

Minnesota

Campaign Finance and Public Disclosure Board Meeting

Wednesday, December 4, 2019
10:30 A.M.
St. Croix Room
Centennial Office Building

REGULAR SESSION AGENDA

1. Approval of Minutes
 - a. November 6, 2019
2. Chair's Report
 - a. 2020 Meeting schedule
 - b. Verbal Report from Nomination Committee
 - c. Vote for 2020 Board Officers
3. Executive director report - no written materials
4. Report on 2018 Reconciliation of Contributions
5. Enforcement report
6. Review of legislative recommendations
 - a. 2019 recommendations
 - b. Lobbyist registration and reporting
 - c. Political contribution refund program
7. Legal report
8. Other business

EXECUTIVE SESSION

Immediately following regular session

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

.....
**November 6, 2019
St Croix Room
Centennial Office Building**
.....

MINUTES

The meeting was called to order by Chair Leppik.

Members present: Flynn, Haugen, Leppik, Moilanen, Swanson

Members absent: Rosen

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

MINUTES

A. September 4, 2019

B. October 2, 2019

After discussion, the following motion was made:

Member Flynn's motion:

To approve the September 4, 2019, and October 2, 2019, minutes as drafted.

Vote on motion:

Unanimously passed.

CHAIR'S REPORT

A. 2019 Meeting schedule

The next Board meeting is scheduled for 10:30 a.m. on Wednesday, December 4, 2019.

B. 2020 Meeting schedule

Members reviewed the tentative meeting schedule for 2020. Staff was directed to poll members for an alternative meeting date for the January 2020 meeting.

EXECUTIVE DIRECTOR REPORT

Mr. Sigurdson presented members with a memorandum regarding this topic that is attached to and made a part of these minutes. Mr. Sigurdson told members that staff had completed the Fiscal Year 2019 Annual Report. Mr. Sigurdson said that this report summarized the Board's activities during the

fiscal year and was required by statute. Mr. Sigurdson stated that the Board would need to take formal action to approve the issuance of the report.

After discussion, the following motion was made:

Mr. Moilanen's motion: To approve the issuance of the Fiscal Year 2019 Annual Report as amended by the executive director to include the fact that the Board made legislative recommendations in the economic interest and campaign finance programs in 2019.

Vote on motion: Unanimously passed.

Mr. Sigurdson then told members that Member Leppik's term as chair and Member Moilanen's term as vice-chair would end on January 1, 2020. Mr. Sigurdson said that Chair Leppik therefore needed to form a nomination committee consisting of herself and one other Board member of a different political party. Chair Leppik reported that Member Flynn had agreed to serve on the nomination committee and that the committee would report its recommendations to the full Board in December.

Mr. Sigurdson finally stated that the terms of appointment for Member Leppik and Member Swanson would end in January 2020. Mr. Sigurdson said that both members would continue to serve, however, until either new appointees were named or the July 1, 2020, deadline for holdover appointments occurred. Mr. Sigurdson said that both positions had been posted on the open appointments website but that he did not know when appointments would occur.

ENFORCEMENT REPORT

A. Consent Item

1. Administrative termination of lobbyist Michael Mahoney (457)

Mr. Olson told members that Essentia Health had asked that Mr. Mahoney's registration be terminated due to Mr. Mahoney's death on August 22, 2019. Mr. Olson said that Board staff had administratively terminated Mr. Mahoney's lobbyist registration as of May 31, 2019, which was the end of the last reporting period. Mr. Olson said that Mr. Mahoney had no lobbyist disbursements during the current reporting period.

After discussion, the following motion was made:

Member Flynn's motion: To confirm the administrative termination of lobbyist Michael Mahoney.

Vote on motion: Unanimously passed.

B. Discussion Item

1. Balance adjustment request – Aitkin County DFL (20273)

Mr. Olson told members that starting in 2016, the Aitkin County DFL’s reported ending cash balance was \$803.94 higher than the balance in its bank account. The party unit had held a fundraising event in 2016 and its current treasurer suspected that some of the nonitemized contributions received at that event were entered incorrectly into the Campaign Finance Reporter (CFR) software. Mr. Olson said that the treasurer at the time those contributions were received was deceased, that neither the party unit nor its bank had made photocopies of the checks received, and that the current treasurer had been unable to obtain any other records that would allow him to ascertain what was causing the balance discrepancy. Mr. Olson said that the party unit was asking 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 matched the party unit’s bank statements aside from the \$803.94 discrepancy.

Mr. Olson said that the Aitkin County DFL had been granted two balance adjustments before the death of its former treasurer. The Board had granted a downward balance adjustment of \$540.89 to the party unit’s 2014 ending cash balance in August 2016 and the executive director had granted a downward balance adjustment of \$100 to the party unit’s 2015 ending cash balance in February 2016.

After discussion, the following motion was made:

Member Swanson’s motion: To grant Aitkin County DFL’s balance adjustment request.
 Vote on motion: Unanimously passed.

C. Waiver requests

<u>Name of Candidate or Committee</u>	<u>Late Fee & 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>
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.	Member Swanson	To waive the late filing fees.	Unanimously passed.
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 personal email address he had provided. Public official had provided mailing address which was address of his campaign committee's treasurer. Letters regarding EIS were mailed to that address on 12/29/2017 and 3/14/2018, but treasurer no longer lived there. Board staff knew that public official had listed a different mailing address for himself on his campaign	Member Leppik	To reduce the late filing fee to \$25 and to reduce the civil penalty to \$250.	Unanimously passed.

		committee's registration, so letters regarding EIS were mailed to that address, which is public official's home, on 2/5/2018 and 6/26/2018. Because public official failed to respond to multiple attempts to contact him, the Board referred the matter to the attorney general on 12/5/2018. EIS was filed 5/17/2019.			
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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

REVIEW OF 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 told members about two things that had occurred since the meeting materials were distributed. First, Kim Pettman, who had prompted the citizen lobbyist proposal through her statements to the Board, had expressed her support for that portion of the lobbyist proposal via email (a copy of the email was provided to Board members). Second, the Minnesota Governmental Relations Council (MGRC) had said that it was still soliciting input from its members and would not present its response until the December meeting.

Mr. Sigurdson then reviewed the history of the legislative proposals, including the new proposal to increase the amount of the political contribution refund (PCR) from \$50 to \$200 per person (\$100 to \$400 per married couple). Mr. Sigurdson said that the Board could ask the revisor to jacket the proposals as a bill at any time, but that the proposals would need authors to move forward. Mr. Sigurdson reiterated that to be successful, the proposals would need bipartisan support along with support, or at least no opposition, from the governor. Mr. Sigurdson said that he, Chair Leppik, and Vice-Chair Moilanen had met with the governor's staff to discuss the proposals but had not yet learned whether the governor supported those proposals. Mr. Sigurdson also noted that putting all the proposals into one bill might make that legislation too long for a short session. Mr. Sigurdson asked members to think about whether any of the proposals should be prioritized over others.

Mr. Sigurdson then reviewed the changes that staff had made to the lobbyist recommendations. Mr. Sigurdson said that these changes were highlighted in yellow on the language document. Some of these changes had been prompted by comments from Member Swanson, specifically the addition of statutory definitions of the terms "official action of metropolitan governmental units" and "legislative action." Mr. Sigurdson said that these changes would alleviate the concerns raised by lobbyist Marie Ellis at the October meeting regarding lobbying done before the introduction of any bills on a topic. Mr. Sigurdson also stated that the proposed legislation would repeal a rule provision stating that administration action does not begin until publication of the request for comments. Mr. Sigurdson said that this repeal would ensure that lobbying done before the formal start of a rulemaking would be reportable.

Members then discussed the proposals with most of the discussion focused on the proposal to increase the amount of the PCR. Mr. Sigurdson told members that staff would continue to work on the language for the proposals and would bring the matter back for discussion at the December meeting. Mr. Sigurdson stated that the Board should decide at the December meeting, or at the January meeting at the very latest, how it wanted to proceed. Members voiced no objections to Mr. Sigurdson's intention to contact the Department of Revenue, which administers the PCR program, to make the department aware of the potential PCR proposal.

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 the following to report into regular session:

Findings, conclusions, and order in the matter of People PAC (MN), The People PAC, and 15 Principal Campaign Committees

Findings, conclusions, and order in the matter of the Faith in Minnesota Fund

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

Respectfully submitted,

Jeff Sigurdson
Executive Director

Attachments:

Executive director report

Fiscal Year 2019 Annual Report

Memorandum regarding legislative recommendations

Legal report

Findings, conclusions, and order in the matter of People PAC (MN), The People PAC, and 15 Principal Campaign Committees

Findings, conclusions, and order in the matter of the Faith in Minnesota Fund



MINNESOTA CAMPAIGN FINANCE BOARD

Board Meeting Dates for Calendar Year 2020

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

2020

Friday, January 3

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

DATE: November 27, 2019

TO: Board Members

FROM: Jeff Sigurdson
Executive Director

TELEPHONE: 651-539-1189

SUBJECT: **2018 - Yearly Update on Reconciliation of Contributions between Registered Committees**

Background

In the fall of 2013, the Star Tribune published an article describing problems found in the database of contributions to state candidates, political party units, and political committees and funds provided to the paper by the Campaign Finance and Public Disclosure Board. In particular the Star Tribune found that it could not reconcile over \$20 million dollars in contributions reported between registered committees during the years 2000 to 2012. Staff confirmed that the problems identified in the article existed, and during the remainder of 2013, all of 2014, and the first quarter of 2015, worked to reduce the number of contributions between registered entities that did not reconcile.

At the August 2015 Board meeting staff reported to the Board on the progress made in reconciling contributions, and reported on nine steps implemented by the executive director to minimize unreconciled contributions in future reporting years. The Board directed staff to stop the active reconciliation of contributions made prior to 2014, and to report annually to the Board regarding the reconciliation of contributions for the prior reporting year. This memo provides the status of the reconciliation of contributions between registered entities reported in 2018.

Reconciliation of 2018

The 2018 year-end reports of receipts and expenditures were due on January 31, 2019. The reports were processed using procedures designed to limit the number of unreconciled contributions caused by data entry errors. These procedures include double checking the data entry of paper reports by staff and requiring treasurers to submit complete amended reports if warranted.

In Table 1 the 2018 reconciliation numbers are highlighted in grey. The years 2010 – 2017 are provided for comparison.

Table 1

Year	Total Itemized Transfers	Amount Initially Not Reconciled	Percentage Initially Reconciled	Current Amount Not Reconciled	Percentage Currently Reconciled
2010	\$25,459,972	\$4,791,084	81.18%	\$31,968	99.87%
2011	\$4,087,836	\$500,960	87.75%	\$5,870	99.86%
2012	\$32,772,360	\$4,326,600	86.80%	\$19,614	99.94%
2013	\$4,506,703	\$417,657	90.73%	\$8,167	99.82%
2014	\$24,647,813	\$1,955,927	92.06%	\$30,561	99.88%
2015	\$5,125,778	\$530,272	89.65%	\$1,430	99.97%
2016	\$32,920,683	\$5,621,789	83.02%	\$20,858	99.94%
2017	\$5,548,494	\$180,393	96.69%	\$7,175	99.87%
2018	\$43,457,655	\$2,514,075	94.21%	\$10,500	99.98%
Totals	\$178,527,294	\$20,838,757	88.33%	\$158,484	99.91%

The reconciliation process takes considerable staff time to complete. The initial mailing to committees with a reconciliation issue was in April, with 539 committees contacted for reporting at least one contribution to or from another registered committee that failed to reconcile. Second follow-up letters were sent to over 100 committees in July and August. In almost all cases, amendments were eventually secured from the donor, the recipient, or both to resolve the discrepancies. Staff is still working with a handful of committees to resolve contributions made in 2018 that do not reconcile.



MINNESOTA CAMPAIGN FINANCE BOARD

Date: November 27, 2019
To: Board members
Counsel Hartshorn
From: Andrew Olson, Legal/Management Analyst
Subject: Enforcement report for consideration at the December 4, 2019 Board meeting

A. Consent Items

1. Administrative termination of lobbyist Ross Hougham (4469)

Prison Fellowship Ministries requested the administrative termination of Mr. Hougham's lobbyist registration. The principal severed its relationship with Mr. Hougham on June 28, 2019. Mr. Hougham filed a lobbyist disbursement report covering the period through May 31, 2019, and the principal states that he did not have any lobbying disbursements to report after that date. Board staff administratively terminated Mr. Hougham's lobbyist registration effective May 31, 2019.

B. Discussion Items

1. Retroactive administrative termination of lobbyist Walid Issa (4187)

Mr. Issa's former employer, Solomon Strategies Group (SSG), requested the administrative termination of Mr. Issa's registrations as a lobbyist for five principals. SSG requested that the terminations be retroactive to June 30, 2017. A reporting lobbyist for four of the principals filed lobbyist disbursement reports inclusive of Mr. Issa covering each reporting period through May 31, 2019, and a former reporting lobbyist for the remaining principal filed lobbyist disbursement reports inclusive of Mr. Issa covering each reporting period through May 31, 2018. SSG has asked Mr. Issa to file termination statements but he has not done so. Board staff is requesting that Mr. Issa's termination date be June 30, 2017.

2. Balance adjustment request - MN Clean PAC (fka MN Wind PAC) (41143)

Starting in 2016, the MN Clean PAC's reported ending cash balance was \$500 lower than the balance in the political committee's bank account. The committee believes it received a contribution of \$500 in 2016 that was never entered within the Campaign Finance Reporter software. The committee has been unable to ascertain the exact cause of the discrepancy and feels it has exhausted its means of researching the issue. The committee is requesting that its 2016 ending cash balance be adjusted

upward by \$500 from \$4,966.13 to \$5,466.13. The committee intends to terminate shortly after the balance discrepancy is resolved.

3. Balance adjustment request - Anselmo (Dario) 4 House (17699)

In 2018, the Anselmo (Dario) 4 House committee's reported ending cash balance was \$2,552.30 lower than the total balance in the political committee's bank accounts, after accounting for a \$218.39 debit that cleared in early January of 2019. At the end of 2018, the committee had both a checking account and a savings account. It believes it received refunds from a media outlet from which it purchased advertising which may account for a substantial portion of the discrepancy. However, the committee has been unable to ascertain the exact cause of the discrepancy and is requesting that its 2018 ending cash balance be adjusted upward by \$2,552.30 from \$1,463.60 to \$4,015.90. The committee provided bank statements to Board staff for review. The committee intends to terminate shortly after the balance discrepancy is resolved.

4. Request for a payment plan - Minnesota Gun Owners Political Action Committee (41109)

The Minnesota Gun Owners Political Action Committee (MNGOPAC) incurred a total of \$7,000 in late filing fees for seven reports of receipts and expenditures covering 2017 and 2018. Those reports were filed in July 2019 following service of an administrative subpoena upon MNGOPAC's treasurer, Bryan Strawser. The Board issued findings concerning an investigation regarding the failure to timely file those reports on October 2, 2019, and ordered MNGOPAC to pay the late filing fees within 30 days. \$800 in civil penalties imposed via the same order has been paid and MNGOPAC paid \$1,500 of the amount owed for the late filing fees. MNGOPAC is requesting the following payment plan with respect to the remaining balance of \$5,500:

- \$1,500 due 12/31/2019
- \$1,500 due 1/31/2020
- \$1,500 due 2/28/2020
- \$1,000 due 3/31/2020

C. Informational Items

1. Payment of civil penalty for disclaimer violations

Faith in Minnesota Fund, \$6,000

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

Minnesota Gun Owners Political Action Committee, \$400
Minnesota Gun Owners Support Fund, \$400

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

Minnesota Gun Owners Political Action Committee, \$1,000

4. Partial payment of late filing fee for 2018 first quarter report of receipts and expenditures

Minnesota Gun Owners Political Action Committee, \$500

5. Payment of civil penalty for exceeding party unit aggregate limit

Friends for Karla (Scapanski), \$50

6. Payment of civil penalty for exceeding individual contribution limit

AFSCME Council 15 People Fund, \$125

7. Payment for late filing fee for lobbyist disbursement report due 6/17/19

Ashley Gray, \$25

Waller, Va



PRISON
FELLOWSHIP

REMEMBER THOSE IN PRISON

15 OCT 00 10 10 AM '19
2A
FELLS DISCL

October 25, 2019

Minnesota Campaign Finance Board
658 Cedar St
St Paul, MN
55155

To whom it may concern:

Ross Hougham was previously an employee of Prison Fellowship Ministries ("PFM") and was registered as a lobbyist in Minnesota. Mr. Hougham separated from employment with PFM on June 28, 2019.

On behalf of PFM, I request that the Board administratively terminate Mr. Hougham's registration effective on June 28, 2019. Mr. Hougham filed a Lobbyist Disbursement Report in June covering the period of January 1, 2019 through May 31, 2019. Mr. Hougham had no expenditures, expenses, disbursements, or salary for lobbying in Minnesota to report for the period of June 1, 2019 through June 28, 2019.

PFM will remain registered as a lobbying principal, and Andrew Brashier, a PFM employee, will be registering as a lobbyist. We have submitted Mr. Brashier's lobbyist registration form.

If you have any questions or need additional information in order to process this administrative termination, please contact PFM's attorney, David Powers, at 202-445-3411.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Robison".

Tim Robison
Executive Vice President & Chief Operating Officer
Prison Fellowship

Termination date 5-31-19

Waller, Marcia (CFB)

From: Jim Erickson <jim@solomonssg.com>
Sent: Tuesday, November 05, 2019 2:53 PM
To: Waller, Marcia (CFB)
Subject: Walid Issa Termination

Importance: High

Marcia,

As we discussed during my recent visit to your office, WALID ISSA no longer works with me at SSG. He returned to Palestine in 2018. Although I have had a few conversations since, he is very hard to communicate with. He has assured me more than once that he would file Termination reports on the five SSG clients that he registered for. As you know, he has not done so. I am submitting this request to terminate all Walid Issa filings on his behalf. He has authorized me to do so. At least one of my clients has also requested this action.

Accordingly, as you suggested, I am submitting this information and my request in the hope that the Board staff can administratively terminate Walid Issa's five client registrations, effective June 30, 2017. That is my formal request. If you need more details in the event that Board action is necessary, please let me know.

Thank you for helping correct the Board's records. Please be advised that I will also terminate my registration with two of those clients, QSR and SeaChange, in my next filing.

Jim



Solomon Strategies Group

Strategic Governmental Relations, Lobbying and Business Consulting.
"Creating Opportunities, Addressing Challenges"

James C. Erickson
Founder and President
c: 612.325.3009
SolomonSSG.com

THE JACOBSON LAW GROUP
JACOBSON · MAGNUSON · ANDERSON
& HALLORAN P.C.

R. Reid LeBeau II | Shareholder
Attorney at Law
Phone: 651-644-4710
E-mail: rlebeau@thejacobsonlawgroup.com

November 15, 2019

To whom it may concern;

As attorney for "MN Clean PAC" (41143) I am requesting a one-time adjustment for \$500. This is necessary due to a reporting error made in 2016, for which the committee does not possess sufficient records to reconcile.

This summer, while my client was engaging in discussion with colleagues, Peder Mewis (former treasurer of the "MN Wind PAC") offered to allow the "MN Clean PAC" to take over the "MN Wind PAC", rename it, and run it as they saw fit. Upon transferring names, my client received a letter from Melissa Rahn at Fredrikson & Byron, P.A., who was responsible for reporting to the CFB on behalf of the "MN Wind PAC", to inform my client of a \$500 account balance discrepancy between the Committee reports filed and the Committee bank account. In short, the committee received a \$500 contribution but failed to include it when reporting. A discrepancy has existed since that time and the bank records show \$500 more than the reported balance. To complicate matters, all individuals with first-hand knowledge of the transaction are no longer with the committee, and some are no longer in Minnesota. Simply, the error cannot be resolved through additional research methods.

Once this issue is resolved, the remaining balance will be used to pay remaining debts and then paperwork will be filed to close the "MN Clean PAC" (41143).

Please contact me if you have any questions.



R. Reid LeBeau II
The Jacobson Law Group
Attorney for the "MN Clean PAC" (41143)

Anselmo (Dario) 4 House (17699)

From: Dario Anselmo <dariop40@gmail.com>
Sent: Monday, November 25, 2019 2:21 PM
To: Pope, Jodi (CFB) <jodi.pope@state.mn.us>
Subject: Anselmo 4 House - CFB adjustment

Dear Ms Pope,

I am writing to ask for an adjustment to our account as we have not been able to figure out why we have more funds in our account balance, than on the reconciliation from the year ended 2018. We have gone over the last few years and can't find the error. We reviewed some credits back on our Comcast advertising bill after one of our election cycles that could account for an error of \$2515.30?

Our balance at the end of December 2018 was: \$4234.29. Our balance on January was: \$3956.93. The balance adjustment we need I believe is \$2515.30 per the year end report attached.

Enclosed are the back statements for the end of 2018 and the beginning of 2019. We have no outstanding checks or deposits. We have now consolidated our checking and saving account too.

We plan to terminate the campaign committee at the end of the year (2019). We will be making some donations to some non-profits to distribute the funds.

Please let me know if there is more information that you need.

Thank you,

Dario

Dario Anselmo

Mobile: 612-325-0130 | Email: Dariop40@gmail.com

Committee name Anselmo

Registration # 17699

Reconciliation Worksheet

Please attach a copy of the committee's year-end bank statement. You may redact the account number. If you are requesting a balance adjustment, please attach a letter explaining your request that is signed by the committee treasurer.

~~OK~~ ^{checking & savings}
Bank balance on 12/31/2018

checking - 3,182.59
+ savings - 1,051.70
total = 4,234.29

Add deposits not cleared though bank by 12/31/2018:
(Attach additional sheets if necessary)

Deposit No.	Amount
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total deposits not cleared 0

Subtotal 4,234.29
(add deposits not cleared to bank balance on 12/31/2018)

Subtract checks written on the account that have not cleared the bank by 12/31/2018:
(Attach additional sheets if necessary)

Check No.	Amount
<u>113</u>	<u>218.39</u>
_____	_____
_____	_____
_____	_____
_____	_____

Total checks not cleared 218.39

Adjusted bank balance 4,015.90
(subtract checks not cleared from subtotal)

Ending cash balance on year-end report 1,463.60

Difference 2,552.30

Return by
Fax: 651-539-1196 or 800-357-4114
Email: cf.board@state.mn.us
U.S. mail: 190 Centennial Office Bldg, 658 Cedar St., St. Paul, MN 55155



Minnesota Gun Owners

Political Action Committee

2019 NOV 21 10 55 AM

Andrew Olson
Minnesota Campaign Finance & Public Disclosure Board
658 Cedar St
Saint Paul, MN 55155-1603

November 21, 2019

Mr. Olson:

Enclosed please find the following checks:

- Check #1186: \$800 civil penalty for items #3 and #4 of the 10/2/2019 Findings.
- Check #1188: A partial payment of \$1500 towards the \$7000 we owe under Item #1 of the 10/2/2019 findings.

We would propose the following payment plan to resolve the remaining \$5500:

By 12/31/2019:	\$1500
By 1/31/2020:	\$1500
By 2/28/2020:	\$1500
By 3/31/2020:	\$1000
TOTAL REMAINING PAYMENTS:	\$5500

Thank you for your consideration.

Sincerely,

Bryan Strawser
Chair & Treasurer

Paid for by the Minnesota Gun Owners Political Action Committee
and not endorsed by any candidate or candidate's committee.

PO Box 131718 – Saint Paul, Minnesota 55113 – 612-424-4032
www.mngopac.org



MINNESOTA CAMPAIGN FINANCE BOARD

Date: November 27, 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, paragraph (a), to offer legislative recommendations. At the last three 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. At the November meeting the Board discussed a recommendation brought forward by Member Moilanen that would raise the maximum refund amount available to donors through the political contribution refund (PCR) program.

In addition, staff and Board members have reached out to other government officials to explain the issues the Board is considering. Chair Leppik, Vice Chair Moilanen, and I met with a staff member from the Governor's office on October 25, 2019, to review the recommendations under Board consideration. As of the date of this memo I have not received any formal feedback from that meeting. I also have a meeting scheduled on December 2, 2019, with Department of Revenue staff to explain the potential recommendation increasing the maximum PCR refund, and to discuss any concerns that agency may have regarding that recommendation.

The Minnesota Government Relations Council (MGRC) is in the process of soliciting comments from its members on the lobbying proposal. The MGRC has provided its members with the draft language, and is collecting comments on the association's website. My understanding is that the MGRC will provide the feedback to the Board in early January.

The legislature is adjourned until February 11, 2020. Originally, I had hoped that the Board would decide which recommendations, if any, it would propose to the legislature in 2020 at the December meeting. However, given the relatively late start of the 2020 legislative session the Board could still postpone a final decision on recommendations until the January meeting.

Attached for your reference are the 2019 legislative recommendations as provided to the legislature, public comments received this fall on the 2019 recommendations, the October Board meeting memo explaining the possible recommendations related to the lobbying program, and the statutory change needed for the PCR recommendation.

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

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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

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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

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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.

Public Comments on 2019 Legislative Proposals



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,

A handwritten signature in black ink, appearing to read 'J. Flohrs', written in a cursive style.

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

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 19th Terrace NW, New Brighton, MN 55112
651-633-9238

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), 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

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

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> wrote:

TO: All Interested Persons

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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), fax (651-539-1196 or 800-357-4114), or U.S. Mail:

Megan Engelhardt
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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

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](#)

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.

Possible Recommendation to Lobbying Program



MINNESOTA CAMPAIGN FINANCE BOARD

Date: September 25, 2019

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Possible legislative proposals for lobbying program

The Board's mission is, in part, to promote public confidence in state government decision-making. This is a shared goal for the campaign finance, economic interest, and lobbying programs. After years of administering the lobbyist registration and disclosure statutes I have concluded that the disclosure information required by statute is both limited to financial information and focused on reporting details that do not help the public understand the relationship between lobbyists and the making of public policy. Indeed, because the current lobbying expenditure information is provided to the Board without context related to the public decisions of concern to the lobbyist, this disclosure may even promote the false narrative that those lobbying disbursements are just a big pot of money thrown at elected officials, which fuels public cynicism of government decision making.

For example, lobbyists file two periodic reports of disbursements. The first covers the period of January 1 through May 31, the second June 1 through December 31. A report is filed for each client represented. The reports disclose disbursements made by lobbyists on behalf of the associations that they represent.¹ The disbursements are provided in nine separate categories, further delineated by whether the expenditure was to influence legislative, administrative, or metropolitan government official actions. The majority of the disbursement categories are provided in statute, and then expanded on in administrative rule. They include the amount spent on postage, telephone and telegraph bills, travel, and administrative overhead. A contract lobbyist who represents more than one client will need to estimate the percentage of each category spent to represent each registered client. I am unsure of the meaningful disclosure gained from knowing the cost of a lobbyist's cell phone plan, much less from a calculation that splits the cost of the plan among multiple clients.

The disbursement reports are also clearly an incomplete view of the money spent to lobby in Minnesota. Lobbyists are not required to disclose their compensation for lobbying on behalf of the client. The compensation paid to lobbyists is included in the annual lobbyist principal report, which is filed in March. The principal report provides a single number for all lobbying disbursements made on the principal's behalf by lobbyists, in other words the total of the disbursements already reported on the lobbyist disbursement reports, and the compensation paid to lobbyists. The difference between the disbursements reported by the lobbyists and the total for lobbying reported by the principals can be stark. For example, in 2018, total lobbying

¹ The designated lobbyist for a principal or employer also reports the disbursements made directly by the principal or employer.

disbursements reported by lobbyists came to \$9,570,158. In contrast, principals reported that they spent \$78,757,615 to lobby in Minnesota in 2018. In 2018, there were 4,202 lobbyist disbursement reports filed, all of which are available for viewing on the Board's website. However, because the lobbyist disbursement categories are mostly of marginal use or interest, and because the principal reports are clearly a more complete picture of total lobbying expenditures, the media rarely cover the release of the lobbying disbursement reports.

In contrast, the release of the lobbyist principal reports in March is of interest to the media, and by extension, appears to be of interest to the public. That is generally a good thing for public disclosure. However, as noted, principals report only a lump sum number. There is no information on either the lobbyist disbursement reports, or the principal reports, on the bills, ordinances, or administrative actions that were of interest to the principal during the reporting period. Therefore, there is little analysis that can be done with the information in the principal report except to measure total spending over time, and perhaps identify the top ten spenders on lobbying for the year. Deeper analysis, for example, on the specific legislation of interest to the principal, or to a group of principals with shared interests, is not possible. If the only disclosure available is about lobbying money, then it shouldn't be a surprise that the public concludes that lobbying is all about the money.

I have provided my view on the current state on lobbying disclosure in Minnesota to support the changes that I ask the Board to consider. These changes are in four areas; the information provided on lobbying subjects when the lobbyist registers, the information provided on the lobbyist disbursement reports, the information provided on the lobbyist principal reports, and the threshold of personal expenditures that require an individual to register with the Board. The recommendations attempt to provide more meaningful disclosure by leveraging what the lobbyist knows best, namely what the lobbyist was working on for the principal during the reporting period, and by using what the principal knows best, namely the total expenditures made by the principal in Minnesota.

Registration

A lobbyist registers on behalf of each principal or association represented. At the time of registration, the lobbyist is required to provide a general description of the subjects on which the lobbyist expects to lobby. In concept that is fine. In practice the descriptions are either too broad (it got to the point that staff had to put "general legislation is not a subject" on the registration form) or so specific that it is difficult to use the information to categorize the association represented. For example, the lobbyist database currently contains 2,326 distinct lobbying subjects provided at time of registration. In order for the public to understand or research the interests of the 1,449 associations currently represented by lobbyists, the list of subject areas needs some standards. The draft language replaces the current open subject line with a two-step approach. The lobbyist will first select one or more general lobbying categories from a list developed and maintained by the Board. Second, for each general lobbying category the lobbyist will provide one or more specific subjects of interest. The specific subject of interest is an open field, the Board would not provide a list to choose from. Here are some possible examples of what this could look like:

General Category (from Board list)

- 1.) Education
- 2.) Civil Law
- 3.) Taxes
- 4.) Energy

Specific Subject of Interest (from lobbyist)

- 1.) Charter Schools
- 2.) Tort Reform
- 3.) Commercial Property Tax
- 4.) Wind power

This approach would allow the Board to index principals and lobbyists by general category, and to some extent by specific subject. This would make it possible to search for all principals interested in a general category, and relate that interest to lobbying expenditures and other principals with similar interests. Development of the list of general categories would be done in consultation with lobbyists so as to avoid obvious omissions. The specific subject of interest for lobbying would be too dynamic for a static list, and would best be described by the lobbyist.

Lobbyist Reporting

A lobbyist reports for every principal or association represented, however, many lobbyists delegate the reporting requirement to another lobbyist. In addition, each principal or association must be represented by a designated lobbyist who reports the lobbying disbursements made directly by the principal or association. As mentioned earlier the disbursements are attributed to one of three lobbying types: legislative, administrative, and metropolitan governmental unit. The use of reporting lobbyists and designated lobbyists is not changed under the recommendations.

With one exception that applies only to the designated lobbyist, the recommendations will end the disclosure of lobbying disbursements by lobbyists. Instead, lobbyists will identify for each type of lobbying the official actions that were lobbied on during the reporting period but only if the effort on the official action represented at least 10% of the lobbying effort on behalf of the principal. Additionally, lobbying on a matter before the Public Utilities Commission, which is currently reported as administrative lobbying, is recognized as a separate type of lobbying. Finally, for administrative lobbying and lobbying of metropolitan governmental units, the lobbyist will also identify the specific state agency or metropolitan governmental unit that is the subject of the lobbying.

Here are some examples to make this clearer. In example 1, the lobbyist only does legislative lobbying, and had only three bills that each met the threshold of 10% of the lobbying effort on behalf of the principal. The report would list the three bills (if there is a companion bill the report will show both numbers) and the reasonable, good faith estimate of the percentage of effort placed on each bill.

Example 1:

Legislation	Percentage
SF 2009/HF 1344	40%
SF 1200/HF 1003	35%
HF 200	20%

Note that the total does not equal 100%. There were several other bills that the lobbyist was monitoring or may have even directly lobbied on, but none of those bills must be included on the report because the time spent lobbying on each of them was less than 10% of the total effort for the principal.

In example 2, the lobbyist is active in the legislature and this year is also lobbying a metropolitan governmental unit. Again, the totals do not need to total 100%.

Example 2:

Legislation SF 1222/HF3000	Percentage 40%	
Metropolitan Gov Unit Minneapolis	Official Action City Ordinance 77B	Percentage 30%

The “reasonable, good faith estimate” is a standard used with success for reporting some lobbying information in Wisconsin. The standard relies, as does the current reporting of disbursements, on the integrity of lobbyists to provide accurate reports of lobbying activity on behalf of their clients.

As noted above, the designated lobbyist currently reports expenditures made directly by the principal. Under the recommendations the designated lobbyist will continue to report paid advertising by the principal that urges the public to contact public or local officials to influence official action on an issue if the advertising costs more than \$2,000 during the reporting period. Asking the public to contact a public official on an issue is a type of grassroots lobbying, and under current statute is included in the lobbyist disbursement report. However, there is no itemization of the advertising costs or purpose of the advertisement, as you would find for example in a campaign finance report. I believe there is public interest in advertising campaigns for lobbying, especially when the public is the target of the advertising. The disclosure is triggered by a fairly high threshold of over \$2,000, but the disclosure will include the cost of the advertisement, information on the vendor, a description of the advertising purchased (for example, radio advertisements), and the specific lobbying subject of interest for the advertisement (for example, gas tax).

Attached are both the current lobbyist disbursement report, and a rough draft of a report that reflects the proposed changes. The changes are found in schedules A and F.

Principal Reporting

Currently principals report two lobbying expenditure amounts; the amount spent to influence rate setting, power plant and powerline siting, and granting of certificates of need by the Public Utilities Commission, and the amount spent on all other types of lobbying. The amount spent may be rounded to the nearest \$20,000.

The recommendations require total spending to be reported for each of the four types of lobbying; legislative, metropolitan governmental unit, administrative, and Public Utilities Commission. The amount spent may be rounded to the nearest \$10,000, so as to provide greater accuracy on the amount of lobbying disbursements, and to also capture smaller lobbying expenditures that are missed by the \$20,000 threshold.

Citizen Lobbyist Registration

The Board was addressed at the June 26, 2019, meeting by Kim Pettman, who is registered as a lobbyist with the Board. Ms. Pettman is registered to represent herself, and advocates on a number of issues. Ms. Pettman asked the Board to consider a two-tiered reporting system for lobbyists that would exclude individuals that are registered to represent themselves.

I considered that approach, but from a policy standpoint I was unable to find a reason why any registered lobbyist should be excluded from reporting subjects of interest and lobbying efforts. Currently an individual may need to register as a lobbyist, even if they are not compensated and

are representing only themselves, if they spend more than \$250 of their own money on lobbying efforts. That is a fairly low expenditure threshold, which is inconsistent with the current requirement that an individual register as a lobbyist if they are paid more than \$3,000 a year for lobbying. The recommendation raises the threshold for registration for individuals who are spending their own money for lobbying to more than \$3,000, so that the same threshold is used to trigger registration.

Attachments

Legislative recommendations on lobbying

Current designated lobbyist report and mock up of report with recommended changes

Current principal report and mock up of report with recommended changes

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 for the principal or employer within a general lobbying category.

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 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 bill number or description of legislation action, administrative rule revisor number or description of proposed administrative action, Public Utilities Commission docket number, or name or number sufficient to identify a metropolitan government action, 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 (e),~~ (b) 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.** Each specific subject of interest must be sufficient to identify the expected areas of interest by the principal or employer. 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 15th.

4511.0600 REPORTING DISBURSEMENTS

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

4511.0800 ADMINISTRATIVE ACTION

Minnesota Rules part 4511.0800 is repealed.

Possible Recommendation to Political Contribution Refund Program

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
DECEMBER >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 was obtained 9/20/19
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 was obtained 9/30/19

