)(3), 3517.1012(B)]

When to File Reports

Reports are due based on the nature and timing of the activity in which the party engages. A political party is required to file pre- or post-election reports only when the party has activity supporting or opposing candidates or ballot issues appearing on the ballot. Filing dates refer to the date that the report is received by the county boards of elections or the secretary of state, not the postmark date.

There are four types of reporting deadlines:

A **pre-election** report is due by 4 p.m., 12 days before an election if the party had activity to influence that election and if \$1,000 or more was spent or received between the time the last report was filed and the 20th day before the election. [R.C. 3517.10(A)(1)]

A **post-election** report is due by 4 p.m., 38 days after the election if the party had activity to influence that election between the time the last report was filed and the 31st day after the election. [R.C. 3517.10(A)(2)]

A **semiannual** report is due by 4 p.m. on the last business day of July if the party was not required to file a report after the immediately preceding primary election. It should cover the time period since the last report through the last day of June. A semiannual report should only reflect the activity that has occurred since the last report was filed. [R.C. 3517.10(A)(4)]

An **annual** report is due by 4 p.m. on the last business day of January if the party was not required to file a report after the immediately preceding November election. It should cover the time period since the last report through the last day of December. An annual report should reflect only the activity that has occurred since the last report was filed. [R.C. 3517.10(A)(3)]

The restricted funds (formerly public funds), Levin accounts and building fund reports are filed only as Semiannual and Annual reports. [R.C. 3517.10(A), 3517.101, 3517.102, 3517.103, 3517.17]

Report Forms

All reporting forms, along with instructions for their use, are available at the secretary of state's web site: www.OhioSecretaryofState.gov

Filers may choose to download the forms and use them for creating reports eligible for filing in paper form. Filers may choose to create their own forms for use in paper filing, with the approval of the secretary of state's office, as long as they are substantially similar to the forms prescribed by the secretary of state's office. [OAC 111-5-11]

Filers seeking the approval of alternative paper forms may direct their request, along with a sample of each of the alternative forms, to:

OHIO SECRETARY OF STATE
CAMPAIGN FINANCE DIVISION
180 E. BROAD ST. 15TH FLOOR
COLUMBUS, OH 43215

GENERAL RULES

Treasurer's Duties and Liability

The treasurer is legally responsible for keeping detailed records of everything received by or given to the political party fund. Each report must contain a statement that the report is correct, subject to the penalty for election falsification. Whoever commits election falsification is guilty of a fifth degree felony. The cover page of every report filed must be signed by the treasurer or deputy treasurer. A treasurer must retain accurate records of all activity for six years.

[*R.C. 3517.081, 3517.10, 3517.13, 3517.992(A), 3599.36; OAC 111-5-12, 111-5-14*]

Anonymous Contributions

Contributors may not remain anonymous by request. If a donor does not want to be identified, then the contribution should not be made. However, if an anonymous contribution is received, then efforts must be made by the party receiving it to identify the donor. If the efforts are unsuccessful, then the contribution should have an explanation of the circumstances that caused it to be anonymous and a description of the efforts made to determine the donor's identity. This information should appear in the address portion of *form 31-A, Statement of Contributions Received*.

[*R.C. 3517.10 (C)(2)*]

Cash Contribution Limits

A contributor, including the candidate, may not give more than \$100 per election in cash. Cash includes only currency or coin. [*R.C. 3517.13(F); OAC 111-5-06*]

Contribution Limits

The amounts that some of the political party funds may contribute or accept are shown on the contribution limit chart. The limits to statewide or legislative candidates are based on the contributions having been made to designated state campaign committees. These are, in the case of the contributions to or from a state political party state candidate fund, a campaign committee of a statewide candidate, statewide officeholder, candidate for or member of the general assembly.

In the case of contributions to or from a county political party state candidate fund, a designated state campaign committee is the campaign committee of a statewide candidate, statewide officeholder, state senate candidate or state house of representatives candidate whose candidacy is to be submitted to some or all of the electors in that county, or member of the general assembly whose district contains all or part of that county. [*R.C. 3517.102(A)(9)*]

A county political party, or its state candidate fund when required, is only permitted to make a contribution to a campaign committee of a candidate for the state senate or state house of representatives when the candidate's legislative district lies, in whole or in part, within the party's county. A county with a population of less than 150,000 that has no state-candidate fund may

make contributions to any statewide candidate or any candidate for the state senate or state house of representatives whose district lies, in whole or in part, within the party's county in the amount of \$3,038.88 per election period. [*R.C. 3517.102 (A)(9), (B)(6)*]

Deposit of Contributions and Other Income

All contributions or other monetary income must be deposited in an account within 30 days of receipt or returned to the donor without having been deposited. A contribution that is clearly illegal must be returned and not deposited. A contribution that appears on its face to be legal (e.g., not from a foreign national, corporation, or in excess of contribution limits) may be deposited and used by the political party.

Contributions that appear questionable may be deposited, but not spent. The treasurer must make a good-faith effort to determine the legality of the contribution. If, within 30 days of receipt, it cannot be determined that the contribution is legal, it must be returned.

If a contribution is kept that is later found to be illegal, then the political party fund must refund it within 10 days of the discovery. [*OAC 111-5-12*]

Contributions from Minor Children

Political parties are prohibited from knowingly accepting a contribution from an individual who is under seven years of age. [*R.C. 3517.102 (C)(4)*]

Partnerships/Unincorporated Associations

Contributions received from partnerships or unincorporated associations must reflect both the name of the entity and the individual making the contribution. Incorporated professional associations and limited liability companies are considered unincorporated associations or, if applicable, partnerships. Contributions may be transmitted by these entities but must include, at the time of the distribution, detailed information on the allocation of the contribution amount among the owners or partners of the unincorporated association or partnership. 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. 3517.10(I); OAC 111-5-20; OEC Adv. 96ELC-03*]

Contributor Address Exemption

Political parties are not required to include the addresses of contributors within their reports. [*R.C. 3517.10(B)(4)(b)*]

Employer/Occupation Disclosure

When a state or county political party is required to file its campaign finance report by electronic means, the party is also required to provide the employer information for all contributions greater than \$100 received from individuals. If the individual is self-employed, then the occupation and name of the business, if any, must also be disclosed.

Independent Expenditures

Any expenditure by a political party for the purpose of financing communications advocating the election or defeat of a candidate for judicial office should be reported by the political party as an independent expenditure on *form 31-U* and not as an in-kind contribution made.

[*R.C. 3517.105(D)*]

Expenditure Verification

Every expenditure in excess of \$25 must have a corresponding canceled check or receipt photocopy attached to the report. A paid receipt is one that has been marked "PAID" by the vendor. In addition, the secretary of state or the county board of elections may request a log for certain items, such as mileage reimbursements, so that the expenditure and its appropriateness may be verified. If canceled checks are not returned or provided by the banking institution of the political party, a copy or printout of the political party's bank statements will suffice for the receipt requirement so long as the name of the vendor, date of transaction and amount of the expenditure are all provided. Additionally, printouts of cancelled check images as provided by the political party's banking institution satisfy the expenditure verification requirement.

[*R.C. 3517.10(D)*; *OAC 111-5-14*; *OEC Advs. 87ELC-03* and *87ELC-12*]

THE 3 PRIMARY PIECES
OF DATA NEEDED TO
MEET THE EXPENDITURE
VERIFICATION ARE:

- » NAME OF PAYEE
- » DATE OF EXPENDITURE
- » AMOUNT OF EXPENDITURE

Record Retention

Committees must keep their records for six years. The boards of elections and the secretary of state must also keep all reports filed with them for six years. This requirement includes all bank records (including deposit records), reports, amendments, correspondence, receipts, logs, invoices and notices. [*R.C. 3517.10(C), (D)*; *OAC 111-5-14*]

Closing an Account

A political party account must have a zero balance, no outstanding debts and no outstanding loans before it can terminate. When these criteria have been met, a committee must file a final report. This report should list all activity, if any, that has occurred since the previous report. The termination box must also be marked when the committee wants to terminate. There is no separate form for terminating. [*R.C. 3517.10(A)*]

Because the Restricted Fund must be established to receive and use monies from the Ohio political party fund (also known as tax check off or public funds money), it is unlikely a political party can terminate its Restricted Fund.

¹ This amount is valid until February 25, 2015. All amounts specified in *R.C. 3517.102* are adjusted for inflation in January of each odd-numbered year. [*R.C. 3517.104*]