

Minnesota

# ***Campaign Finance and Public Disclosure Board Meeting***

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Wednesday, November 6, 2019  
10:30 A.M.  
St. Croix Room  
Centennial Office Building

## **REGULAR SESSION AGENDA**

1. Approval of Minutes
  - a. September 4, 2019
  - b. October 2, 2019
2. Chair's Report
  - a. 2019 Meeting schedule
  - b. 2020 Meeting schedule
3. Executive director report
  - a. Fiscal Year 2019 Annual Report
4. Enforcement report
5. Review of legislative recommendations
  - a. 2019 recommendations
  - b. Lobbyist registration and reporting
  - c. Political contribution refund program
6. Legal report
7. Other business

## **EXECUTIVE SESSION**

Immediately following regular session



**STATE OF MINNESOTA  
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

.....  
**September 4, 2019  
Room G-31  
Minnesota Judicial Center**  
.....

**MINUTES**

The meeting was called to order by Chair Leppik.

Members present: Flynn, Haugen, Leppik, Moilanen, Rosen (arrived during executive director report), Swanson

Others present: Sigurdson, Engelhardt, Olson, Pope staff; Hartshorn, counsel

Although Member Swanson originally planned to attend the meeting by telephone, he ultimately was able to attend in person. Because notice of a meeting by electronic means had been given and because it could not be ascertained whether any members of the public were participating in the meeting by telephone, roll call votes were taken.

**MINUTES** (August 14, 2019)

After discussion, the following motion was made:

Member Swanson's motion: To approve the August 14, 2019, minutes as drafted.

Vote on motion: A roll call vote was taken. All members voted in the affirmative (Rosen absent).

**CHAIR'S REPORT**

**A. Meeting schedule**

The next Board meeting is scheduled for 10:30 a.m. on Wednesday, October 2, 2019.

**EXECUTIVE DIRECTOR REPORT**

Mr. Sigurdson presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. Mr. Sigurdson told members that each year, the Minnesota Department of Revenue prepares a report showing the number of political contribution refunds (PCR) issued in the previous calendar year. Mr. Sigurdson said that this report provides the number of refunds issued and the aggregate amount of those refunds by political party unit and candidate committee. Mr. Sigurdson reviewed the charts in the executive director report that summarized the PCR information. Mr. Sigurdson then answered questions from members regarding PCRs and the public subsidy program in general. In response to a board member request, Mr. Sigurdson agreed to update a report of historic

use of the PCR program and to present it to the Board at the October meeting. Mr. Sigurdson concluded his report by telling members that in response to several requests, staff would be conducting compliance training in greater Minnesota in the fall.

**ENFORCEMENT REPORT**

**A. Waiver requests**

<u>Name of Candidate or Committee</u>	<u>Late Fee &amp; Civil Penalty Amount</u>	<u>Reason for Fine</u>	<u>Factors for waiver</u>	<u>Board Member's Motion</u>	<u>Motion</u>	<u>Vote on Motion</u>
Steve Jacobson (Chippewa SWCD)	\$100 LFF \$1,000 CP	Original EIS	Official was elected for first time in 2018. He was unfamiliar with EIS requirement, he was busy, and he forgot to complete his EIS despite receiving notices from Board staff. His original EIS was due 3/8/2019 and was filed 8/12/2019. Official has provided a check for \$1,000 but is seeking a waiver or reduction of amount due.	Member Swanson	To keep the late filing fee at \$100 and to reduce the civil penalty to \$150	A roll call vote was taken. Motion passed (5 ayes, Member Haugen voted no)

**B. Informational Items**

**1. Payment of late filing fee for original EIS**

Steven Jacobson, \$100

**2. Payment of civil penalty for original EIS**

Steve Jacobson, \$900 (partial payment)

**3. Payment of late filing fee for 2018 year-end report of receipts and expenditures**

Shapiro (Mary) for House, \$25  
 Klabunde (Bryan) for MN House, \$50

**4. Payment of civil penalty for late filing of 2018 year-end report of receipts and expenditures**

Klabunde (Bryan) for MN House, \$25

**5. Payment of late filing fee for 2017 year-end report of receipts and expenditures**

Klabunde (Bryan) for MN House, \$50

**6. Payment of civil penalty for late filing of 2017 year-end report of receipts and expenditures**

Klabunde (Bryan) for MN House, \$50

**7. Payment of late filing fee for lobbyist principal report due 3/15/2019**

Allied Waste Industries LLC, \$325  
Mentoring Partnership of MN, \$150  
Red Lake Tribal Council, \$50

**8. Payment of late filing fee for lobbyist principal report due 3/15/2013**

Allied Waste Industries LLC, \$5

**9. Payment of civil penalty for excess party unit contributions**

Klabunde (Bryan) for MN House, \$670

**10. Payment of civil penalty for excess special source contributions**

Friends for Jeff Peterson, \$35

**11. Forward of anonymous contribution for deposit in the state elections campaign account**

Tou (Xiong) for 53A, \$50

**REVIEW OF 2019 LEGISLATIVE RECOMMENDATIONS**

Mr. Sigurdson presented members with a memorandum regarding this issue that is attached to and made a part of these minutes. Mr. Sigurdson said that the memorandum included the Board's 2019 legislative recommendations. Mr. Sigurdson reviewed those recommendations and the 2019 legislative session. Mr. Sigurdson asked members to consider whether to pursue the recommendations in two packages; one for technical proposals and one for policy proposals. Mr. Sigurdson also said that he had discussed potential changes to the lobbying statutes with the Minnesota Governmental Relations Council (MGRC) and would bring those legislative proposals to the Board at the October meeting. Members asked several questions about the legislative process and discussed the proposals. Members asked staff to solicit input on the proposed legislative changes by sending notice of those proposals to people on the Board's email notice lists.

**LEGAL COUNSEL'S REPORT**

Mr. Hartshorn presented members with a legal report that is attached to and made a part of these minutes. Mr. Hartshorn had nothing to add to the legal report.

**OTHER BUSINESS**

There was no other business to report.

**EXECUTIVE SESSION**

The chair recessed the regular session of the meeting and called to order the executive session. Upon recess of the executive session, the chair had nothing to report into regular session.

There being no other business, the meeting was adjourned by the chair.

Respectfully submitted,

Jeff Sigurdson  
Executive Director

Attachments:  
Executive director's report  
Memorandum regarding review of 2019 legislative recommendations  
Legal report

DRAFT

**STATE OF MINNESOTA  
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

.....  
**October 2, 2019  
St Croix Room  
Centennial Office Building**  
.....

**MINUTES**

The meeting was called to order by Chair Leppik.

Members present: Flynn, Haugen, Leppik, Moilanen, Rosen (arrived during review of legislative recommendations for lobbyist program), Swanson

Others present: Sigurdson, Engelhardt, Olson, Pope staff; Hartshorn, counsel

**MINUTES** (September 4, 2019)

After discussion, consideration of the September minutes was postponed until the November meeting.

**CHAIR'S REPORT**

**A. Meeting schedule**

The next Board meeting is scheduled for 10:30 a.m. on Wednesday, November 6, 2019.

**EXECUTIVE DIRECTOR REPORT**

Mr. Sigurdson told members that testing of the online version of Campaign Finance Reporter was advancing, and was a very high priority for staff. Mr. Sigurdson also said that staff would be testing the Board's continuance of operations plan (COOP) by working from home for a half-day in October. Mr. Sigurdson stated that the purpose of the plan and the test was to ensure that the Board could continue its operations in the event that the Board's physical office space was not available. Ms. Engelhardt then told members that in response to numerous requests, staff was conducting compliance training in greater Minnesota throughout the fall. Ms. Engelhardt said that the training conducted to date had been well received and well attended.

**ENFORCEMENT REPORT**

**A. Consent Item**

**1. Administrative termination of lobbyist Kimberly Crockett (2607)**

Mr. Olson told members that the Center of the American Experiment had asked that Ms. Crockett's registration be terminated effective August 9, 2019, which was the date the principal had severed its relationship with her. Mr. Olson said that Ms. Crockett had been asked to file a termination statement

but had not done so. Board staff administratively terminated Ms. Crockett's lobbyist registration effective August 9, 2019. Mr. Olson said that the principal had stated that Ms. Crockett did not have any lobbying disbursements after the period covered by the most recent lobbyist disbursement report filed by its reporting lobbyist.

After discussion, the following motion was made:

Member Moilanen's motion: To confirm the administrative termination of lobbyist Kimberly Crockett.

Vote on motion: Unanimously passed (Rosen absent).

## **B. Discussion Item**

### **1. Balance adjustment request – St. Paul DFL (20518)**

Mr. Olson told members that the St. Paul DFL had reported an ending cash balance in 2017 of \$22,313.78, but that the party unit's bank statements had reflected a balance at that time of \$22,707.72, a difference of \$393.94. Mr. Olson said that the discrepancy began in 2016 or 2017. The party unit's current treasurer, Rick Varco, took over in mid-2018 and had been unable to ascertain the cause of the discrepancy. Mr. Olson said that Mr. Varco believed that the most likely cause was a combination of small transactions that had not been entered into the Campaign Finance Reporter software and data entry errors. Mr. Varco had access to the party unit's bank statements, but did not have easy access to the details of all the checks and deposits listed on those statements. Mr. Olson said that there also were at least six copies of the party unit's 2016 CFR database and the one copy of the 2017 CFR database in Mr. Varco's possession had some discrepancies when the 2018 database was created. Consequently, before Mr. Varco could start reconciling the bank account to the party unit's reports, he would need to spend some time comparing the 2016 and 2017 databases to the filed reports to determine which database, if any, was used to file the last amended report. Mr. Olson said that due to the difficulty of finding the cause of the discrepancy, the size of the discrepancy, and Mr. Varco's unease over certifying amended reports for years when he was not treasurer, the party unit was asking the Board to adjust its 2017 ending cash balance upward from \$22,313.78 to \$22,707.72.

After discussion, the following motion was made:

Member Swanson's motion: To grant the St Paul DFL's balance adjustment request.

Vote on motion: Unanimously passed (Rosen absent).



**C. Waiver request**

<u>Name of Candidate or Committee</u>	<u>Late Fee &amp; Civil Penalty Amount</u>	<u>Reason for Fine</u>	<u>Factors for waiver</u>	<u>Board Member's Motion</u>	<u>Motion</u>	<u>Vote on Motion</u>
Protect Minnesota Political Action Fund	\$1,000 LFF	2018 year-end	Former employee of political fund's supporting association incorrectly told other staff that 2018 year-end report had been filed. once it was discovered that report had never been submitted, report was promptly filed. Fund has sent a check for \$1,000 but is seeking a waiver or reduction of amount due.	Member Moilanen	To reduce the late filing fee to \$250.	Unanimously passed (Rosen absent).

**D. Informational Items**

**1. Payment of late filing fee for 2018 year-end report of receipts and expenditures**

Protect Minnesota Political Action Fund, \$1,000

**2. Payment of civil penalty for excess personal contributions**

Hainey (Shaun) for House, \$135

**3. Payment of civil penalty for exceeding individual contribution limit**

Jim Read for State Representative, \$35

**4. Payment of civil penalty for excess party unit contributions**

Ruth (Richardson) for House, \$110

**5. Payment of civil penalty for excess special source contributions**

Urdahl (Dean) Volunteer Committee, \$125

**6. Payment of late filing fee for lobbyist disbursement report due 6/17/2019**

Jan Alswager, \$25

**7. Payment of late filing fee for lobbyist principal report due 3/15/2019**

Delta Dental of MN, \$1,000

**8. Return of public subsidy due to exceeding carryforward limit**

Stephenson (Zachary) for House, \$84

### **OPTIONS FOR CIVIL PENALTIES IN CONCILIATION MATTERS**

Ms. Engelhardt presented members with a memorandum regarding this issue that is attached to and made a part of these minutes. Ms. Engelhardt reviewed the three options for imposing civil penalties that were outlined in the memorandum and discussed how those options would apply to the examples given. Members then discussed the matter and decided to delay a decision until Member Rosen could join the discussion.

### **REPORT ON HISTORICAL USE OF POLITICAL CONTRIBUTION REFUND PROGRAM**

This report is attached to and made a part of these minutes. Mr. Sigurdson told members that a similar report had been prepared in 2016 and that the document before them had been updated to include information through 2018. Mr. Sigurdson said that he would send a copy of the report to the chairs of the legislative committees with jurisdiction over the Board.

### **REVIEW OF LEGISLATIVE RECOMMENDATIONS FOR LOBBYIST REGISTRATION AND REPORTING**

Mr. Sigurdson presented members with a memorandum regarding this issue that is attached to and made a part of these minutes. Mr. Sigurdson reviewed the legislative proposals and how, in his opinion, they would provide more meaningful disclosure of efforts to influence governmental actions. Mr. Sigurdson said that he had incorporated several suggestions made by the Minnesota Governmental Relations Council (MGRC) into the proposals but that the MGRC had not seen the proposed statutory language until a week before the Board meeting. Mr. Sigurdson said that he therefore expected the MGRC to have more specific comments and feedback at the November meeting.

Kathy Hahne then addressed the Board on behalf of the MGRC. Ms. Hahne confirmed that the MGRC had not had the chance to fully review the proposed statutory language. Ms. Hahne said that the members of MGRC did not disagree with the purpose of the legislation but wanted to ensure that any new reporting requirements would not lead to unintentional violations. Ms. Hahne explained the importance of a lobbyist's reputation at the Capitol and stated that MGRC members were worried that even unintentional violations of reporting requirements would damage that reputation. Ms. Hahne said that the MGRC would bring specific comments about the proposal to the November meeting.

Marie Ellis with the Minnesota Council of Nonprofits then addressed the Board. Ms. Ellis said that she was concerned about the language that would require lobbyists to report specific bill numbers. Ms. Ellis stated that lobbyists sometimes educate officials about an issue during one session with the goal of introducing a specific bill addressing that issue during the next session. Ms. Ellis pointed out that there would be no bill number to report during the first session in these situations.

Members then discussed the proposal and directed Mr. Sigurdson to continue working on it for additional discussion at the November meeting.

### **REVIEW OF PUBLIC COMMENTS RECEIVED ON 2019 LEGISLATIVE RECOMMENDATIONS, FURTHER DISCUSSION ON RECOMMENDATIONS**

Mr. Sigurdson presented members with a memorandum regarding this issue that is attached to and made a part of these minutes. Ms. Engelhardt reviewed the few public comments that had been submitted in response to the Board's request for feedback. Mr. Moilanen told members that at the next meeting, he would like to discuss raising the amount of the political contribution refund. Members also

discussed the fact that any proposal would need bipartisan support to be successful even if Governor Walz did not specifically require bipartisan support for election bills.

### **OPTIONS FOR CIVIL PENALTIES IN CONCILIATION MATTERS**

Members resumed the discussion of the three civil penalty options in Ms. Engelhardt's memorandum. Mr. Sigurdson told members that any option adopted would simply be guidance for staff in drafting conciliation agreements and that the Board would always be free to adopt different penalties in different cases depending on the facts of those matters.

After discussion, the following motion was made:

Member Flynn's motion:	To direct staff when drafting conciliation agreements to follow option 3 in the memorandum, which would require 1) the return of any excess or improper contributions, and 2) the imposition a civil penalty equal to one times the amount of the excess with a minimum payment of \$100 or 25% of the penalty (whichever is greater) and a stay of the remaining 75% of the penalty.
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Vote on motion:	Unanimously passed.
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### **LEGAL COUNSEL'S REPORT**

Mr. Hartshorn presented members with a legal report that is attached to and made a part of these minutes. Mr. Hartshorn had nothing to add to the legal report.

### **OTHER BUSINESS**

Member Swanson asked staff to prepare more examples of enforcement decisions using the Office of Administrative Hearings format. There was no other business to report.

### **EXECUTIVE SESSION**

The chair recessed the regular session of the meeting and called to order the executive session. Upon recess of the executive session, the chair had the following to report into regular session:

Findings, conclusions, and order in the matter of the MN Gun Owners PAC, the MN Gun Owners IE Fund, and the Minnesota Gun Owners Support Fund

There being no other business, the meeting was adjourned by the chair.

Respectfully submitted,

Jeff Sigurdson  
Executive Director

Attachments:

Memorandum regarding options for civil penalties in conciliation matters

Report on historical use of political contribution refund program

Memorandum regarding legislative recommendations for lobbyist registration and reporting

Memorandum regarding public comments received on 2019 legislative recommendations

Legal report

Findings, conclusions, and order in the matter of the MN Gun Owners PAC, the MN Gun Owners IE Fund, and the Minnesota Gun Owners Support Fund

DRAFT



# MINNESOTA

## CAMPAIGN FINANCE BOARD

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### **Board Meeting Dates for Calendar Year 2019**

Meetings are at **10:30 A.M.** unless otherwise noted.

**2019**

Wednesday, December 4





# MINNESOTA

## CAMPAIGN FINANCE BOARD

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### **Board Meeting Dates for Calendar Year 2020**

Meetings are at **10:30 A.M.** unless otherwise noted.

#### **2020**

Wednesday, January 8

Wednesday, February 5

Wednesday, March 4

Wednesday, April 1

Wednesday, May 6

Wednesday, June 3

Wednesday, July 1

Wednesday, August 5

Wednesday, September 2

Wednesday, October 7

Wednesday, November 4

Wednesday, December 2







# MINNESOTA

## CAMPAIGN FINANCE BOARD

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**Date:** October 29, 2019

**To:** Board Members

**From:** Jeff Sigurdson, Executive Director

**Telephone:** 651-539-1189

**Re: Executive Director's Report**

### **Fiscal Year 2019 Annual Report of Board Operations**

Staff has completed for Board approval a report of the Board's operations during fiscal year 2019. This report is required by Minnesota Statutes section 10A.02, subdivision 8. The report is provided to the governor and legislative leadership and is made available to the public through the Board's website. The report is required to contain the fiscal operations of the Board, including the names, duties, and salaries of staff. The report also reviews the major programs administered by the Board. A copy of the report is attached for review. The Board will need to take a formal action to authorize the issuance of the report.

### **Nomination Committee for Board Officers in 2020**

Ms. Leppik's term as Chair, and Mr. Moilanen's term as Vice-Chair end January 1<sup>st</sup>. Each year the outgoing chair forms a nomination committee consisting of the chair and one other Board member of a different political party. The nomination committee creates a slate of candidates for the positions of chair and vice chair; and then contacts the nominated members to verify that they would be willing to serve in the positions. The nomination committee reports back to the Board at the December meeting, and the full Board then votes on the nominations.

### **Board Positions**

The term of appointment for Chair Leppik and Member Swanson ends in January of 2020. Chair Leppik's position requires a former Republican legislator, Member Swanson's position is unrestricted. Starting November 1, 2019, the Secretary of State website will accept applications for the two positions.

### **Attachment**

Annual Report of Board Operations for Fiscal Year 2019



# **Report of the Minnesota Campaign Finance and Public Disclosure Board**



**Covering Fiscal Year 2019**

July 1, 2018 - June 30, 2019

Issued: November 6, 2019

CAMPAIGN FINANCE and PUBLIC DISCLOSURE BOARD

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# MINNESOTA CAMPAIGN FINANCE BOARD

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**DATE:** November 6, 2019

**TO:** The Honorable Tim Walz, Governor  
The Honorable, Paul Gazelka, Senate Majority Leader  
The Honorable Melissa Hortman, Speaker of the House  
The Honorable Thomas Bakk, Senate Minority Leader  
The Honorable Kurt Daudt, House Minority Leader  
The Honorable Mary Kiffmeyer, Chair State Government Finance and Policy and Elections  
The Honorable Raymond Dehn, Chair Subcommittee on Elections

**FROM:** Margaret Leppik, Chair  
Campaign Finance and Public Disclosure Board

**SUBJECT:** Report of Board activities during fiscal year 2019.

Pursuant to Minnesota Statutes section 10A.02, subdivision 8 (a), the Campaign Finance and Public Disclosure Board submits this report of the Board's activities during fiscal year 2019.

The Board, consistent with its objectives and administrative procedures, provided guidance to the thousands of individuals and associations whose disclosure of certain political, lobbying and economic interest activities is regulated by the Campaign Finance and Public Disclosure Act, Minnesota Statutes Chapter 10A.

Included in this report is information about campaign finance disclosure, the filing of lobbyist disbursement and lobbyist principal reports, and the filing of statements of economic interest by public officials.

Throughout its activities the Board strives to accomplish its mission; which is to promote public confidence in state government decision-making through development, administration, and enforcement of disclosure and public financing programs and ensure public access to and understanding of information filed with the Board.

We recognize the importance the State of Minnesota places on public disclosure laws and the regulation of campaign finance activity and appreciate the trust placed in the Board and its staff by the Legislature and the Office of the Governor.

## Table of Contents

EXECUTIVE SUMMARY .....	1
INTRODUCTION TO THE BOARD .....	2
Authority .....	2
Mission Statement .....	2
Functions .....	2
Goals and Objectives.....	3
Board and Staff .....	3
Board Member Qualifications.....	3
Board Members - July 1, 2018, through June 30, 2019 .....	4
Summary of Board Activities.....	7
Meetings .....	7
Advisory Opinion Procedure .....	7
Education and Training Outreach .....	8
Use of Technology.....	9
CAMPAIGN FINANCE PROGRAM.....	11
Program Overview .....	11
Legislative Action and Rulemaking .....	11
Advisory Opinions .....	12
Campaign Finance Disclosure Reports Filed .....	12
Electronic Filing.....	13
Public Subsidy Payments.....	14
Political Party Payments .....	15
Campaign Finance Enforcement Actions .....	15
LOBBYIST PROGRAM.....	16
Program Overview .....	16
Legislative Action and Rulemaking .....	17
Advisory Opinions .....	17
Lobbyist Disbursement Reports.....	17
Principal Reporting.....	18
Lobbyist Program Enforcement Actions .....	19
ECONOMIC INTEREST PROGRAM.....	19
Program Overview .....	19
Legislative Action and Rulemaking .....	20
Advisory Opinions .....	20
OTHER BOARD PROGRAMS.....	20
STAFF DUTIES .....	22
Staff Salaries.....	25
BOARD FINANCIAL INFORMATION .....	25
Board Operating Budget .....	26
Penalties Paid for Late Filing of Disclosure Reports and Other Violations of Chapter 10A .....	27

## Executive Summary

The Campaign Finance and Public Disclosure Board is charged with the administration of the Campaign Finance and Public Disclosure Act, Chapter 10A of Minnesota Statutes. There are three major programs governed by Chapter 10A: 1) the regulation of campaign finance contributions and expenditures for state-level candidates, party units, and political committees; 2) the registration and reporting of lobbyists and the principals the lobbyists represent; and 3) the collection and disclosure of economic interest statements required of public officials. A brief overview of each program is provided here, with reference to the page in the annual report where detailed information about that program is located. Additionally, beginning on page 4, the annual report provides information on Board members who served during the fiscal year, and starting on page 22 the Board's staff, budget, and other financial activity during the fiscal year is reviewed.

Fiscal year 2019 included the majority of the activity related to the 2018 state election. Board staff focused on helping clients meet the compliance and reporting obligations of Chapter 10A by conducting class room training and by developing user guides and videos that were available on the Board's website. The Board also finished the deployment of a new, enhanced website during the fiscal year. The website provides powerful tools that allow the public to directly access and download disclosure information reported to the Board.

On the filing date for the 2018 year-end report of campaign receipts and expenditures there were 665 state-level candidates, 317 political party units, and 418 political committees and funds registered with the Board. The Board issued public subsidy payments totaling \$2,249,376 to 245 qualified candidates during the 2018 election. Additional information regarding the campaign finance program begins on page 11.

About 1,450 lobbyists were registered with the Board at any one time throughout the fiscal year. The lobbyists represented 1,460 principals. The principals reported total lobbying expenditures of \$78,757,615 in calendar year 2018. Additional information on the lobbyist program is found on page 16.

The economic interest disclosure program requires public officials in approximately 2,900 positions to file economic interest statements with the Board. Depending on the position, these officials file their statements when they initially file their affidavits of candidacy for state-level office or when they take office. Additionally, public officials must review and update their statements in January of each year. Details on the economic interest disclosure program start on page 19.

During the fiscal year, the Board held thirteen scheduled meetings. At these meetings, the Board issued three advisory opinions, reviewed and approved twenty four conciliation agreements resolving violations of Chapter 10A, issued seven findings to conclude Board investigations, and dismissed eight complaints that alleged violations of Chapter 10A at either the prima facie or probable cause determination stage.

## Introduction to the Board

The Campaign Finance and Public Disclosure Board was established by the state legislature in 1974 through enactment of Chapter 10A of the Minnesota Statutes. Throughout its history the Board has enforced the provisions of Chapter 10A, promulgated and enforced Minnesota Rules 4501 through 4525, and issued advisory opinions to guide clients in meeting the chapter's requirements.

New authority was given to the Board in 2013, which extended the Board's jurisdiction to three sections of Chapter 211B. Those sections are (1) 211B.04, which governs the "prepared and paid for" form of disclaimer, (2) 211B.12, which specifies the purposes for which campaign money legally may be used, and (3) 211B.15, which governs corporate contributions. The new authority is limited to those individuals and associations already subject to the Board's jurisdiction under Chapter 10A. The Board's new jurisdiction means that it may conduct investigations of possible violations of these statutes and may also issue advisory opinions on these provisions.

## Mission Statement

To promote public confidence in state government decision-making through development, administration, and enforcement of disclosure and public financing programs which will ensure public access to and understanding of information filed with the Board.

## Functions

Core functions of the Board include administration and management of the following:

- registration and public disclosure by state legislative, constitutional office, and judicial office candidates; political party units; political committees; and political funds;
- state public subsidy program that provides public funding to qualified state candidates and the state committees of political parties;
- registration and public disclosure by lobbyists and principals attempting to influence state legislative



action, administrative action, and the official action of metropolitan governmental units; and

- disclosure of economic interest, conflicts of interest, and representation of a client for a fee under certain circumstances for designated state and metropolitan governmental unit officials.

## Goals and Objectives

- Create better compliance with the Campaign Finance and Public Disclosure Act by providing easy access to information and training.
- Provide fair and consistent enforcement of the Act.
- Help citizens become better informed about public issues related to the Act.

## Board and Staff

The Board consists of six members, none of who may be an active lobbyist, a state elected official, or an active candidate for state office. The Board is not non-partisan; rather it is multi-partisan, with no more than three of the members of the Board supporting the same political party. The Board was able to maintain nine full-time positions during the fiscal year. Additional information about Board staff is found beginning on page 22.

## Board Member Qualifications

The Board consists of six citizen members who are responsible for the administration of the Campaign Finance and Public Disclosure Act. Members of the Board are appointed by the Governor to staggered four-year terms. Their appointments must be confirmed by a three-fifths vote of the members of each body of the legislature. Two members must be former members of the legislature who support different political parties; two members must be persons who have not been public officials, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the date of their appointment; and the other two members must support different political parties.

## Board Members

July 1, 2018, through June 30, 2019



### **Margaret Leppik – Board Chair, 2019**

Margaret (Peggy) Leppik was appointed to the Board in May of 2015 by Governor Dayton for a term ending in January of 2016. Governor Dayton re-appointed Ms. Leppik in January 2016 for a term ending in January of 2020. Because the Senate was not able to schedule a vote to confirm her appointment before adjourning sine die, her appointment ended in May of 2016. She was reappointed by Governor Dayton in July of 2016 to the same position, and was appointed again in June of 2017 for a term that expires in January of 2020. She fills a Board position requiring a former Republican legislator. Ms. Leppik served as a state representative from 1991-2003 where she chaired the Higher Education Finance Committee. She served on the Metropolitan Council from 2003-2011 where she was vice chair for three years and chaired the Environmental Committee. A graduate of Smith College, Ms. Leppik is an active volunteer for numerous nonprofit organizations.



### **Carol Flynn - Board Chair, 2018**

Carol Flynn was appointed to the Board in February of 2015 by Governor Dayton for a term ending in January of 2019. In July of 2019, Governor Walz reappointed Ms. Flynn to a term ending in January of 2023. She fills a Board position requiring a former DFL legislator. Ms. Flynn served as a state senator from 1990-2000 where she was Majority Whip and chaired the Judiciary and Transportation Committees. Ms. Flynn worked and studied at the University of Minnesota. She served on the Metropolitan Waste Control Commission and Metropolitan Council where she chaired the Systems Committee. She currently volunteers on several union retiree organizations.



### **Robert Moilanen**

Robert Moilanen was initially appointed by Governor Dayton to the Board in October of 2016. Mr. Moilanen was reappointed in June of 2017 for a term ending in January of 2019. In July of 2019, Governor Walz reappointed Mr. Moilanen to a term ending in January of 2023. He occupies a Board position for a member who has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the member's appointment. Mr. Moilanen is a graduate of Gustavus Adolphus College and George Washington University Law School. Mr. Moilanen spent the early part of his legal career working in the public sector. Subsequently, he spent nearly thirty years in the private practice of law with the majority of that time spent as a partner at the law firm of Popham, Haik, Schnobrich, Kaufman and Doty. His private practice career primarily focused on securities fraud. Mr. Moilanen concluded his professional career working as the Director of Securities for the State of Minnesota from 2011-2014.



### **Daniel N. Rosen**

Daniel N. Rosen was initially appointed in July of 2014, by Governor Dayton for a term ending in January of 2018. Governor Dayton re-appointed Mr. Rosen in January 2018 for a term ending in January of 2022. He fills a Board position requiring a member who has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the member's appointment to the Board. A lawyer in Minneapolis, Mr. Rosen is a graduate of the University of Minnesota Law School and the lead Minnesota partner of the Kluger Kaplan law firm, where he practices in the field of business and real estate litigation. Prior to law school Mr. Rosen was as an officer in the United States Navy and served in Operations Desert Shield and Desert Storm.



### **Stephen Swanson**

Stephen D. Swanson was appointed to the Board in July of 2017 by Governor Dayton for a term ending in January of 2020. He occupies an unrestricted Board position and supports the DFL party. Mr. Swanson is a graduate of the University of Cincinnati College of Law, and holds a Master of Laws degree from New York University. Following a career as an attorney with Mid-Minnesota Legal Assistance, Inc. Mr. Swanson served as a Hennepin County District Court Judge from July of 1989 to February of 2007 and as a Senior Judge from January of 2009 to April of 2014. Most recently, he served as a temporary administrative law judge with the Minnesota Office of Administrative Hearings from May 2014 to May 2017. Mr. Swanson has served as an international judge on the Court of Bosnia and Herzegovina, and worked in USAID-sponsored rule of law projects in Afghanistan, Kosovo, and Lebanon. Currently, Mr. Swanson is employed as a part-time housing attorney with the Volunteer Lawyers Network.



### **Gary Haugen**

Gary J. Haugen was appointed to the Board in September of 2017 by Governor Dayton for a term ending in January of 2021. He fills a Board position that has no restrictions on previous political activities. Mr. Haugen is an attorney with Maslon LLP where he has handled complex litigation matters for more than 35 years. A central focus of his practice has been the litigation of product liability, mass tort, insurance-related disputes, and professional liability claims. Mr. Haugen has also been a member of the adjunct faculty at Vanderbilt University Law School and the University of Minnesota Law School, where he currently serves on the Board of Advisors. He is the former chair of the Federal Practice Committee for the U.S. District Court for the District of Minnesota. He is a graduate of St. Olaf College and the University of Minnesota Law School.

## Summary of Board Activities

### Meetings

The Board holds regular monthly meetings, which are open to the public, and executive session meetings, which are closed to the public.

The Campaign Finance and Public Disclosure Board held thirteen scheduled meetings during the fiscal year. Minutes of Board meetings are published on the Board's website.

### Advisory Opinion Procedure

The Board is authorized to issue advisory opinions on the requirements of the Campaign Finance and Public Disclosure Act, Minnesota Statutes Chapter 10A; Minnesota Statutes sections 211B.04, 211B.12, and 211B.15 if the requestor is under the jurisdiction of Chapter 10A; and the Hennepin County Disclosure Law (Minn. Stat. §§ 383B.041 - 383B.058). Individuals or associations may ask for advisory opinions based on real or hypothetical situations to guide their compliance with these laws.

A request for an advisory opinion and the opinion itself are nonpublic data. The Board provides consent to release information forms to individuals requesting opinions as part of the procedures under this law. If the requester does not consent to the publication of the requester's identity, the Board generally publishes a public version of the opinion, which does not identify the requester.

A written advisory opinion issued by the Board is binding on the Board in any subsequent Board proceeding concerning the person making or covered by the request and is a defense in a judicial proceeding that involves the subject matter of the opinion and is brought against the person making or covered by the request unless 1) the Board has amended or revoked the opinion before the initiation of the Board or judicial proceeding, has notified the person making or covered by the request of its action, and has allowed at least 30

days for the person to do anything that might be necessary to comply with the amended or revoked opinion; 2) the request has omitted or misstated material facts; or 3) the person making or covered by the request has not acted in good faith in reliance on the opinion.

Three advisory opinions, Advisory Opinions 448-450, were issued in fiscal year 2019. Summaries of these advisory opinions are provided in the review of the campaign finance program.

## Education and Training

To accomplish the goal of educating clients and the interested public on the compliance and reporting requirements of Chapter 10A Board staff conducted the following training during the fiscal year:

- 4 compliance training sessions attended by 65 candidates and treasurers of principal campaign committees, political party units, and political committees and funds; and
- 7 computer lab training classes attended by 49 treasurers who use the Campaign Finance Reporter software.

An ongoing problem in providing compliance training to treasurers is the difficulty in reaching St. Paul from many locations in Minnesota. Board staff schedules training classes in greater Minnesota in state election years, and intends to expand non-election year training in greater Minnesota in fiscal year 2020.

As an effort to provide training available at any time and at any location with web access the Board contracted to develop five online training videos for treasurers. The modules allow viewers to move at their own pace through the topics covered and incorporate quizzes during the training to make the modules more interactive. The Board also maintains videos on specific topics related to using Campaign Finance Reporter. The videos are available on the Board's website. Based on favorable client feedback both of these training tools will be used extensively in the future.

Additionally Board staff participated in numerous panels, presented at many continuing legal education courses, and spoke to interested groups of the public on the requirements of Chapter 10A.

## Use of Technology

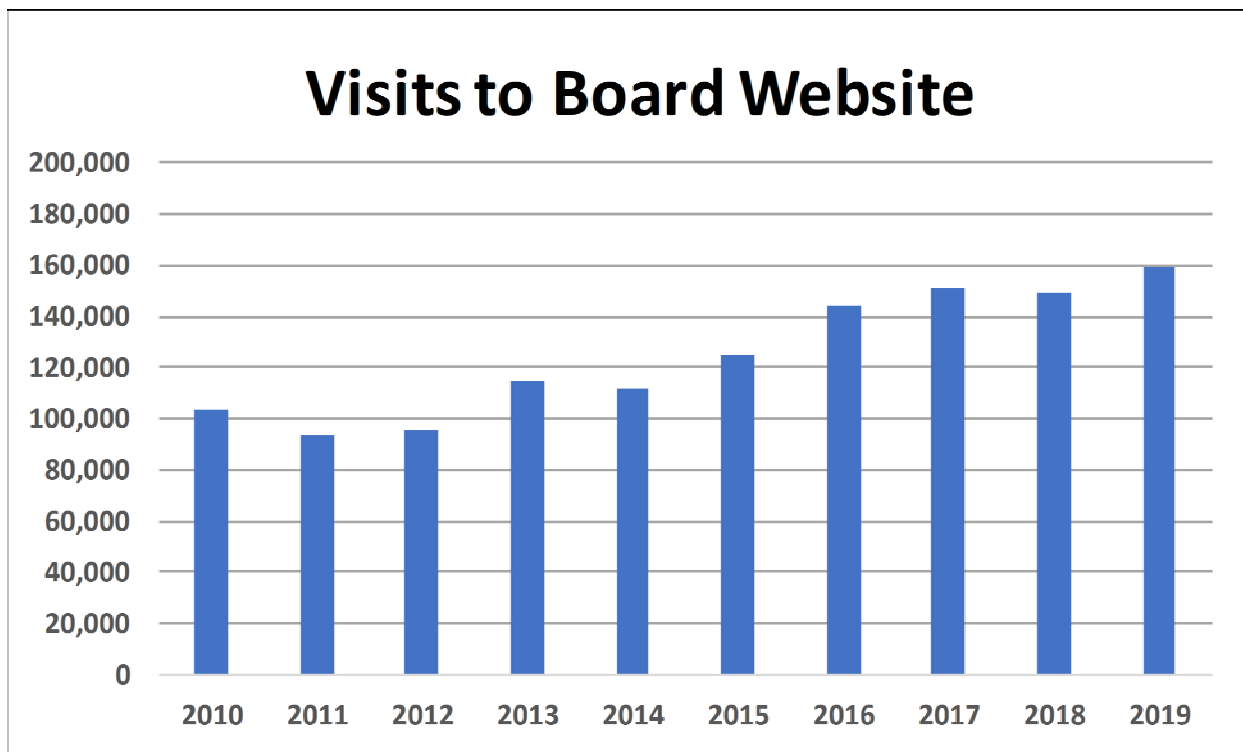
The Board has long recognized the value of receiving disclosure reports in electronic format. Electronic reports may be moved directly into Board databases where the records are analyzed for compliance issues and then exported to the Board's website for faster disclosure to the public. Electronic filing eliminates the cost and errors associated with data entry of paper reports.

To facilitate electronic filing, the Board developed web based applications for filing lobbyist disbursement reports, lobbyist principal reports, and economic interest statements. Use of these web based applications is optional, clients may still file a paper report, but all three applications have participation rates of over 85%, which indicates that clients also prefer electronic filing.

The new Board website offers the following:

- Board meeting notices and minutes;
- Board enforcement actions, including findings and conciliation agreements;
- Advisory opinions;
- Lists of lobbyists and principals, candidate committees, political committees, political funds, party units, and public officials;
- Copies of all campaign finance and lobbyist reports;
- Electronic filing for lobbyists and lobbyist principals;
- Electronic filing of statements of economic interest for public officials;
- All Board publications and forms;
- Searchable databases of campaign finance contributions;
- Searchable database of independent expenditures;
- Campaign Finance Summaries;

- Lobbyist Disbursement Summaries;
- Annual Reports of Lobbyist Principal Expenditures; and
- Training videos on campaign finance compliance and the use of Campaign Finance Reporter.



## Program Reviews

The Board administers three major and several minor programs as authorized by Minnesota Statutes Chapter 10A. The major programs are campaign finance, lobbying, and economic interest disclosure. The review of each major program includes a general description of the program, a review of legislation passed during the fiscal year that affects the program, a review of any Board advisory opinions issued during the time period for the program area, and an overview of administrative activity that occurred during the fiscal year.



## Campaign Finance Program Overview

The Board administers the provisions of Chapter 10A of the Minnesota Statutes. These laws govern campaign finance for principal campaign committees, political committees, political funds, political party units, and independent expenditure committees and funds.

During calendar year 2018, an election year, these committees and funds filed periodic reports disclosing receipts and expenditures before the primary and general elections, as well as a year-end report. Information on the number of reports filed is found on pages 12 and 13.

Each filed report is reviewed by Board staff for compliance with the disclosure law requirements, including accurate accounting and reporting and adherence to applicable contribution and expenditure limits. Violations of contribution and expenditure limits are resolved through either a conciliation agreement, or in some cases, a Board order. Information on Board investigations and enforcement actions is found on page 15.

As a part of the campaign finance program the Board administers and regulates the distribution of payments for the state's public subsidy program, which provides public funding to qualified state candidates and the state committees of political parties. Payments are made following the state primary election to candidates and monthly to the state committees of political parties. Information on public subsidy payments made during fiscal year 2019 is found on pages 14 and 15.

## Legislative Action and Rulemaking

In fiscal year 2019, there were no statutory or rule changes to the campaign finance provisions.

## Advisory Opinions Issued Related to Campaign Finance Program

The Board issued three advisory opinions in the campaign finance program in fiscal year 2019.

- Advisory Opinion 448 provided that a principal campaign committee is the vehicle for depositing and reporting any loans made to benefit a candidate's campaign. The opinion concluded that a personal loan made to the candidate to allow the candidate to campaign on a full-time basis would be made to benefit the candidate's campaign and therefore would be subject to the applicable reporting requirements and limits in Chapter 10A.
- Advisory Opinion 449 provided that an association's advertising policies for accepting political advertisements were not governed by Chapter 10A. The opinion cautioned, however, that associations should be aware of how their advertising policies could result in prohibited corporate contributions to candidate campaign committees.
- Advisory Opinion 550 provided that a principal campaign committee could pay for certain expenses related to the operation of a legislative caucus that qualified as noncampaign disbursements under Chapter 10A.

## Campaign Finance Disclosure Reports Filed

Below are the number of reports of receipts and expenditures filed by candidates, political party units, and political committees and political funds during election year 2018, and the 2018 year-end report filed in January of 2019.

	Paper	Electronic	Total
Candidate Committees	203	1,243	1,446
Political Party Units	78	353	431
Political Committees or Funds	90	229	319

## Electronic Filing of Reports

Principal campaign committees, political committees, political funds, and political party units have been using the Campaign Finance Reporter software since 1998. The Board provides the software to registered committees without charge. The maintenance, upgrade, training, and helpdesk support for the software is provided by Board staff. The software provides compliance checks and warnings as records are entered, generates electronic reports for filing that reduce the data entry demands on Board staff, and provides contact management tools for the committees that use the software.

Electronic filing of campaign finance reports became mandatory beginning with the 2012 election cycle. The Board may grant a waiver from the requirement to file electronically if the total financial activity of a committee is less than \$5,000, or if there are technical or other valid reasons why the electronic filing requirement would be an unreasonable burden to the committee.

The Board has developed and distributed a XML schema that is the standard for the electronic filing of campaign finance reports using a third party vendor's software. Thirty-one committees filed electronically using the XML standard. The table below shows the increase in electronic filing from 2006 to 2018.

Reporting Year	Candidate Campaign Committees	Political Committees, Political Funds, and Political Party Units
2018	576	582
2017	499	525
2016	557	548
2015	442	524
2014	516	543
2013	479	526
2012	581	594
2011	327	237
2010	376	174
2009	292	154
2008	278	135
2007	201	114
2006	228	126

## Public Subsidy Payments

The Board administers the distribution of payments for the state’s public subsidy program, which provides public funding to qualified state candidates and the state committees of political parties. Payments to qualified candidates during the 2018 state general election were made in fiscal year 2019.

The Board distributed \$2,249,376 in public subsidy payments to 245 candidates who ran for governor, attorney general, secretary of state, state auditor, or the house of representatives in the 2018 state general election.

A report of the public subsidy payments made to each qualified candidate is available on the Board’s website. Total public subsidy payments for the 2018 election by party and office is shown in the following table.

	DFL	RPM
<b>Governor</b>	<b>\$480,333</b>	<b>\$361,259</b>
<b>Attorney General</b>	<b>\$96,066</b>	<b>\$72,252</b>
<b>Secretary of State</b>	<b>\$54,895</b>	<b>\$41,287</b>
<b>State Auditor</b>	<b>\$54,895</b>	<b>\$41,287</b>
<b>House of Representatives</b>	<b>\$645,369</b>	<b>\$401,733</b>
<b>Total</b>	<b>\$1,331,558</b>	<b>\$917,818</b>

## Political Contribution Refund Program

State candidates who sign the public subsidy agreement and political parties are allowed to give political contribution refund receipts to individual contributors. In calendar year 2018 the Department of Revenue issued \$1,703,077 in refunds based on contributions to candidates, and another \$1,473,039 in refunds based on contributions to political parties.

## Political Party Payments

The state central committees of political parties receive 10% of the tax check-offs to the party account of the State Elections Campaign Fund. Based on monthly certification from the Department of Revenue during fiscal year 2019 the payments to political parties were as follows:

Party	Payment
<b>Democratic Farmer Labor</b>	<b>\$43,338</b>
<b>Republican</b>	<b>\$18,715</b>
<b>Independence</b>	<b>\$2,358</b>
<b>Green</b>	<b>\$1,217</b>
<b>Libertarian</b>	<b>\$964</b>
<b>Legal Marijuana Now</b>	<b>\$1,528</b>
<b>Grassroots-Legalize Cannabis</b>	<b>\$723</b>

## Campaign Finance Enforcement Actions

The Board conducts investigations of possible violations of the provisions of Chapter 10A or those sections of 211B under the Board's jurisdiction. An investigation is started in response to a complaint filed with the Board or may be initiated by staff based on information disclosed on documents filed with the Board.

Investigations of many types of violations are typically resolved by conciliation agreement. The conciliation agreement will set the terms under which the violation is to be remedied, provide for remedial measures to correct the offending behavior, and provide for a civil penalty to the committee. Violations not resolved by conciliation agreement are resolved through the issuance of a Board order. If warranted, the Board may also issue an order stating that no violation occurred.

During fiscal year 2019 the Board entered into twenty-four conciliation agreements to resolve violations of Chapter 10A or Chapter 211B. In fiscal year 2019 the Board also issued seven findings to conclude investigations, dismissed three complaints at the probable cause determination stage, dismissed five complaints at the prima facie determination stage, and issued one audit report.

To ensure compliance with disclosure deadlines Chapter 10A provides for late fees applied at the rate of \$50 a day for reports of receipts and expenditures due prior to primary and general elections, and \$25 a day for other reports. Reports that are filed more than 7 days after the Board has sent notice by certified mail of the failure to file a report also incur a \$1,000 civil penalty. Civil penalties and late fees collected by the Board are deposited in the state general fund. A breakdown of late fees and civil penalties collected through enforcement is provided on page 27.

## Lobbying Program Overview

The Board administers the provisions of Chapter 10A that govern registration and public disclosure by lobbyists and principals attempting to influence state legislative action, state administrative action, and the official action of metropolitan governmental units.

Lobbyists are required to report disbursements for lobbying purposes to the Campaign Finance and Public Disclosure Board two times each year (January 15 and June 15). On the June 15th report the lobbyist must provide a general description of the subject(s) lobbied on during the previous 12 months.

Individuals or associations that hire lobbyists or spend \$50,000 or more to influence legislative action, administrative action, or the official action of metropolitan governmental units, are principals and are required to file an annual report disclosing total expenditures on these efforts. The report is due March 15th, and covers the prior calendar year.

## Legislative Action and Rulemaking

In fiscal year 2019 there were no statutory or rule changes to the lobbying provisions.

## Advisory Opinions Issued Related to Lobbyist Program

The Board did not issue any advisory opinions in the lobbying program in fiscal year 2019.

## Lobbyist Disbursement Reports

The Board has developed a web-based reporting system for lobbyists. Use of the system is voluntary, but as shown below it is used by most lobbyists as the reporting method of choice. Lobbyist disbursement reports are available for review on the Board website.

Reporting year	Reports filed	Electronically filed
2018	4,201	97%
2017	4,231	95%
2016	4,174	98%
2015	4,076	97%
2014	4,041	96%
2013	3,998	97%
2012	3,823	93%
2011	3,959	94%
2010	3,950	98%
2009	4,028	93%
2008	4,022	92%
2007	3,798	90%

## Principal Reporting

Chapter 10A requires principals to file an annual report disclosing expenditures made in Minnesota to influence legislative actions, administrative actions, or official actions by a metropolitan governmental unit. The disclosure is a single number which may be rounded to the nearest \$20,000. Starting in 2012 principals are required to break out the amount spent influencing administrative action of the Minnesota Public Utilities Commission from all other lobbying.

	<b>All Other Lobbying in Minnesota</b>	<b>MN Public Utilities Commission</b>	<b>Total</b>
<b>2018</b>	<b>\$63,727,954</b>	<b>\$15,029,661</b>	<b>\$78,757,615</b>
<b>2017</b>	<b>\$66,029,622</b>	<b>\$9,641,044</b>	<b>\$75,670,666</b>
<b>2016</b>	<b>\$62,140,012</b>	<b>\$6,222,560</b>	<b>\$68,362,572</b>
<b>2015</b>	<b>\$63,947,699</b>	<b>\$5,177,020</b>	<b>\$69,124,719</b>
<b>2014</b>	<b>\$64,517,472</b>	<b>\$5,889,000</b>	<b>\$70,406,472</b>
<b>2013</b>	<b>\$69,185,283</b>	<b>\$5,568,210</b>	<b>\$74,753,493</b>
<b>2012</b>	<b>\$59,060,155</b>	<b>\$2,749,590</b>	<b>\$61,809,745</b>
<b>2011</b>	<b>\$65,241,174</b>		<b>\$65,241,174</b>
<b>2010</b>	<b>\$59,172,799</b>		<b>\$59,172,799</b>



## Lobbyist Program Enforcement Actions

In fiscal year 2019 the Board issued one conciliation agreement to resolve a violation of Minnesota Statutes section 10A.273, subdivision 1, paragraph (b), which prohibits lobbyists from making contributions to state candidate committees during a regular session of the legislature.

## Economic Interest Statement Program Overview

The Board administers the provisions of Chapter 10A of the Minnesota Statutes that govern disclosure of economic interests by public officials and local officials in metropolitan governmental units. There were over 3,100 public officials who filed with the Board in fiscal year 2019. Local officials use forms developed by the Board, but file with the local governmental unit.

## Filing of Statements

Original statements of economic interest must be filed at the time of appointment or, for candidates, when the candidate files for office. All incumbent office holders and appointed officials must annually review and recertify their statements. The annual recertification is due by the last Monday in January and covers all time served during the previous calendar year. The Board has developed a web based system for submitting economic interest statements.

During fiscal year 2019, there were 370 state offices, boards, agencies, or commissions with elected or appointed public officials. The Board processed 3,439 statements of economic interest during the fiscal year, 87% of which were submitted using the Board's electronic filing system, and 13% of which were submitted on paper forms.

During the annual recertification period in January of 2019, staff processed 2,777 statements. Of those statements, 92% were filed electronically.

## Legislative Action and Rulemaking

In fiscal year 2019, there were no statutory or rule changes to the economic interest program

## Advisory Opinions Issued Related to the Economic Interest Program

No advisory opinions were issued in the economic interest program in fiscal year 2019.

## Other Board Programs

## Potential Conflict of Interest

A public or local official who in the discharge of the official's duties would be required to take an action or make a decision that would substantially affect the official's financial interests or those of an associated business must under certain circumstances file a Potential Conflict of Interest Notice, or a written statement describing the potential conflict. If there is insufficient time to comply with the written requirements, oral notice must be given to the official's immediate supervisor of the possible conflict.

If the official is not permitted or is otherwise unable to abstain from action in connection with the matter, the public official must file the notice with the Board and a local official must file with the governing body of the official's political subdivision. The statement must be filed within one week of the action taken.

## Public Employees Retirement Association Trustee Candidates

Candidates for election as PERA Trustees are required to file certain campaign finance disclosure reports with the Campaign Finance and Public Disclosure Board under Minnesota Statutes, section 353.03, subdivision 1. Under this statute, the Board prescribes and furnishes to trustee candidates the reporting form and instructions for completing the form.

## Enterprise Minnesota, Inc.

The agency name was changed from Minnesota Technology, Inc. (MTI) to Enterprise Minnesota, Inc. in 2008. Minnesota Statutes, sections 116O.03 and 116O.04, require certain disclosure by the board of directors and the president of Enterprise Minnesota upon appointment and annually thereafter during their terms in office. Under these statutes, the Board prescribes and furnishes to the directors and president the reporting form and instructions for completing the form.

## State Board of Investment

Minnesota Statutes section 11A.075, requires certain disclosure by SBI members upon appointment and SBI employees upon hire and by both annually until termination of appointment or employment. Under this statute, the Board prescribes and furnishes to the members and employees the reporting form and instructions for completing the form.

## Representation Disclosure

A public official who represents a client for a fee before any individual board, commission, or agency that has rulemaking authority in a hearing conducted under Minnesota Statutes Chapter 14, and in the cases of rate setting, power plant and power line siting, and granting of certificates of need under Minnesota Statutes section 216B.243, must file a Representation Disclosure Statement within 14 days after the appearance has taken place, disclosing the official's part in the action.

## Local Pension Plans

Members of a governing board of a covered pension plan and the chief administrative officer of the plan are required to file certain statements of economic interest with the governing board under Minnesota Statutes section 356A.06, subdivision 4.

The Office of the State Auditor prescribes the statement and instructions for completing the statement. The chief administrative officer of each covered pension plan must submit to the Campaign Finance and Public Disclosure Board a certified list of all pension board members who filed statements with the pension board no later than January 15th. Approximately 755 pension plans are required to file with the Board under this law. The Board does not have jurisdiction over enforcement of this certification requirement.

## Staff Duties

## Executive Director

The executive director facilitates achievement of the Board's goals and objectives, sets the agenda and prepares materials for Board and committee meetings, and directs all agency and staff operations. The executive director also drafts advisory opinions for Board consideration, serves as the Board's representative to the Legislature and the Executive Branch. The executive director is responsible to insure that the information technology resources of the agency are best used to support the Board's missions and goals. The executive director is responsible for the calculation of public subsidy payments made to candidates and political party units. Lastly, the executive director administers the preparation of the biennial budget.

## Assistant Executive Director

The assistant executive director serves as advisor to the executive director and assists in management of the operations for the agency. The assistant executive director conducts complex investigations and prepares drafts for Board consideration, reconciles and reports on the Board's financial systems, and supervises the agency's compliance programs. The assistant executive director prepares and conducts training classes for clients on campaign finance reporting requirements.

## Legal Analyst—Management Analyst

Two staff members hold this position. The legal analysts – management analysts perform legal analysis, make recommendations, and assist in agency administrative rulemaking, the conduct of Board investigations, and drafting findings and orders for Board consideration. These positions also serve as internal management consultants providing support and analysis to the executive director and assistant executive director.

## Compliance Officer

The compliance officer provides for distribution, collection, data entry, and filing of campaign finance reports required by Chapter 10A. The compliance officer reviews the reconciliation of reported contributions, performs compliance checks on campaign finance reports filed with the Board, assists in the conduct of Board audits, monitors cases for Revenue Recapture and Minnesota Department of Revenue Collections Division, and prepares and submits reports to the Department of Finance regarding civil penalties. The compliance officer also provides compliance advice and guidance to Board staff and clients.

## Programs Administrator

The programs administrator provides for distribution, collection, data entry, and filing of lobbyist disclosure required by Chapter 10A. The programs administrator collects, stores, and retrieves data for the preparation and analysis of summaries of documents filed with the Board. The programs administrator also provides database advice and guidance to Board staff and clients.

### **Programs and Education Analyst**

The programs and education analyst provides for distribution, collection, data entry, and filing of economic interest disclosure required by Chapter 10A. The programs and education analyst provides database advice and guidance to Board staff and clients and designs and maintains electronic training materials. The programs and education analyst also administers website content.

### **Information Technology Specialist III Database Management**

This information technology specialist develops, maintains, and manages complex database applications to support administration of all Board programs and activities. The position provides technical service, LAN administration, and training to Board staff. The position also develops, administers, and provides technical support for the Board's website and provides client training and support in the use of the Campaign Finance Reporter software.

### **Information Technology Specialist III Application Development**

This information technology specialist ensures that the technology resources of the Board support applicable business rules and statutory obligations. The position develops online applications for use by clients in reporting to the Board. The position also develops and administers applications for use by staff and in response to management requests. The position also supports multiple complex relational databases.

## Staff Salaries FY 2019

Position	Staff Member	FY 2019
Executive Director	Jeffrey Sigurdson	\$115,258
Assistant Director	Megan Engelhardt	\$100,424
Legal - Management Analyst	Jodi Pope	\$76,259
Legal - Management Analyst (Started – 8/27/2018)	Andrew Olson	\$51,356
Investigator	Melissa Stevens	\$53,163
Information Technology Specialist 3	Jon Peterson	\$88,805
Information Technology Specialist 3	Gary Bauer	\$76,583
Office and Administrative Specialist	Marcia Waller	\$54,932
Program and Education Analyst	Kevin Lochner	\$44,035
<b>Total Salaries</b>		<b>\$660,815</b>

## Board Financial Information FY 2019

The Campaign Finance and Public Disclosure Board is funded by a direct appropriation from the Minnesota Legislature. The Board's operational appropriation for fiscal 2019 was \$1,046,000. Funds not expended in the first year of a biennium roll forward into the next fiscal year. Almost the entire amount available for carryforward to fiscal year 2019 is a result of salary savings for positions that were not filled immediately after a vacancy occurred in fiscal year 2018.

Income Summary	FY 2019
Appropriation	\$1,046,000
Carry forward from fiscal year 2018	\$141,722
<b>Total</b>	<b>\$1,187,722</b>
Expenditure Summary	
Operating budget expenditures	(\$1,045,624)
Returned to state general fund	\$142,098

## Board Operating Budget—FY 2019

<b>Salary and Benefits</b>	<b>FY 2019</b>
Full time staff (salary and fringe)	\$900,556
Full time staff overtime	\$3,854
Per diem for Board Members	\$4,184
SEGIP insurance	\$861
Workers compensation insurance	\$383
<b>Salary and Benefits Sub Total of Expenditures</b>	<b>\$909,838</b>
<b>Operating Expenses</b>	
Office rent	\$41,960
Copier lease	\$6,407
Postage	\$12,151
Printing	\$519
Travel	\$3,897
Staff development	\$4,617
Supplies	\$8,533
MNIT services	\$13,242
Court reporter, subpoena, and court filing costs	\$2,733
Equipment	\$28,561
Computer systems development - software	\$11,979
Other purchased services	\$1,187
<b>Operating Expense Sub Total of Expenditures</b>	<b>\$135,787</b>
<b>Board Operating Total Expenditures</b>	<b>\$1,045,624</b>



## Penalties Paid for Late Filing Fees and Other Violations of Chapter 10A

The following is a listing of fees and fines paid during the fiscal year. Some fees and fines may have been assessed prior to fiscal year 2019.

Late Filing Fees	FY 2019 Dollars	Number of Violations
Candidate Campaign Committees	\$7,675.45	49
24-Hour Notice	\$10,450.00	21
Political Committees and Funds	\$15,325.00	52
Political Party Units	\$3,965.00	22
Economic Interest Statements	\$1,855.94	26
Lobbyist Disbursement Reports	\$2,797.10	20
Lobbyist Principal Annual Reports	\$2,525.00	15
<b>Total Late Fees</b>	<b>\$44,593.49</b>	<b>205</b>
Civil Penalties	FY 2019 Dollars Paid	Number of Violations
Contribution from Unregistered Association		
Unregistered Association	\$315.00	2
Political Committees and Funds	\$225.00	1
Candidate	\$140.00	2
Contribution Limits Violations		
Candidates Accepted in Excess of Limit	\$115.00	1
Special Source Aggregate Limit	\$2,170.00	6
Candidate Exceeded Spending Limit	\$10,000.00	1
Prohibited Contributions During Session		
Political Committee and Funds	\$75.00	1
Candidate	\$75.00	1
Failure to File Disclosure Report		
Candidate Committees	\$1,650.00	6
Political Committees and Funds	\$2,350.00	6
Political Party Units	\$375.00	3
Lobbyist Principals	\$700.00	1
Economic Interest Statements	\$175.00	2
Candidate – Certified False Information	\$1,981.48	1
Disclaimer	\$950.00	4
Party Unit Failure to Keep Records	\$15,400.00	2
<b>Total Civil Penalties</b>	<b>\$36,696.48</b>	<b>40</b>
<b>Total Late Fees and Civil Penalties Deposited in State General Fund</b>	<b>\$81,289.97</b>	<b>245</b>





# MINNESOTA CAMPAIGN FINANCE BOARD

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**Date:** October 30, 2019  
**To:** Board members  
Counsel Hartshorn  
**From:** Andrew Olson, Legal/Management Analyst  
**Subject:** Enforcement report for consideration at the November 6, 2019 Board meeting

## **A. Consent Items**

### **1. Administrative termination of lobbyist Michael Mahoney (457)**

Essentia Health requested that the registration of Mr. Mahoney be terminated due to Mr. Mahoney's death on August 22, 2019. Board staff administratively terminated Mr. Mahoney's lobbyist registration as of May 31, 2019, the end of the last reporting period. Mr. Mahoney did not have any lobbyist disbursements during the current reporting period.

## **B. Discussion Items**

### **1. Balance adjustment request - Aitkin County DFL (20273)**

Starting in 2016, the Aitkin County DFL's reported ending cash balance was \$803.94 higher than the balance in the party unit's bank account. The party unit held a fundraising event in 2016 and its current treasurer suspects that some of the nonitemized contributions received were entered incorrectly into the Campaign Finance Reporter (CFR) software. The treasurer at the time those contributions were received is deceased, neither the party unit nor its bank made photocopies of the checks received, and the current treasurer has been unable to obtain any other records that would allow him to ascertain what is causing the balance discrepancy. The party unit is requesting that its 2016 ending cash balance be adjusted downward by \$803.94 from \$4,014.99 to \$3,211.05. The party unit's reported ending cash balances for 2017 and 2018 each match the party unit's bank statements aside from the \$803.94 discrepancy.

The Aitkin County DFL was granted two balance adjustments prior to the death of its former treasurer. The Board granted a downward balance adjustment of \$540.89 to the party unit's 2014 ending cash balance in August 2016 and the executive director granted a downward balance adjustment of \$100 to the party unit's 2015 ending cash balance in February 2016.

### C. Waiver Requests

#	Committee/ Entity	Late Fee/ Civil Penalty	Report Due	Factors	Prior Waivers
1	Scott Moen (4082)	\$1,425 LFFs (\$475 x 3)	1st 2019 lobbyist report	Lobbyist was dealing with father's death which occurred shortly before reports were due. Lobbyist represents three principals.	\$375 in LFFs waived in April 2018 as lobbyist was dealing with mother's death
2	Dan Schoen (Senate)	\$100 LFF \$1,000 CP	2017 EIS	Public official didn't know he needed to file an EIS after leaving office and did not monitor the personal email address he had provided. Public official had provided a mailing address which was the address of his campaign committee's treasurer. Letters regarding the EIS were mailed to that address on 12/29/2017 and 3/14/2018, but the treasurer no longer lived at that address. Board staff were aware that the public official had listed a different mailing address for himself on his campaign committee's registration, so letters regarding the EIS were mailed to that address, which is the public official's home, on 2/5/2018 and 6/26/2018. Because the public official failed to respond to multiple attempts to contact him, the matter was referred to the Office of the Attorney General by the Board on 12/5/2018. The annual EIS was filed on 5/17/2019.	No

### D. Informational Items

#### 1. Forwarded anonymous contribution

Wazlawik (Ami) Volunteer Committee, \$25

#### 2. Payment of civil penalty for exceeding individual contribution limit

Cordelia Pierson for State House 60B, \$50  
Freedom Club State PAC, \$50

#### 3. Payment of civil penalty for contribution from unregistered association without required disclosure

DFL Senate Caucus, \$50

#### 4. Payment of late filing fee for lobbyist disbursement report due 1/15/2019

Joseph Lally, \$50

#### 5. Payment of late filing fee for lobbyist disbursement report due 6/17/2019

Sarah Berns, \$50  
Steven (J.R.) Burke, \$25  
Benjamin Dorr, \$150

William Huepenbecker, \$25

John Kearney, \$25

**6. Partial payment of civil penalty for spending limit violation**

Doug Wardlow for Attorney General, \$100

**7. Partial payment of civil penalty for 2016 year-end report of receipts and expenditures**

Roxana Bruins for Senate, \$889.17



**Essentia Health**

Executive Offices

502 East Second Street  
Duluth, MN 55805  
EssentiaHealth.org

17 OCT 24 PM 1:03  
CAMPAIGN FINANCE &  
PUBLIC DISCLOSURE BOARD

October 24, 2019

Marcia Waller  
Programs Administrator  
Minnesota Campaign Finance and Public Disclosure Board  
190 Centennial Building  
658 Cedar Street  
St. Paul, MN 55155-1603

Sent via e-mail: [marcia.j.waller@state.mn.us](mailto:marcia.j.waller@state.mn.us)

To Whom It May Concern:

It is my unfortunate duty to request that the lobbyist registration of Mr. Michael Mahoney on behalf of Essentia Health be terminated. Mr. Mahoney died on August 22, 2019, and we request that be the date of the registration termination. Mr. Mahoney had no lobbying expenses from July 1 – August 22, 2019.

Also enclosed is the letter designating Gary W. Gerkvenik as our new designated lobbyist.

Thank you for your attention in this matter. If there are any questions or concerns please do not hesitate to contact me.

Very sincerely yours,

David C. Herman, MD  
Chief Executive Officer

**From:** joelhoppe@frontiernet.net <joelhoppe@frontiernet.net>  
**Sent:** Tuesday, October 29, 2019 1:38 PM  
**To:** Olson, Andrew (CFB) <Andrew.D.Olson@state.mn.us>  
**Subject:** Re: Aitkin County DFL - Cash Balance Adjustment

Mr. Olson,

Thank you so much for helping me with the matter of our accounting discrepancy from 2016. As I told you on person last week, the problem arose in the fall of 2016 and concerns the numbers submitted from our annual fundraiser. At this time our treasurer, Dennis Kohlgraf, was in the hospital in Arizona and could not be there to oversee it. I am told (as I was not yet a member of this group) that the monies were dutifully deposited in the Aitkin County DFL's account at Bremer Bank in Aitkin. Unfortunately, they neglected to make copies of the checks, so once Dennis got back, he had only the total to use in figuring out what was what. The bank was able to provide us with a copy of the deposit slip, but not of the checks themselves. Also, there were a few different people using the CFB software to enter numbers. It is my guess that there were duplicate entries, but I can't (and Dennis couldn't) find them. He told me before he died that when he submitted the report for 2016 he knew it wasn't right, but he was just too sick to continue looking and the deadline was approaching.

When I became treasurer and became aware of the discrepancy, I spoke with Joyce Larson. She told me I needed to go back, find the problem, and amend the report for 2016. While I could change the report to match the numbers, I would be unable to know if my changes were correct without having access to the missing information. Therefore, the report remains unchanged and I have had to carry over a shortfall of \$803.94 in subsequent years. Before her retirement, Ms Larson told me that it was unlikely that the board would approve a balance adjustment as Dennis had two adjustments in the past, so I have been stuck since then with an incorrect balance on the reports. Until meeting you last week, I feared that this would be a permanent situation. Thank you for giving me hope that this matter can be resolved!

With this email I am formally requesting a balance adjustment in the amount of \$803.94.

Again, Thank you for your help!

Sincerely,

Joel Hoppe, treasurer, Aitkin County DFL



**MOEN ASSOCIATES**  
MINNESOTA GOVERNMENT RELATIONS

SCOTT H. MOEN 612.669.9662 • 507 Sheridan Ave. No. Minneapolis MN 55405 • shmoen@aol.com

SEP 25 AM 10:53  
CAMPAIGN FINANCE &  
PUBLIC DISCLOSURE BOARD

9-16-2019

Dear Board,

I am writing you to address the current fines I received due to late filing of my lobbyist disbursement reports that were due on June 17<sup>th</sup> 2019.

Again, my hope is that after reading of my situation at the time you may change your decision regarding the fine.

On 3-15-2018 I wrote to you explaining the tardiness of a report due that winter. At the time I was dealing with my Mother's death and funeral.

This past June and July I spent preparing for my Father's death (due to complications from a years long battle with Dementia/Alzheimer's), which occurred on 6-30-19, and his subsequent funeral. Again, as I wrote last year, the disbursement report this year as well completely slipped my mind during this time.

The upcoming 2020 session will be my 22<sup>nd</sup> as a registered lobbyist. I am asking that upon reading of my situation at the time of the past due report in June you are able to reconsider the fine.

Thank you.

Sincerely,

Scott Moen  
(lobbyist #4082)



## Dan Schoen (Senate)

**From:** [Dan Schoen](#)  
**To:** [Olson, Andrew \(CFB\)](#)  
**Cc:** [Sigurdson, Jeff \(CFB\)](#)  
**Subject:** Economic Interest  
**Date:** Thursday, September 26, 2019 3:29:07 PM  
**Attachments:** [Doc - May 28 2019 - 10-00.pdf](#)

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Mr. Olson,

Thank you for your letter related to the statement of economic interest. I wanted to include my communication to Jeff Sigurdson on May 28th, regarding reasoning for the form not being filled out on time. I do want to express to my board my sincere apologies for any misunderstanding and would ask for a waiver noting reasoning included with my communication to Mr. Sigurdson noting at the time I thought the campaign was officially closed in the eyes of the campaign finance board.

I appreciate the work the finance board undertakes every year with the limited resources provided to you.

Thank you  
Dan Schoen

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**From:** Dan Schoen <dan4358@hotmail.com>  
**Sent:** Tuesday, May 28, 2019 10:06 AM  
**To:** Sigurdson, Jeff (CFB) <jeff.sigurdson@state.mn.us>  
**Subject:** Economic Interest

Mr Sigurdson,

Thank you for your assistance with this matter. As requested from our phone conversation I wanted to express my apologies for the miscommunication regarding this form. It certainly wasn't intentionally left undone.

During the time this form would have been required I was under the impression the account had been dissolved and no longer monitored the email nor had the phone number associated with the campaign when it was active.

My treasurer had handled matters with the account and filings had been current and was under the impression all matters were up to date and closed.

Thank you for all of your time and the work you do.

Dan Schoen

**From:** Olson, Andrew (CFB)  
**Sent:** Thursday, September 26, 2019 4:54 PM  
**To:** dan4358@hotmail.com  
**Subject:** RE: Economic Interest

Hello Mr. Schoen,

Thank you for sending us a waiver request regarding the late filing fee and civil penalty for your 2017 annual statement of economic interest. Your request will be considered by the Board at its November meeting which is scheduled for Wednesday, November 6, 2019. If you wish to appear before the Board at that meeting, please let me know. We will be in contact with you shortly after the meeting to inform you of the Board's decision.

I want to point out that you were required to file an annual statement of economic interest because you were a public official in 2017, not because you had a principal campaign committee registered with the Board. The requirement to file a statement of economic interest is independent of whether a public official is also a candidate and most public officials are not candidates. If desired, you may supplement your waiver request before it is considered by the Board in November. Specifically, you may want to explain whether you or your principal campaign committee's treasurer received the notices that were mailed to the 2086 Marshall Ave #1 address in December 2017 and March 2018, and whether you received the notices that were mailed to the 938 Selby Ave address in February and June of 2018, reminding you of the need to file your 2017 annual statement of economic interest.

If you wish to provide additional information supplementing your request, please do so no later than October 25. Please let me know if you have any questions or concerns.

Respectfully,

Andrew Olson  
Legal/Management Analyst  
Minnesota Campaign Finance and Public Disclosure Board  
651-539-1190



# MINNESOTA CAMPAIGN FINANCE BOARD

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**Date:** October 30, 2019

**To:** Board Members

**From:** Jeff Sigurdson, Executive Director

**Telephone:** 651-539-1189

**Re: Review of Possible Legislative Recommendations**

The Board is authorized in Minnesota Statutes section 10A.02, subdivision 8(a), to offer legislative recommendations. At the last two meetings the Board has discussed possible recommendations. In review, at the September and October meetings the Board considered the legislative recommendations that were provided to the legislature in 2019, and recent public comments received on those recommendations. At the October meeting the Board also reviewed a staff recommendation to change the registration and reporting requirements for lobbyists and principals, and heard initial comments from the Minnesota Governmental Relations Council and the public on the lobbying recommendations. In addition, at the October meeting Member Moilanen asked staff to develop for Board review a proposal that would raise the maximum refund amount available through the political contribution refund program. A brief review of the various recommendations is provided later in the memo.

As the Board considers whether it will propose any of these legislative recommendations this year there are, I believe, three factors needed for any recommendation to be seriously considered by the legislature.

- There must be bipartisan support for the recommendations. The Board can draft proposed legislation on its own authority, but finding members of the legislature willing to introduce and carry a bill is a different matter. If authors and co-authors from both parties in both the Senate and House will not sign on to the legislation prior to introduction, then it is very difficult to defend the recommendations as bipartisan. Proposed changes to Chapter 10A that do not have some level of bipartisan support have little chance to succeed.
- The Governor will need to agree with, or at least not be in active opposition to, the recommendations. During past legislative efforts I have been told by legislators of both parties that they would not be interested in working on a bill unless there was reason to believe that the Governor would ultimately sign the legislation. Chair Leppik, Vice Chair Moilanen and I met with a staff member from the Governor's office on October 25<sup>th</sup>, to review the recommendations under Board consideration. As of the date of this memo I have not received any feedback from the meeting.
- The Board may need to consider if in total the recommendations are too broad in scope. I do not mean that significant policy issues are to be avoided. However, there is only so much time and attention that the legislature has to dedicate to Chapter 10A in

any given year. Recommendations that propose multiple complex issues may flounder under their own weight.

### **Recommendations from 2019**

The 2019 recommendations include both technical and policy changes to the economic interest statement program and the campaign finance program. Attached to this memo are the 2019 recommendations with accompanying draft statutory changes. The recommendations are grouped by program area, and then technical changes are listed separately from policy recommendations.

### **Recommendations for Lobbying Program**

The attached recommendations have been modified from those reviewed in October to address concerns raised by Board members and the public. The modifications do not materially change the registration and reporting recommendations discussed in October, but do clarify reporting requirements. Changes from the draft statutory language reviewed in October are in yellow.

### **Recommendation for Political Contribution Program**

The current limit to the political contribution refund program of \$50 per person, or \$100 per couple, is found in Minnesota Statutes section 290.06, subdivision 23. Draft statutory language is attached to this memo. The recommendation would increase the contribution limit to \$200 per individual, \$400 per couple.

The legislature is adjourned until February 11, 2020. I would ask the Board to decide what if any proposals it wishes to send to the legislature by the end of the December meeting.

### **Attachments**

2019 legislative recommendations  
Public comments on 2019 recommendations  
Lobbyist recommendations  
Political contribution refund recommendation



# MINNESOTA CAMPAIGN FINANCE BOARD

## 2019 Legislative Recommendations from the Campaign Finance and Public Disclosure Board

The Board has identified the following subjects that would benefit from a statutory change or clarification.

### Economic interest statement program – technical proposals

While administering the economic interest statement (EIS) program the Board has identified the following problematic areas that would benefit from statutory change or clarification. In the Board's view these proposals are technical in nature because they do not dramatically affect the disclosure provided to the public by the EIS forms. The suggested statutory language for the proposals is provided in attachment A.

- **Raising the dollar-level threshold for disclosure of honoraria.** Currently the annual EIS requires disclosure of each honorarium of over \$50 in the year covered by the statement. That amount has not been adjusted for inflation in decades (set in 1974), and could be increased to \$250 without affecting meaningful disclosure. A \$250 threshold for honoraria would conform to the threshold for disclosing other sources of compensation.
- **Ensure that Minnesota State Colleges and Universities trustees and its chancellor continue to file economic interest statements.** MNSCU trustees and the chancellor are currently filing EIS statements as public officials. However, it appears that a 2002 change in the definition of public official inadvertently excluded the MNSCU trustees and chancellor from the requirement to file the EIS statement, and from the gift prohibition. In other words, their disclosure is being provided voluntarily. Given that the MNSCU Board makes decisions regarding the expenditure of millions of dollars in public funds the Board believes that EIS disclosure should be required for these positions.
- **Eliminate requirement that local governments provide a notice of appointment for local officials to the Board.** Local governments in the metropolitan area are to notify the Board whenever they hire, or accept an affidavit of candidacy from, a local official who is required to file a statement of economic interest with that local entity. The Board, however, never uses this information because local officials do not file with the Board. Most local governments do not bother to file the notice, and even if they did the information would not have practical value.
- **Standardize economic interest statement reporting periods.** Minnesota Statutes section 10A.09, subdivision 6, clearly spells out the reporting period for the annual EIS. There is no such language defining the reporting period for an original statement. This creates confusion among filers and, in some cases, inconsistent disclosure between public officials. Additionally, EIS forms are divided into five disclosure schedules. For an original statement none of the schedules have the same reporting period.

Standardization of the reporting period requirement would simplify completing the statement, and help staff's support of clients completing the statement.

### Economic interest statement program – policy proposals

The Board believes that the economic interest statement (EIS) program requires disclosure that in some cases is unnecessary, and in other cases is insufficient, to alert the public of a possible conflict of interest. The following recommendations represent policy changes that would significantly alter the disclosure provided in the EIS form. The suggested statutory language for the proposals is included in attachment B.

- **Establish a two-tiered disclosure system.** The disclosure required for soil and water conservation district supervisors and members of watershed districts and watershed management organizations is excessive given their limited authority. In a two-tiered system, members of these boards and districts would disclose their occupation, sources of compensation and non-homesteaded property owned in the state. The members of these boards and districts would not disclose securities or professional or business categories.
- **Require public and local officials to disclose direct interests in government contracts.** This new disclosure would consist of a listing of any contract, professional license, lease, franchise, or permit issued by a state agency or any political subdivision of the state to the public official as an individual, or to any business in which the public official has an ownership interest of at least 25 percent.
- **Expand EIS disclosure to include beneficial interests that may create a conflict of interest.** The Board believes that the EIS program provides the public with disclosure of assets held directly by an official that may create a conflict of interest when conducting public business. However, the EIS program does not require disclosure of assets owned by another even when those assets will provide direct financial benefit to the public official because of a contract or relationship between the public official and the owner of the asset. To address this gap in disclosure the Board recommends expanding disclosure to include the official's "beneficial interest" in assets owned by another.

### Campaign finance program – technical proposals

The Board has identified the following issues related to the administration of the campaign finance program that would benefit from statutory change or clarification. In the Board's view this section of proposals are technical in nature because they do not raise new issues or dramatically affect the disclosure provided to the public through the program. The suggested statutory language for each proposal is provided in attachment C.

- **Eliminate the contribution statement from Enterprise Minnesota, Inc. members.** Minnesota Statutes section 116O.03, subdivision 9, and section 116O.04, subdivision 3, require members of the Enterprise Minnesota, Inc. board of directors and its president to file statements with the Campaign Finance Board showing contributions to any public official, political committee or fund, or political party unit. These statements must cover

the four years prior to the person's appointment and must be updated annually. The contributions that require itemization on these statements are already reported by the recipient committee to the Campaign Finance Board or, for county commissioners, to the county auditor. This disclosure therefore is at best repetitive. The Board is also not sure why this disclosure is required only of members of the Enterprise Minnesota, Inc. board of directors and its president, and for consistency, recommends eliminating the requirement.

- **Affidavit of contribution deadline.** Minnesota Statutes section 10A.323, provides that the affidavit of contributions required to qualify for a public subsidy payment must be submitted "by the deadline for reporting of receipts and expenditures before a primary under section 10A.20, subdivision 4." The cross reference to section 10A.20 subdivision 4, is incorrect as the deadline for submitting the pre-primary report is set in section 10A.20, subdivision 2. This change would correct the cross reference error.
- **Update acceptable multicandidate political party expenditures.** Political parties are provided five specific multicandidate expenditures that do not count either as a contribution to any candidate, or as an independent expenditure. One of the five multicandidate political party expenditures is funds spent operating a phone bank as long as the calls to potential voters include the name of three or more individuals who will appear on the ballot. The Board's recommendation is to update this expenditure to include direct text message services, direct voice mail services, and e-mails that meet the same standard of naming three or more individuals who will appear on the ballot.
- **Eliminate disclosure requirement for in-kind contributions between the federal and state committees of same political party.** Generally, an association not registered with the Board is required to provide underlying disclosure on the source of funds used for a contribution to a registered committee. Under current statute an exception to this requirement is made when the national committee of a political party (which is an unregistered association in Minnesota) contributes to the Minnesota state central committee of the same party. The Board recommends extending this exception to include in-kind contributions made from a federal political party unit to a political party unit registered in Minnesota. The contributors to the federal party unit are already reported to the FEC, and federal contributions are more limited than contributions that may be accepted by the state party unit. Further the public is not gaining meaningful disclosure when, for example, the federal committee for the Republican Party of Minnesota is required to provide disclosure reports to the state central committee for the Republican Party of Minnesota for the in-kind donation of shared office space and staff costs.
- **Allow unregistered associations to provide disclosure statements in writing or through a government web address.** Currently, an unregistered association that makes a contribution of over \$200 to a candidate committee, political committee or fund, or political party unit, must provide a written disclosure statement with the contribution. The disclosure statement provides information on the finances of the unregistered association in detail that is equivalent to a campaign finance report filed under Chapter 10A. The committee that receives the contribution then forwards the statement from the

unregistered association to the Board with the committee's next financial report. In practice, the majority of "unregistered associations" are in fact registered with either the Federal Election Commission (FEC) or in another state with an agency similar to the Board. The FEC and other state campaign finance agencies post reports filed by their registered committees to a government website. This proposal would allow an unregistered association to provide the written disclosure statement currently required by statute, or provide a link to a government website where the disclosure statement is available. The disclosure would still need to be equivalent to Chapter 10A, for example, it must have itemization of contributions and expenditures that are over \$200. If the reporting requirements for the state are not similar to Chapter 10A then a written report will still be required.

### Campaign finance program – policy proposals

The Board recommends two changes to the campaign finance program that represent either a new area of regulation, or which close a weakness in current statute that prevents the Board from providing complete disclosure to the public. The suggested statutory language for each proposal is provided in attachment D.

- **Provide regulation of contributions made with bitcoins and other virtual currency.** During 2018 staff received calls from campaign committees asking for guidance on accepting and reporting contributions made with bitcoins and other virtual currencies. Chapter 10A does not provide any guidance on the subject, other than to view the virtual currency as something of value. The Board's proposal will provide a statutory basis for disclosing and regulating the conversion of virtual currency into United States currency.
- **Redefine independent expenditures to include both express advocacy and words that are the functional equivalent.** Under current statute an independent expenditure must use words of express advocacy (vote for, elect, support, cast your ballot for, Smith for House, vote against, defeat, reject, or very similar words) to state support of, or opposition to, a candidate. A communication that avoid words of express advocacy, but which nonetheless has the clear purpose of influencing voting in Minnesota, does not in many cases need to be reported to the Board. This gap prevents the Board from fulfilling its core mission of providing the public with accurate and complete information on the money spent to influence the outcome of state elections.

The words of express advocacy were recognized in a footnote in the *Buckley v. Valeo* Supreme Court decision in 1976. In subsequent cases, (*McConnell v. Federal Election Commission* in 2003 and *Federal Election Commission v. Wisconsin Right to Life, Inc.* in 2007) the Supreme Court has adopted a functional equivalent of express advocacy standard that recognizes that communications can easily convey support for or opposition to a candidate while avoiding use of the so-called magic words. The Board proposal expands the definition of independent expenditure to include communications that do not use the eight magic words but could have no reasonable purpose other than to influence voting in Minnesota.



# Campaign Finance and Public Disclosure Board Suggested Statutory Language for Legislative Proposals

## Attachment A Economic interest statement program, technical proposals

### 10A.01 DEFINITIONS

\* \* \* \*

Subd. 35. **Public official.** "Public official" means any:

(1) member of the legislature;

\* \* \* \*

(28) member of the Greater Minnesota Regional Parks and Trails Commission; ~~or~~

(29) member of the Destination Medical Center Corporation established in section 469.41; or

(30) chancellor or member of the board of trustees of the Minnesota State Colleges and Universities.

### 10A.09 STATEMENTS OF ECONOMIC INTEREST

\* \* \* \*

Subd. 2. **Notice to board.** The secretary of state or the appropriate county auditor, upon receiving an affidavit of candidacy or petition to appear on the ballot from an individual required by this section to file a statement of economic interest, and any official who nominates or employs a public ~~or local~~ official required by this section to file a statement of economic interest, must notify the board of the name of the individual required to file a statement and the date of the affidavit, petition, or nomination.

\* \* \* \*

Subd. 5b. **Original statement; reporting period.** (a) An original statement of economic interest required under subdivision 1, clause (1), must cover the calendar month before the month in which the individual accepted employment as a public official or a local official in a metropolitan governmental unit.

(b) An original statement of economic interest required under subdivision 1, clause (2), must cover the calendar month before the month in which the individual assumed office.

(c) An original statement of economic interest required under subdivision 1, clause (3), must cover the calendar month before the month in which the candidate filed the affidavit of candidacy.

Subd. 6. **Annual statement.** (a) Each individual who is required to file a statement of economic interest must also file an annual statement by the last Monday in January of each year that the individual remains in office. The annual statement must cover the period through

December 31 of the year prior to the year when the statement is due. The annual statement must include the amount of each honorarium in excess of \$50 ~~\$250~~ received since the previous statement and the name and address of the source of the honorarium. The board must maintain each annual statement of economic interest submitted by an officeholder in the same file with the statement submitted as a candidate.

~~(b) For the purpose of annual statements of economic interest to be filed, "compensation in any month" includes compensation and honoraria received in any month between the end of the period covered in the preceding statement of economic interest and the end of the current period.~~

~~(c) An individual must file the annual statement of economic interest required by this subdivision to cover the period for which the individual served as a public official even though at the time the statement was filed, the individual is no longer holding that office as a public official.~~

~~(d) For the purpose of an annual statement of economic interest, the individual shall disclose any real property owned at any time between the end of the period covered by the preceding statement of economic interest and through the last day of the month preceding the current filing or the last day of employment, if the individual is no longer a public official.~~

## Attachment B Economic interest statement program, policy proposals

### 10A.01 DEFINITIONS

\* \* \* \*

Subd. 7e. **Beneficial interest.** “Beneficial interest” means the right, or reasonable expectation of the right to the possession of, use of, or direct financial benefit from an asset owned by another due to a contract or relationship with the owner of the asset.

### 10A.09 STATEMENTS OF ECONOMIC INTEREST

\* \* \* \*

Subd. 5. **Form; general requirements.** (a) A statement of economic interest required by this section must be on a form prescribed by the board. Except as provided in subdivision 5a, ~~t~~he individual filing must provide the following information:

- (1) name, address, occupation, and principal place of business;
- (2) the name of each associated business and the nature of that association including any associated business in which the individual has a beneficial interest;
- (3) a listing of all real property within the state, excluding homestead property, in which the individual holds: (i) a fee simple interest, a beneficial interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the interest is valued in excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of more than \$50,000;
- (4) a listing of all real property within the state in which a partnership of which the individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of the partnership interest is valued in excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of more than \$50,000. A listing under this clause or clause (3) must indicate the street address and the municipality or the section, township, range and approximate acreage, whichever applies, and the county in which the property is located;
- (5) a listing of any investments, ownership, or interests in property connected with pari-mutuel horse racing in the United States and Canada, including a racehorse, in which the individual directly or indirectly holds a partial or full interest or an immediate family member holds a partial or full interest;
- (6) a listing of the principal business or professional activity category of each business from which the individual receives more than \$250 in any month during the reporting period as an employee, if the individual has an ownership interest of 25 percent or more in the business;
- (7) a listing of each principal business or professional activity category from which the individual received compensation of more than \$2,500 in the past 12 months as an independent contractor; ~~and~~

(8) a listing of the full name of each security with a value of more than \$10,000 owned in part or in full by the individual, or in which the individual has a beneficial interest, at any time during the reporting period; and

(9) a listing of any contract, professional license, lease, franchise, or professional permit that meets the following criteria:

(i) it is held by the individual or any business in which the individual has an ownership interest of 25 percent or more; and

(ii) it is entered into with or issued by any state department or agency listed in section 15.01 or 15.06 or any political subdivision of the state.

Subd. 5a. **Form; exception for certain officials.** (a) This subdivision applies to the following individuals:

(1) a supervisor of a soil and water conservation district;

(2) a manager of a watershed district; and

(3) a member of a watershed management organization as defined under section 103B.205, subdivision 13.

(b) Notwithstanding subdivision 5, paragraph (a), an individual listed in subdivision 5a, paragraph (a), must provide only the information listed below on a statement of economic interest:

(1) the individual's name, address, occupation, and principal place of business;

(2) a listing of any association, corporation, partnership, limited liability company, limited liability partnership, or other organized legal entity from which the individual receives compensation in excess of \$250, except for actual and reasonable expenses, in any month during the reporting period as a director, officer, owner, member, partner, employer, or employee;

(3) a listing of all real property within the state, excluding homestead property, in which the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the interest is valued in excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of more than \$50,000; and

(4) a listing of all real property within the state in which a partnership of which the individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of the partnership interest is valued in excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of more than \$50,000. A listing under this clause or clause (3) must indicate the street address and the municipality or the section, township, range and approximate acreage, whichever applies, and the county in which the property is located.

(c) If an individual listed in subdivision 5a, paragraph (a), also holds a public official position that is not listed in subdivision 5a, paragraph (a), the individual must file a statement of economic interest that includes the information specified in subdivision 5, paragraph (a).

## Attachment C Campaign finance program, technical proposals

### 1160.03 CORPORATION; BOARD OF DIRECTORS; POWERS.

\* \* \* \*

~~Subd. 9. **Contributions to public officials; disclosure.** Each director shall file a statement with the Campaign Finance and Public Disclosure Board disclosing the nature, amount, date, and recipient of any contribution made to a public official, political committee, political fund, or political party, as defined in chapter 10A, that:~~

~~(1) was made within the four years preceding appointment to the Enterprise Minnesota, Inc. board; and~~

~~(2) was subject to the reporting requirements of chapter 10A.~~

~~The statement must be updated annually during the director's term to reflect contributions made to public officials during the appointed director's tenure.~~

### 1160.04 CORPORATE PERSONNEL.

\* \* \* \*

~~Subd. 3. **Contributions to public officials; disclosure.** The president shall file a statement with the Campaign Finance and Public Disclosure Board disclosing the nature, amount, date, and recipient of any contribution made to a public official which:~~

~~(1) was made within the four years preceding employment with the Enterprise Minnesota, Inc. board; and~~

~~(2) was subject to the reporting requirements of chapter 10A.~~

~~The statement must be updated annually during the president's employment to reflect contributions made to public officials during the president's tenure.~~

### 10A.27 CONTRIBUTION LIMITS.

\* \* \* \*

Subd. 13. **Unregistered association limit; statement; penalty.** (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must not accept a contribution of more than \$200 from an association not registered under this chapter unless the contribution is accompanied by a ~~written~~ statement that meets the disclosure and reporting period requirements imposed by section 10A.20. The statement may be a written statement or a government web address where the disclosure report for the unregistered association may be viewed. This statement must be certified as true and correct by an officer of the contributing

association. The committee, fund, or party unit that accepts the contribution must include a copy of the written statement or web address with the report that discloses the contribution to the board.

(b) An unregistered association may provide the ~~written~~ statement required by this subdivision to no more than three committees, funds, or party units in a calendar year. Each statement must cover at least the 30 days immediately preceding and including the date on which the contribution was made. An unregistered association or an officer of it is subject to a civil penalty imposed by the board of up to \$1,000, if the association or its officer:

(1) fails to provide a ~~written~~ statement as required by this subdivision; or

(2) fails to register after giving the ~~written~~ statement required by this subdivision to more than three committees, funds, or party units in a calendar year.

(c) The treasurer of a political committee, political fund, principal campaign committee, or party unit who accepts a contribution in excess of \$200 from an unregistered association without the required ~~written~~ disclosure statement is subject to a civil penalty up to four times the amount in excess of \$200.

(d) This subdivision does not apply:

(1) when a national political party contributes money to its state committee; or

(2) when the federal committee of a major or minor political party registered with the Board gives an in kind contribution to its state central committee, or a party organization within a house of the state legislature; or

(3) to purchases by candidates for federal office of tickets to events or space rental at events held by party units in this state (i) if the geographical area represented by the party unit includes any part of the geographical area of the office that the federal candidate is seeking and (ii) the purchase price is not more than that paid by other attendees or renters of similar spaces.

#### **10A.275 MULTICANDIDATE POLITICAL PARTY EXPENDITURES.**

Subdivision 1. **Exceptions.** Notwithstanding other provisions of this chapter, the following expenditures by a party unit, or two or more party units acting together, with at least one party unit being either: the state committee or the party organization within a congressional district, county, or legislative district, are not considered contributions to or expenditures on behalf of a candidate for the purposes of section 10A.25 or 10A.27 and must not be allocated to candidates under section 10A.20, subdivision 3, paragraph ~~(g)~~(h):

(1) expenditures on behalf of candidates of that party generally without referring to any of them specifically in a published, posted, or broadcast advertisement;

(2) expenditures for the preparation, display, mailing, or other distribution of an official party sample ballot listing the names of three or more individuals whose names are to appear on the ballot;

(3) expenditures for a telephone ~~conversation call, voice mail, text message, multimedia message, internet chat message, or e-mail when the communication includes~~ the names of three or more individuals whose names are to appear on the ballot;

(4) expenditures for a political party fund-raising effort on behalf of three or more candidates; or

(5) expenditures for party committee staff services that benefit three or more candidates.

### **10A.323 AFFIDAVIT OF CONTRIBUTIONS.**

(a) in addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must:

\* \* \* \*

(3) submit the affidavit required by this section to the board in writing by the deadline for reporting of receipts and expenditures before a primary under section 10A.20, ~~subdivision 4~~ subdivision 2.

## Attachment D Campaign finance program, policy proposals

### 10A.01 DEFINITIONS

\* \* \* \*

Subdivision 16a. **Expressly advocating.** “Expressly advocating” means:

(1) that a communication clearly identifies a candidate and uses words or phrases of express advocacy; or

(2) when taken as a whole and with limited reference to external events could only be interpreted by a reasonable person as containing advocacy of the election or defeat of one or more clearly identified candidate(s) because (1) the electoral portion of the communication is unmistakable, unambiguous, and suggestive of only one meaning; and (2) reasonable minds could not differ as to whether it encourages actions to elect or defeat one or more clearly identified candidate(s).

\* \* \* \*

**Subd. 37. Virtual currency.** (a) “Virtual currency” means an intangible representation of value in units that can only be transmitted electronically and function as a medium of exchange, units of account, or a store of value.

(b) Virtual currency includes cryptocurrencies. Virtual currency does not include currencies issued by a government.

### 10A.15 CONTRIBUTIONS

\* \* \* \*

**Subd. 8. Virtual currency contributions.** (a) A principal campaign committee, political committee, political fund, or party unit may accept a donation in kind in the form of virtual currency. The value of donated virtual currency is its fair market value at the time it is donated. The recipient of a virtual currency contribution must sell the virtual currency in exchange for United States currency within five business days after receipt.

(b) Any increase in the value of donated virtual currency after its donation, but before its conversion to United States currency, must be reported as a receipt that is not a contribution pursuant to section 10A.20, subdivision 3. Any decrease in the value of donated virtual currency after its donation, but before its conversion to United States currency, must be reported as an expenditure pursuant to section 10A.20, subdivision 3.

(c) A principal campaign committee, political committee, political fund, or party unit may not purchase goods or services with virtual currency.





Minnesota Campaign Finance Board  
190 Centennial Building  
658 Cedar Street  
St. Paul, MN 55155-1603

Tuesday, September 24, 2019

Members of the Minnesota Campaign Finance Board,

On behalf of Americans for Prosperity activists across Minnesota, I am writing today in opposition to portions of the proposed and reconsidered legislative recommendations from the Campaign Finance Board. Specifically, we have concerns with the second bullet point on page four, which would redefine “independent expenditure” from the bright line test that is in place today to a more uncertain standard sure to be subject to wide interpretation.

Americans for Prosperity stands firmly in support of the right of all Americans to participate in civic engagement and these provisions would only serve to limit discourse and undermine free speech.

Under current Minnesota law, advocacy groups are governed by an objective, bright-line test (i.e. use of words such as “vote for” or “elect”) in determining what will be subject to reporting requirements. This bill, however, abandons this language for a subjective, overbroad standard that will lead to increased uncertainty. Instead of accepting the risk of a drawn-out legal fight, many organizations will simply choose to stay on the sidelines.

I have attached to this e-mail a letter that we shared with all members of the Legislature as this topic was being debated last session. This letter addresses many other issues that were included in the underlying legislation that are NOT under consideration here today. I am sharing it in order to provide a broader context for our opposition to any attack on Americans’ free speech rights and highlight our fear that these definition changes are only a first step down a very dangerous road toward chilling civil discourse and debate.

It is our hope that the above referenced provisions related to changes to the definition of “independent expenditure” be removed from these legislative recommendations. Thank you for the opportunity to express our concerns, and please don’t hesitate to reach out if you have questions or if we can be of assistance.

Sincerely,

Jason Flohrs  
State Director  
Americans for Prosperity - Minnesota





Tuesday, April 30, 2019

**Key Vote Alert: Vote “No” on SF2227 – Omnibus State Government Finance Bill**

Dear Members of the Minnesota House,

On behalf of Americans for Prosperity activists across Minnesota, I am writing today to urge a “No” vote on final passage of SF2227, the Omnibus State Government Finance Bill, which includes provisions that originated in HF2050 that would limit Minnesotans’ free speech rights. Americans for Prosperity stands firmly in support of the right of all Americans to participate in civic engagement and these provisions would only serve to limit discourse and undermine free speech.

**As a “Key Vote”, Americans for Prosperity – Minnesota may include this vote in our end-of-session Legislative Scorecard that will be shared with your constituents.**

The ability to think, speak, and engage allows all individuals to challenge social, scientific, and political issues that affect their lives and their communities. Free to choose to privately come together, people can join causes they believe in without fear of intervention or retaliation by those in government. This protects all voices, especially the marginalized.

The sections of the bill from HF2050 would chill protected speech by mandating the disclosure of donors who give to organizations to support their general missions. Donors will be deterred from donating to good causes for fear their names may end up on a government registry because those organizations took positions on legislation or issues—positions with which those donors may even disagree. It would create new and burdensome reporting requirements for organizations, regulate a stunningly broad amount of speech, and enable harassment of citizens based on their beliefs.

In addition to our broad opposition to the idea that Americans need to register with the government any time they take advantage of their First Amendment rights, there are numerous specific issues with the proposed language:

- On changing the definition of “express advocating”: Under current Minnesota law, advocacy groups are governed by an objective, bright-line test (i.e. use of words such as “vote for” or “elect”) in determining what will be subject to reporting requirements. This bill, however, abandons this language for a subjective, overbroad standard that will lead to increased uncertainty. Instead of accepting the risk of a drawn-out legal fight, many organizations will simply choose to stay on the sidelines.
- On requiring binary characterization of officeholders in electioneering communications: This provision forces speakers to adopt an intent for their communication that they may not have, making any communication in which the focus is clearly on an issue or piece of legislation, but may mention an officeholder, inherently political. In effect, an organization simply engaging on a piece of legislation will be forced to declare support or opposition to a certain lawmaker or candidate. For example, an organization dedicated to increasing literacy that runs a tv ad asking parents to contact their representative and ask her to vote “yes” on a school funding bill would be forced to take a position on that representative by declaring their communication “positive” or “negative” towards her—even when their speech was clearly focused on the issue of funding. Speakers have the right to determine the intent of their own speech without government putting words in their mouth or requiring burdensome paperwork or registration.

Through broad-based grassroots outreach, *Americans for Prosperity (AFP)* is driving long-term solutions to the country’s biggest problems. AFP activists engage friends and neighbors on key issues and encourage them to take an active role in building a culture of mutual benefit, where people succeed by helping one another. AFP recruits and unites activists in 35 states behind a common goal of advancing policies that will help people improve their lives.

- On electioneering communication “targeting”: This provision regulates all mediums of communication, inevitably sweeping in communications that are never intended for election activity. This broad definition would subject a book publisher or blogger to report their activity to the state if their book or post merely mentioned a candidate or officeholder—such as a book or post on how a bill becomes law that mentions the current Governor – and happened to be distributed close to an election and could reach a relatively small number of people in the state.

**The bottom line: transparency is good for government accountability and oversight, but individuals have a right to privacy.**

Just as Americans have the right to cast ballots in private, we have the right to support causes, join groups and make donations without being monitored by the government. Seventy-three percent of registered voters agree that the government has no right to know what groups or causes they support. We should hold our government accountable without violating citizens’ privacy or burdening civic groups working to improve the lives of their fellow Americans.

History shows these freedoms protect minority voices – those fighting against injustices entrenched in the status quo. There’s a long tradition in the U.S., going all the way back to our founding, of anonymous philanthropy as well as anonymous writing on matters of public interest. The advancement of civil rights was made possible, in part, by the ability of individuals with views that ran counter to the status quo to privately join together. When Alabama tried to force the NAACP to reveal its member lists during Jim Crow, the Supreme Court held that the First Amendment protects private associations from being exposed to threats, intimidation and violence. Even today, people who have made even modest donations to groups that expressed unpopular views have lost their jobs and faced harassment when their affiliations were leaked.

Those in power shouldn’t force individuals to register their beliefs, their donations, or their associations. Our society is enriched by the civic engagement of diverse organizations clarifying and amplifying their supporters’ voices. Yet too often, these types of requirements are designed to make it harder to critique those in power and shield the political class from the voices of everyday citizens who want to make their viewpoints known to their elected officials. While the lobbyists and the well- connected will still find a way to play their inside game, everyday citizens who want to make their voices heard on issues they care about would have their voices taken away.

Thank you for the opportunity to share our opposition to the above-mentioned provisions contained within the Omnibus State Government Finance Bill. Please don’t hesitate to reach out if you have questions, need more information, or if you would like to discuss the issue further.

Sincerely,



Jason Flohrs  
State Director  
Americans for Prosperity - Minnesota

**From:** [Ron Bardal](#)  
**To:** [Engelhardt, Megan \(CFB\)](#)  
**Cc:** [George Beck](#)  
**Subject:** FW: Campaign Finance and Public Disclosure Board requests comments regarding legislative proposals  
**Date:** Monday, September 09, 2019 10:40:42 PM

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Dear Asst. Director Engelhardt:

I like the 2019 Legislative Recommendations you drafted for Governor Walz. I especially like your intention to require identification of campaign contribution sources. Dark money is a hazard to our election system because the contributor cannot be identified and held accountable for misleading and false publicity about a candidate. Our citizens need honest leaders in Washington and state houses. But, in today's society frequent repetition of falsehoods, funded by dark money, is soon taken as fact, so honest candidates are defeated through slander.

I believe one key action to achieve fair elections is to overturn the *Citizens United Vs. FEC* 2010 decision of the Supreme Court. Corporations are not people though SCOTUS claimed so in its 2010 ruling. Corporations can spend multi-millions to influence an election, but real people cannot compete financially to be heard. Under the *Citizens United* decision we can no longer be what Abraham Lincoln said we are – a government of the people, by the people, and for the people.

I am Secretary of Minnesota Citizens for Clean Elections (MnCCCE). We are a non-profit, non-partisan 501-c-3 organization working to get dark money and big money out of politics so we can have equitable campaign financing and clean and fair elections.

*Ronald Bardal*

1783 19<sup>th</sup> Terrace NW, New Brighton, MN 55112  
651-633-9238

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**From:** George Beck [mailto:georgeabeck@aol.com]  
**Sent:** Monday, September 09, 2019 4:23 PM  
**To:** Abelladonna@commoncause.org; argetsingerlynn@gmail.com; rbardal@hotmail.com

-----Original Message-----

**From:** Board Information Distribution List <campaign.board@state.mn.us>  
**To:** Board Information Distribution List <campaign.board@state.mn.us>  
**Sent:** Fri, Sep 6, 2019 4:02 pm  
**Subject:** Campaign Finance and Public Disclosure Board requests comments regarding legislative proposals

**TO:** All Interested Persons

The Campaign Finance and Public Disclosure Board is seeking comments from the public regarding possible legislative recommendations for 2020. The Board is currently reconsidering the legislative

recommendations offered in 2019, none of which were enacted. Here is a link to the legislative recommendations: <https://cfb.mn.gov/citizen-resources/the-board/statutes-and-rules/legislative-recommendations/>

The Board is also interested in hearing from the public on other legislative changes that might improve Chapter 10A.

Please send all comments via email ([megan.engelhardt@state.mn.us](mailto:megan.engelhardt@state.mn.us)), fax (651-539-1196 or 800-357-4114), or U.S. Mail:

Megan Engelhardt  
190 Centennial Building  
658 Cedar Street  
St. Paul, MN 55155-1603  
[Megan.Engelhardt@state.mn.us](mailto:Megan.Engelhardt@state.mn.us)

All comments will be provided to the Board at the October 2, 2019, Board meeting and the comments will be available to the public. Please provide comments by September 24, 2019. Thank you.

Megan Engelhardt  
Assistant Executive Director  
Minnesota State Campaign Finance and Public Disclosure Board



**From:** [Tyler Blackmon](#)  
**To:** [Engelhardt, Megan \(CFB\)](#)  
**Subject:** Re: Campaign Finance and Public Disclosure Board requests comments regarding legislative proposals  
**Date:** Friday, September 06, 2019 3:22:47 PM

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The CFB desperately needs to overhaul its reporting infrastructure and move to a browser-based online platform. The incompatibility with Macs is maddening and out of step with almost every other state in the union.

On Fri, Sep 6, 2019 at 3:19 PM CFBEmail <[cfb.reports@state.mn.us](mailto:cfb.reports@state.mn.us)> wrote:

TO: All Interested Persons

The Campaign Finance and Public Disclosure Board is seeking comments from the public regarding possible legislative recommendations for 2020. The Board is currently reconsidering the legislative recommendations offered in 2019, none of which were enacted. Here is a link to the legislative recommendations: <https://cfb.mn.gov/citizen-resources/the-board/statutes-and-rules/legislative-recommendations/>

The Board is also interested in hearing from the public on other legislative changes that might improve Chapter 10A.

Please send all comments via email ([megan.engelhardt@state.mn.us](mailto:megan.engelhardt@state.mn.us)), fax (651-539-1196 or 800-357-4114), or U.S. Mail:

Megan Engelhardt  
190 Centennial Building  
658 Cedar Street  
St. Paul, MN 55155-1603  
[Megan.Engelhardt@state.mn.us](mailto:Megan.Engelhardt@state.mn.us)

All comments will be provided to the Board at the October 2, 2019, Board meeting and the comments will be available to the public. Please provide comments by September 24, 2019. Thank you.

Megan Engelhardt  
Assistant Executive Director  
Minnesota State Campaign Finance and Public Disclosure Board

**From:** [Gary Charles](#)  
**To:** [Engelhardt, Megan \(CFB\)](#)  
**Subject:** Campaign finance  
**Date:** Monday, September 09, 2019 4:40:37 PM

---

Hello,

I oppose Citizens United and secret contributions.

Thank you,  
Gary Charles





September 24, 2019

Megan Engelhardt, Assistant Executive Director  
190 Centennial Building  
658 Cedar Street  
St. Paul, MN 55155-1603  
[Megan.Engelhardt@state.mn.us](mailto:Megan.Engelhardt@state.mn.us)

**Re: Legislative Proposals for 2020**

Dear Ms. Engelhardt,

Thank you for the opportunity for the public to comment on the Board's possible legislative recommendations for 2020. The League of Women Votes Minnesota (LWVMN) knows that the Board handles many important issues ranging from economic interest statements to inter-committee contributions to intraparty transfers. However, LWVMN would like to bring the Board's attention to an issue that LWVMN believes is one of the most important and urgent issues that need addressed.

LWVMN believes that the state's campaign finance system must ensure transparency and the public's right to know who is using money to influence elections. To pursue this goal, LWVMN believes that the Board should continue its efforts to clarify the definition of "independent expenditure."

In the Board's letter to the governor and legislative leaders on February 19, 2019, the Board described several recommendations. In that letter, the Board wrote, "there is a critical gap in the definition of what constitutes an independent expenditure to influence the nomination or election of a candidate." We agree with the Board's position that this gap exists and that it is a critical one.

The Board continued, "This gap defeats the Board's goal of providing the public with accurate information on how much money is spent in Minnesota to influence elections, and raises questions regarding the integrity and fairness of [Minnesota's campaign finance reporting]." Again, we agree that this gap defeats the Board's purpose. But we would even go so far to say that this gap does not just raise questions, but *actively undermines* the integrity of Minnesota's campaign finance reporting.

To fix that gap, the Board recommended that the definition of "independent expenditure" be updated "to include both express advocacy and words that are the functional equivalent." As the Board notes, the United States Supreme Court has used the functional equivalent standard, and the standard has survived constitutional

scrutiny. And while the functional equivalent standard ensures accurate disclosures of campaign expenditures, it avoids overregulating other forms of nonpartisan electoral activity that do not advocate for or against a party or candidate. It strikes a crucial balance of ensuring the public's right to know who is using money to influence elections, while also ensuring voters can access sufficient information about the electoral process.

We appreciate that this proposal has been recommended in the past. LWVMN asks that it remain a high—if not the highest—priority for the Board during the 2020 legislative session.

Sincerely,

A handwritten signature in black ink, appearing to be 'NH', followed by a long horizontal line extending to the right.

Nick Harper, Civic Engagement Director  
LWVMN

**From:** [clean elections](#)  
**To:** [Engelhardt, Megan \(CFB\)](#)  
**Cc:** [Bardal, Ron](#); [Beck, George](#); [Connie Lewis](#); [David Miller](#); [Jim Herrick](#); [Norrie Thomas](#); [Peterson, Ken](#); [Ruth Cain](#); [Skrentner, Lonni](#); [Todd Otis](#)  
**Subject:** Legislative Recommendations  
**Date:** Friday, September 20, 2019 4:10:18 PM  
**Attachments:** [Legislative Recommendations to the Minnesota Campaign Finance Board - 2020.docx](#)

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Dear Assistant Executive Director Engelhardt:

Thanks you for the opportunity to comment on recommendations that the Board will make to the legislature for its 2020 session.

Our suggestions are attached. Please contact me if you have any questions.

George Beck  
Chair  
Minnesota Citizens for Clean Elections



## 2020 Legislative Recommendations to the Minnesota Campaign Finance Board

1. We continue to strongly support the Board's recommendation that the definition of "expressly advocating" include a communication that is suggestive of only one meaning and where reasonable minds could not differ that it is meant to elect or defeat a candidate. The present definition allows for anonymous contributions that can hide foreign influence and deceive voters.
2. The *Citizens United* decision has permitted unlimited contributions to campaigns in an attempt to influence decisions by elected officials. The Board should ask the legislature to recommend to Congress that it adopt an amendment to the Constitution that reverses this regressive decision, as 20 other states have done.
3. The Board should recommend that public financing of political campaigns in Minnesota be strengthened in order to lessen the impact of special interest contributions and to permit those without wealth to run for office. The \$50 refund and the public subsidy should be increased or a state match for citizen contributions (e.g. 6 to 1) could be adopted.
4. Direct contributions from lobbyists to candidates or elected officials should be prohibited and the bundling of contributions should not be allowed. Lobbyists work closely with legislators and these actions put undue and improper influence on our elected officials.
5. The Board should recommend that our electorate be expanded to the greatest extent possible in order to permit a true democracy. Automatic voter registration should be available, voting rights of citizens released from prison should be restored and weekend voting should be considered.



# Recommendation for Lobbyist Program

## 10A.01 DEFINITIONS

Minnesota Statutes 2018, section 10A.01, subdivision 21, is amended to read:

Subd. 21. **Lobbyist.** (a) "Lobbyist" means an individual:

(1) engaged for pay or other consideration of more than \$3,000 from all sources in any year for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials; or

(2) who spends more than \$3,000 ~~250~~ of the individual's personal funds, not including the individual's own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials.

\* \* \* \*

Minnesota Statutes 2018, section 10A.01, is amended by adding subdivisions to read:

**Designated lobbyist.** "Designated lobbyist" means the lobbyist responsible for reporting the lobbying disbursements and activity of the principal or employer. An employer or principal may have only one designated lobbyist at any given time.

**General lobbying category.** "General lobbying category" means a broad area of interest for lobbying specified by the board.

**Specific subject of interest.** "Specific subject of interest" means a topic of lobbying interest within a general lobbying category described with sufficient specificity to identify the expected areas of interest for the principal or employer.

**Official action of metropolitan governmental units.** "Official action of metropolitan governmental units" means any action that requires a vote or approval by one or more elected local officials while acting in their official capacity; or an action by an appointed or employed local official to make, to recommend, or to vote on as a member of the governing body, major decisions regarding the expenditure or investment of public money.

**Legislative action.** "Legislative action" means the discussion or development of prospective legislation; or the review, modification, adoption, or rejection of any bill, amendment, resolution, nomination, administrative rule, or report by a member of the legislature or employee of the legislature. "Legislative action" also means the discussion or development of prospective legislation, or a request for support or opposition to introduced legislation, with a constitutional officer. Legislative action includes the action of the governor in approving or vetoing any bill or portion of a bill.

## 10A.03 LOBBYIST REGISTRATION

Minnesota Statutes 2018, section 10A.03, subdivision 2, is amended to read:

Subd. 2. **Form.** The board must prescribe a registration form, which must include:

(1) the name, address, and e-mail address of the lobbyist;

(2) the principal place of business of the lobbyist;

(3) the name and address of each individual, association, political subdivision, or public higher education system, if any, by whom the lobbyist is retained or employed or on whose behalf the lobbyist appears;

(4) the website address of each association, political subdivision, or public higher education system identified under clause (3), if the entity maintains a website; ~~and~~

~~(5) a general lobbying category or categories, description of the subject or subjects and the specific subjects of interest within each general lobbying category, on which the lobbyist expects to lobby for the principal or employer; and~~

~~(6) if the lobbyist lobbies on behalf of an association, the registration form must include the name and address of the officers and directors of the association.~~

Minnesota Statutes 2018, section 10A.03, is amended by adding subdivision 6 to read:

**Subd. 6. General lobbying categories.** A list of general lobbying categories must be specified by the board and updated periodically based on public comment. The board must publish on its website the current list of general lobbying categories. Chapter 14 does not apply to the specification, publication, or periodic updates of the list of general lobbying categories.

#### **10A.04 LOBBYIST REPORTS**

Minnesota Statutes 2018, section 10A.04, subdivision 3, is amended to read:

**Subd. 3. Information to lobbyist.** A principal, An employer, or employee lobbyist about whose activities are reported to the Board by another a lobbyist is required to report must provide the information required by subdivision 4 to the lobbyist no later than five days before the prescribed filing date.

Minnesota Statutes 2018, section 10A.04, subdivision 4, is amended to read:

**Subd. 4. Content.** (a) A report under this section must include information the board requires from the registration form and the information required by this subdivision for the reporting period.

~~(b) A lobbyist must report the lobbyist's total disbursements on lobbying, separately listing lobbying disbursements to influence legislative action, lobbying to influence administrative action, and lobbying to influence the official actions of a metropolitan governmental units and a breakdown of disbursements for each of those kinds of lobbying into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.~~

~~(b) A lobbyist must report each state agency that had administrative action that the principal or employer sought to influence during the reporting period. the lobbyist's total disbursements on lobbying, separately listing lobbying to influence legislative action, lobbying to~~



~~influence administrative action, and lobbying to influence the official actions of a metropolitan governmental unit, and a breakdown of disbursements for each of those kinds of lobbying into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.~~

(c) A lobbyist must report each metropolitan governmental unit that considered, or was asked to take, official action that the principal or employer sought to influence during the reporting period.

(d) A lobbyist must report each legislative action, including legislative bill numbers for introduced legislation, administrative rule revisor number or description of proposed administrative action, Public Utilities Commission docket number, or name or number sufficient to identify an official action of a metropolitan government unit, that accounted for 10% or more of that lobbyist's effort on behalf of the principal or employer during the reporting period. The lobbyist must report a reasonable, good faith estimate of the total percentage of lobbying time spent on each of the actions listed in this paragraph.

(e) A lobbyist must report the amount and nature of each gift, item, or benefit, excluding contributions to a candidate, equal in value to \$5 or more, given or paid to any official, as defined in section 10A.071, subdivision 1, by the lobbyist or an employer or employee of the lobbyist. The list must include the name and address of each official to whom the gift, item, or benefit was given or paid and the date it was given or paid.

(f) A lobbyist must report each original source of money in excess of \$500 in any year used for the purpose of lobbying to influence legislative action, administrative action, or the official action of a metropolitan governmental unit. The list must include the name, address, and employer, or, if self-employed, the occupation and principal place of business, of each payer of money in excess of \$500.

(g) The designated lobbyist must report disbursements made and obligations incurred that exceed \$2,000 for paid advertising used for the purpose of urging members of the public to contact public or local officials to influence official actions during the reporting period. Paid advertising includes the cost to boost the distribution of an advertisement on social media. If a disbursement made or obligation incurred for paid advertising exceeds \$2,000 the report must provide the date that the advertising was purchased, the name and address of the vendor, a description of the advertising purchased, and any specific subject of interest addressed by the advertisement.

(h) On the report due June 15, the lobbyist must provide update or confirm a the general lobbying categories and specific description of the subjects of interest for the principal or employer that were lobbied on in the previous 12 months.

Minnesota Statutes 2018, section 10A.04, subdivision 6, is amended to read:

Subd. 6. **Principal reports.** (a) A principal must report to the board as required in this subdivision by March 15 for the preceding calendar year.

(b) ~~Except as provided in paragraph (d),~~ The principal must report the total amount, rounded to the nearest \$2-10,000, spent by the principal during the preceding calendar year to

~~influence legislative action, administrative action, and the official action of metropolitan governmental units. on each type of lobbying listed below:~~

~~(1) lobbying to influence legislative action;~~

~~(2) lobbying to influence administrative action, other than lobbying described in clause (3);~~

~~(3) lobbying to influence administrative action in cases of rate setting, power plant and powerline siting, and granting of certificates of need under section 216B.243; and~~

~~(4) lobbying to influence official action of metropolitan governmental units.~~

~~(c) Except as provided in paragraph (d), For each type of lobbying listed in paragraph (b), the principal must report under this subdivision a total amount that includes:~~

~~(1) the portion of all direct payments for compensation and benefits paid by the principal to lobbyists in this state;~~

~~(2) the portion of all expenditures for advertising, mailing, research, consulting, surveys, expert testimony, studies, reports, analysis, compilation and dissemination of information, social media and public relations campaigns, and legal counsel, used to support lobbying related to legislative action, administrative action, or the official action of metropolitan governmental units in this state; and~~

~~(3) a reasonable good faith estimate of the portion of all salaries and administrative overhead expenses attributable to activities of the principal relating to efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units in this state; and~~

~~(4) the portion of all lobbying disbursements not listed in clause (2) that were made or incurred on behalf of the principal by all lobbyists for the principal in this state.~~

~~(d) A principal that must report spending to influence administrative action in cases of rate setting, power plant and powerline siting, and granting of certificates of need under section 216B.243 must report those amounts as provided in this subdivision, except that they must be reported separately and not included in the totals required under paragraphs (b) and (c).~~

Minnesota Statutes 2018, section 10A.04, is amended by adding subdivision 10 to read:

Subd. 10. **Specific subjects of interest.** The specific subjects of interest for the principal or employer is identified by the lobbyist at the time the lobbyist registers with the Board, or as provided on the report due on June 15<sup>th</sup>.

#### **4511.0600 REPORTING DISBURSEMENTS**

Minnesota Rules, part 4511.0600, subpart 5, is repealed.

#### **4511.0800 ADMINISTRATIVE ACTION**

Minnesota Rules part 4511.0800 is repealed.

## **Minnesota Statutes section 290.06**

### **Subd. 23. Refund of contributions to political parties and candidates.**

(a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed ~~\$50~~ 200 and for a married couple, filing jointly, must not exceed ~~\$100~~ 400. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

(b) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a

candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a).

**CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD  
November >2019**

**ACTIVE FILES**

Candidate/Treasurer/ Lobbyist	Committee/Agency	Report Missing/ Violation	Late Fee/ Civil Penalty	Referred to AGO	Date S&C Served by Mail	Default Hearing Date	Date Judgment Entered	Case Status
Chilah Brown Michele Berger	Brown (Chilah) for Senate	Unfiled 2016 Year- End Report of Receipts and Expenditures  Unpaid late filing fee on 10/31/16 Pre- General Election Report	\$1,000 LF \$1,000 CP  \$50 LF	3/6/18	8/10/18			Board is working on the matter. Placed on hold.
Brenden Ellingboe	Ellingboe (Brenden) for House	Unfiled 2015 Year- End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	11/29/16	5/26/17			Personal Service Requested 9/18/19
Katy Humphrey, Kelli Latuska	Duluth DFL	Unfiled 2016 Year- End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	3/6/18	8/10/18			Board is working on the matter. Placed on hold. 3/5/19
Christopher John Meyer	Meyer for Minnesota	Fees and Penalty for late filing of 2016 Year-End Report of Receipts and Expenditures	\$1,000 LF \$1,000 CP	7/28/17	9/6/17			Personal Service Requested 9/19/19

