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May 29, 2012

Attorney General Mike DeWine  
State Office Tower  
30 E. Broad St.  
Columbus, OH 43266-0410

Dear Attorney General DeWine:

We are writing on behalf of Common Cause and the Center for Media and Democracy to ask that your office investigate the activities of the American Legislative Exchange Council (ALEC) in Ohio to ensure that the organization is in compliance with state tax and lobbying laws.

Founded in 1973, ALEC is an organization of nearly 2,000 state legislators, including a number of members of the Ohio legislature, and more than 140 corporations, ALEC is registered in Ohio as a charitable organization and at the federal level enjoys tax-exempt status under section 501 (c)(3) of the Internal Revenue Code.

Common Cause and the Center for Media and Democracy have discovered compelling evidence that ALEC is a corporate lobby masquerading as a charity. We believe ALEC's compliance with state tax, gift, solicitation and lobbying laws should be reviewed by your office and/or appropriate state regulatory authorities.

ALEC's primary purpose appears to be providing a vehicle for its corporate members to lobby state legislators and to deduct the cost of that activity as charitable contributions. Each year, about 1,000 pieces of ALEC-backed legislation are introduced in statehouses across America. ALEC regularly communicates with legislators through emails, "issue alerts," press releases, "talking points" and other materials to express its views and help ALEC-member legislators argue on behalf of ALEC's legislation and/or in opposition to bills outside ALEC's portfolio. ALEC's by-laws declare that its mission is to "formulate legislative action programs" and to "disseminate model legislation and promote the introduction of companion bills in Congress and state legislatures." ALEC also carefully tracks the progress of its legislation in statehouses across America, producing scorecards to measure its effectiveness in getting its bills enacted.

While these activities meet any reasonable definition of lobbying, ALEC insists that it does not lobby.

Moreover, ALEC provides a vehicle for its corporate members to influence legislators through gifts of flights, hotel rooms, and other perks. Its role in providing these emoluments – ALEC calls them “scholarships” -- raises serious questions about ALEC’s compliance with Ohio’s gift laws. The “scholarships” subsidize Ohio legislators’ costs for accommodations, transportation and other expenses to attend ALEC national conferences. Information obtained by the Center for Media and Democracy through open records requests by DBA Press indicates that Ohio legislators have solicited thousands of dollars of contributions to the “scholarship fund” from corporate lobbyists. Legislators also appear to have tapped corporations to raise tens of thousands of dollars for ALEC’s April 2011 States and Nation Policy Summit in Cincinnati.

These records also show that the Senior Legislative Aide for House Majority Whip John Adams (R-District 78), Kara Joseph, was involved during regular working hours in fundraising, recruiting volunteers, and coordinating with ALEC donor lobbyists in preparation for ALEC's April 2011 meeting. These activities, apparently performed at taxpayer expense, earned Ms. Joseph ALEC’s recognition as "volunteer" of the year. During ALEC’s gathering in Cincinnati in 2011, many Ohio lawmakers also accepted free tickets to an exclusive party at a Cincinnati Reds baseball game, courtesy of Time Warner Cable, an ALEC member company – but failed to disclose their receipt of these gifts. These acts and others are documented in a report published by the Center for Media and Democracy.

In a complaint submitted April 21 to the Internal Revenue Service’s Tax Whistleblower Office, Common Cause charges that ALEC’s lobbying activity violates the terms of its tax-exemption; the complaint seeks the collection of unpaid taxes and the assessment of appropriate penalties. In support of our submission, Common Cause has provided the IRS with more than 4,000 pages of ALEC materials documenting the organization’s lobbying.

As attorney general, you’re charged with responsibility for ensuring that Ohio laws are properly applied and enforced. In view of the overwhelming evidence that ALEC is engaged in lobbying, we urge you to review its compliance with all applicable state laws or to refer this matter to the appropriate state regulatory authorities for their action.

Thank you for your attention to this matter.

Sincerely,

The image shows two handwritten signatures in blue ink. The signature on the left is "Bob Edgar" and the signature on the right is "Lisa Graves".

Bob Edgar

Lisa Graves

President and CEO  
Common Cause

Executive Director  
Center for Media and Democracy

Cc: Governor John Kasich