

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

.....
February 8, 2023
Blazing Star Room
Centennial Office Building
.....

MINUTES

The meeting was called to order by Chair Soule.

Members present: Asp, Flynn (by Webex), Leppik, Rashid, Soule, Swanson

Others present: Sigurdson (arrived during executive session), Engelhardt, Hager, Olson, staff; Hartshorn, counsel

MINUTES (January 4, 2023)

The following motion was made:

Member Leppik's motion: To approve the January 4, 2023, minutes as drafted.

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

CHAIR'S REPORT

2023 meeting schedule

The next Board meeting is scheduled for 9:30 a.m. on Wednesday, March 1, 2023.

EXECUTIVE DIRECTOR'S REPORT

Mr. Sigurdson provided members with a memorandum that is attached to and made a part of these minutes. Ms. Engelhardt stated that January was an exceptionally busy month for Board staff due to filing deadlines for the lobbyist, campaign finance, and economic interest programs. Ms. Engelhardt said that there are nine lobbyist reports and approximately 60 campaign finance reports from candidate committees that are outstanding. Ms. Engelhardt stated that there are approximately 100 economic interest statements that are outstanding, but there is a grace period so late filing fees have not begun accruing for those statements.

ANONYMOUS CONTRIBUTION THRESHOLD

Mr. Hager presented members with a memorandum that includes a proposal submitted by Tim Bonham, which is attached to and made a part of these minutes. Mr. Hager explained that Minnesota Statutes section 10A.13 establishes the threshold at which accounts must be kept for contributions, and Minnesota Statutes section 10A.15 establishes the related threshold at which anonymous contributions must be forwarded to the Board.

Tim Bonham appeared before the Board via Webex. Mr. Bonham said he is primarily concerned with the requirement to record the employer/occupation of contributors who give more than \$20. Ms. Engelhardt explained that although obtaining employer/occupation information from contributors is recommended when accepting a contribution, as that information will be required if the contributor eventually gives more than \$200, that information is not required when accepting a contribution for a lesser amount, such as \$50.

ENFORCEMENT REPORT

A. Discussion Items

Items 1-7 and 10-11 listed below were considered as part of a single motion, which is described below the description of item 11.

1. Administrative termination of lobbyist Joan Miltenberger (8013)

Mr. Hager stated that the Joint Religious Legislative Coalition (JRLC) requested that the lobbyist registration of Ms. Miltenberger be terminated as she ceased lobbying on behalf of that principal as of April 30, 2022. Mr. Hager said that the principal attempted to contact Ms. Miltenberger asking her to file a termination statement, but she has not done so, the JRLC is the only principal represented by Ms. Miltenberger, there are no outstanding reports, and Ms. Miltenberger's disbursements are reported by the principal's designated lobbyist.

2. Administrative termination of lobbyist Mary Baumgartner (4787)

Mr. Hager stated that the JRLC requested that the lobbyist registration of Ms. Baumgartner be terminated as she ceased lobbying on behalf of that principal as of October 2021. Mr. Hager said that the principal attempted to contact Ms. Baumgartner asking her to file a termination statement, but she has not done so, the JRLC is the only principal represented by Ms. Baumgartner, there are no outstanding reports, and Ms. Baumgartner's disbursements are reported by the principal's designated lobbyist.

3. Administrative termination of lobbyist Kathryn Powell (4374)

Mr. Hager stated that the JRLC requested that the lobbyist registration of Ms. Powell be terminated as she ceased lobbying on behalf of that principal as of June 2019. Mr. Hager said that the principal attempted to contact Ms. Powell asking her to file a termination statement, but she has not done so, the JRLC is the only principal represented by Ms. Powell, there are no outstanding reports, and Ms. Powell's disbursements are reported by the principal's designated lobbyist.

4. Administrative termination of lobbyist Adrianna Jereb (5018)

Mr. Hager stated that MN350 Action requested that the lobbyist registration of Ms. Jereb be terminated as she ceased lobbying on behalf of that principal as of September 16, 2022. Mr. Hager said that the principal attempted to contact Ms. Jereb asking her to file a termination statement, but she has not done so, MN350 Action is the only principal represented by Ms. Jereb, there are no outstanding reports, and Ms. Jereb's disbursements are reported by the principal's designated lobbyist.

5. Administrative termination of lobbyist Madison Johnson (4939)

Mr. Hager stated that MN350 Action requested that the lobbyist registration of Ms. Johnson be terminated as she ceased lobbying on behalf of that principal as of September 7, 2022. Mr. Hager said that the principal attempted to contact Ms. Johnson asking her to file a termination statement, but she has not done so, MN350 Action is the only principal represented by Ms. Johnson, there are no outstanding reports, and Ms. Johnson's disbursements are reported by the principal's designated lobbyist.

6. Administrative termination of lobbyist Muluk Eltag (5167)

Mr. Hager stated that the Beacon Interfaith Housing Collaborative (BIHC) requested that the lobbyist registration of lobbyist Eltag be terminated as they ceased to be employed by that principal as of November 4, 2022. Mr. Hager said that the principal attempted to contact lobbyist Eltag asking them to file a termination statement, but the lobbyist has not done so, the BIHC is the only principal represented by lobbyist Eltag, there are no outstanding reports, and lobbyist Eltag's disbursements are reported by the principal's designated lobbyist.

7. Administrative termination of lobbyist Debra Rodgers (4208)

Mr. Hager stated that the BIHC requested that the lobbyist registration of lobbyist Rodgers be terminated as they ceased to be employed by that principal as of December 3, 2022. Mr. Hager said that the principal attempted to contact lobbyist Rodgers asking them to file a termination statement, but the lobbyist has not done so, the BIHC is the only principal represented by lobbyist Rodgers, there are no outstanding reports, and lobbyist Rodgers' disbursements are reported by the principal's designated lobbyist.

10. Balance adjustment request – Sokup (Davin) for Senate (18451)

Mr. Hager stated that Mr. Sokup was a candidate for state senator in 2020, and while trying to dissolve his campaign committee in July 2022, Mr. Sokup discovered a cash balance discrepancy and contacted Board staff. Mr. Hager said that Mr. Sokup and Board staff have reviewed the committee's financial records, including bank statements and contribution data from ActBlue, and those records indicate that the committee's 2019 and 2020 year-end reports collectively omitted \$636.58 in receipts and \$1,351.13 in disbursements, almost all of which occurred in 2020. Mr. Hager explained that \$550 of the missing receipts was determined to consist of two contributions that are now included within an amended 2019 year-end report, but because the committee's bank statements are not sufficiently detailed and the candidate no longer has access to the committee's Campaign Finance Reporter data due to a computer malfunction, Mr. Sokup is unable to determine the source of the remaining cash balance discrepancy, which is \$1,264.55. Mr. Hager stated that Mr. Sokup is thereby requesting a downward adjustment of \$1,264.55 to his committee's reported 2020 ending cash balance, changing the balance from \$5,739.96 to \$4,475.41, and he intends to file a termination report in 2023.

11. Request to refer matter to the Attorney General's Office – John Thompson and John (Thompson) for 67A

Mr. Hager stated that Mr. Thompson is a former state representative. Mr. Hager said that on December 15, 2022, the Board issued findings and conclusions regarding a staff review involving Mr. Thompson and the John (Thompson) for 67A committee, and the Board imposed a civil penalty of \$500 against Mr. Thompson for violating the individual contribution limit and required that payment be made within 30 days. Mr. Hager explained that the Board ordered the Thompson committee to either refund \$500 to a contributor who exceeded the individual contribution limit and provide documentation of the refund, or forward the \$500 excess amount to the Board, within 60 days, and ordered Mr. Thompson to either disclose the employment information of two contributors within its 2022 year-end report, refund the contributions made by those individuals to the extent that they exceeded \$200 per contributor and provide documentation of those refunds by March 2, 2023, or forward the amount of \$1,200 to the Board by March 2, 2023. Mr. Hager stated that the Thompson committee also owes an outstanding late filing fee of \$50 for its 2022 pre-primary report of receipts and expenditures. Mr. Hager said that the February 2023 Board meeting is 55 days after the Board issued its findings and conclusions in this matter, and Mr. Thompson has not paid the civil penalty imposed, paid the late filing fee owed, responded in any way, or filed his committee's 2022 year-end report. Mr. Hager stated that staff is asking the Board to refer the matter to the Attorney General's Office to seek an order compelling compliance with the Board's orders and any other remedies available under Minnesota Statutes section 10A.34.

Member Swanson's motion: To approve requests 1-7 and 10-11.

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

8. Security Waiver Request of Munazza Humayun (Public Official)

Mr. Hager stated that Official Humayun is an unemployment law judge through the Department of Employment and Economic Development. Mr. Hager said that Official Humayun is required to complete an annual statement of economic interest which requires disclosure of any property owned by the official that is not classified as a homestead. Mr. Hager explained that due to the position and the potential for unfavorable decisions and retaliation, Official Humayun would like a waiver regarding the reporting of the address of a non-homestead property under Minnesota Statutes section 10A.09, subdivision 9. Mr. Hager that that the statute provides that "Upon written request and for good cause shown, the board may waive the requirement that an official disclose the address of real property that constitutes a secondary residence of the official." Mr. Hager explained that judges who are part of the judicial branch are not required to disclose the address of any real property that they own. Member Swanson spoke in opposition to granting the request.

Member Rashid's motion: To approve the request.

Vote on motion: A roll call vote was taken. Member Rashid voted in the affirmative. Members Asp, Flynn, Leppik, Soule, and Swanson voted in the negative.

9. Balance adjustment request – Shelly (Christensen) for house (18148)

Mr. Hager stated that Ms. Christensen was a candidate for state representative in 2018 and 2020. Mr. Hager said that in late 2021 the committee's treasurer, David Waldschmidt, discovered a cash balance discrepancy and contacted Board staff, then exhaustively reviewed the committee's financial records and filed amended 2018 and 2021 year-end reports. Mr. Hager explained that the committee is unable to find the source of the discrepancy, there is a discrepancy of \$100 between the committee's 2020 and 2021 year-end reports, a discrepancy of \$150 between the committee's 2021 and 2022 year-end reports, and a discrepancy of \$1,586.05 between the committee's reported 2022 ending cash balance and the balance in the committee's bank account. Mr. Hager stated that the \$100 and \$150 discrepancies may be resolved via amendment, which will reduce the remaining cash balance discrepancy to \$1,336.05, and the Christensen committee is thereby requesting a downward adjustment of \$1,336.05 to the committee's reported 2022 ending cash balance, changing the balance from \$2,865.78 to \$1,529.73. In response to a question from Member Swanson, Mr. Olson stated that the Christensen committee intends to terminate its registration with the Board.

Member Swanson's motion: To approve the request.

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

B. Waiver Requests

Entity	Late Fee/ Civil Penalty	Report Due	Factors and Recommended Action	Board Member's Motion	Motion	Vote on Motion
MN For All (41190)	\$200 LFF	September 2022	Report due September 27, 2022 and received October 7, 2022. This was a no change statement. Treasurer attempted to file the report timely but the attempt failed in the software. Attempt was from ER waiting room after an emergency. Balance as of October 24, 2022 was \$39.68. RECOMMENDED ACTION: Waive	Leppik	Approve staff recommendation	All members voted in the affirmative
DFL SD47 (20878)	\$200 LFF	2022 Pre- General	Report due October 31, 2022 and received by the Board November 4, 2022. The treasurer submitted the report timely but it did not go through. Treasurer did other reports that weekend, and thought it had gone through. When this was brought to her attention she promptly filed the report. Balance as of October 24, 2022 was \$697. RECOMMENDED ACTION: Waive	Leppik	Approve staff recommendation	All members voted in the affirmative
Buckmeier (Sonja) for MN (18934)	\$200 LFF	2022 Pre- General	Report due October 31, 2022 and received by the Board November 4, 2022. The treasurer submitted the report timely but it did not go through. This is the committee's first campaign. When this was brought to her attention she promptly filed the report. Balance as of October 24, 2022 was \$1,552. RECOMMENDED ACTION: Waive	Leppik	Approve staff recommendation	All members voted in the affirmative

<p>Team Froelich (18959)</p>	<p>\$1,000 LFF \$1,000 CP</p>	<p>2022 Pre- Primary</p>	<p>Pre-Primary report due July 25, 2022 and received September 6, 2022. This is a first time candidate who, based upon reporting requirements, was not required to form a committee. The only contribution to the committee reported was \$100 from the candidate. The candidate stated when he got the election packet it did not contain information regarding the pre-primary report. The balance as of December 31, 2022 was \$0. RECOMMENDED ACTION: Waive</p>	<p>Leppik</p>	<p>Approve staff recommendation</p>	<p>All members voted in the affirmative</p>
<p>Foung for Senate 67 Committee (17481)</p>	<p>\$1,000 LFF</p>	<p>2022 Pre- General 24 Hour Notice</p>	<p>Notice due November 1, 2022 and provided January 25, 2022. Treasurer informed Board staff upon the discovery of the notice not being provided. This was an oversight due to the passing of the treasurer's sister in law and the candidate's spouse. Balance as of December 31, 2022 was \$25,950. RECOMMENDED ACTION: Waive</p>	<p>Leppik</p>	<p>Approve staff recommendation</p>	<p>All members voted in the affirmative</p>
<p>Safer Hennepin (30709)</p>	<p>\$1,000 LFF</p>	<p>2022 Pre- Primary 24 Hour Notice</p>	<p>Notice was due July 28, 2022 and not provided until September report filed. This is an IE fund which has had difficulty with the transition from local reporting to state reporting. The issue was due to a miscommunication between the chair and treasurer as to when the contribution was received. Balance as of October 24, 2022 was \$19,530. RECOMMENDED ACTION: Reduce to \$250</p>	<p>Leppik</p>	<p>Approve staff recommendation</p>	<p>Five members voted in the affirmative, Soule abstained</p>

C. Informational Items

1. Payment of late filing fee for 2022 pre-general report of receipts and expenditures

Forward Party of Minnesota, \$50
 Working America Minnesota PAC, \$150

2. Payment of late filing fee for 2022 September report of receipts and expenditures

Forward Party of Minnesota, \$75

3. Payment of late filing fee for 2022 pre-primary report of receipts and expenditures

Forward Party of Minnesota, \$150
Hornstein Volunteer Committee, \$50
NRA Political Victory Fund, \$400

4. Payment of late filing fee for 2022 pre-primary notice of large contribution

Neighbors for Zaynab Mohamed, \$1000
Planned Parenthood MN PAC, \$1250
Joint Council 32 Drive, \$3000

5. Payment of late filing fee for 2020 pre-primary report of receipts and expenditures

Hornstein Volunteer Committee, \$50

6. Payment of late filing fee for original EIS

Ashley Burg, \$100
Jeffrey Entsminger, \$25
Samantha Sencer-Mura, \$55

7. Payment of late filing fee for 2021 annual EIS

Machelle Frisbie, \$100

8. Payment of late filing fee for lobbyist disbursement report due 6/15/2022

Sara Wolff, \$25

9. Payment civil penalty for exceeding contribution limits

Tim Walz for Governor, \$700

10. Payment of civil penalty for disclaimer violation

Minnesotans for Julie Blaha, \$100
Neighbors for Liz Boldon, \$250

PRIMA FACIE DETERMINATION

Mr. Sigurdson provided members with a memorandum that is attached to and made a part of these minutes.

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 stated that a default judgment motion is currently being drafted for the Martinez-Perez matter.

EXECUTIVE SESSION

Chair Soule recessed the regular session of the meeting and called to order the executive session. Upon recess of the executive session, the chair reported the following matters into regular session:

- Findings In the Matter of the Complaint of James C. Parsons regarding the Theis (Tama) for Senate committee

EXECUTIVE DIRECTOR'S REPORT

Mr. Sigurdson stated that this morning he attended a committee hearing on H.F. 3, which is one of the primary vehicles in the House for campaign finance legislation. Mr. Sigurdson said that the Democracy Dollar coupon program language has been removed from that bill and its companion bill in the Senate, and will be included within a separate bill. Mr. Sigurdson explained that H.F. 3 includes language that would include the functional equivalent of express advocacy within the definition of express advocacy. Mr. Sigurdson said that the language is nearly identical to the federal definition. Mr. Sigurdson stated that he is working on introduction of the Board's legislative recommendations in the legislature.

Mr. Sigurdson said that another bill being considered would prohibit political contributions from foreign influenced corporations to independent expenditure committees and funds. In response to a question from Member Leppik, Mr. Sigurdson said that the bill would define foreign influence as one foreign individual owning more than 1% of the stock or equity, or two or more foreign individuals owning more than 5% of the stock or equity.

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

Respectfully submitted,



Jeff Sigurdson
Executive Director

Attachments:

Executive Director's Report

Memorandum regarding anonymous contribution threshold

Legislative proposal of Tim Bonham regarding section 10A.15

Memorandum regarding prima facie determination concerning Neel Kashkari

Prima facie determination concerning Neel Kashkari

Legal report



MINNESOTA

CAMPAIGN FINANCE BOARD

Date: February 1, 2023

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Executive Director's Report – Board Operations

Year-end Reports

All three major program areas; campaign finance, lobbying, and economic interest statements have year-end filing requirements in January. A brief update for each program follows:

Lobbying Program. The lobbyist disbursement report covering the period of June 1 through December 31, 2022, was due on January 17, 2023. Of the 2,232 reports due, 2,219 (99%) were filed by the deadline. The use of the online reporting system remains high with 93% of lobbyist disbursement reports filed electronically. Late lobbyist reports are assessed a late filing fee of \$25 a day to a maximum of \$1,000. A \$1,000 civil penalty may also be imposed after a certified letter is sent.

Campaign Finance Program. The year-end report of receipts and expenditures for 2022 was due on January 31, 2023. Of the 1,515 reports due from candidate committees, political party units, and political committees and funds, 1,367 (98%) were filed by the deadline. Late year-end reports are assessed a late filing fee of \$25 a day to a maximum of \$1,000. A \$1,000 civil penalty may also be imposed after a certified letter is sent.

Economic Interest Statement. The annual certification by public officials for 2022 was due on January 30, 2023. Of the 3,184 public officials required to file, 2,926 (92%) were filed by the deadline. There is a grace period for the late filing of an economic interest statement, late fees will not begin until February 14th, and will accumulate at a rate of \$5 a day to a \$100 maximum. A \$1,000 civil penalty may also be imposed after a certified letter is sent.

Update on Legislation and Budget

The two budget change items for the Board, \$50,000 a year to pay for moving the Board's databases and applications to the Azure cloud, and \$110,000 a year needed to fund the current staff complement, were both included in the Governor's budget request.

The Revisor's office is dealing with an unprecedented backlog of drafting requests for bills. That has impacted the Board, and as of the date of this memo I have not received the Board's legislative recommendations in bill form. I have been informed that I will have most if not all of the bills by the Board meeting, and will provide an update at that time. I have been meeting with legislators on the recommendations, and I believe there is interest in introducing many of the recommendations.

Below is a list of the bills heard, or scheduled to be heard, related to Chapter 10A or Chapter 211B.

Bill Number	Author	Topic	Status
<u>SF 66</u>	Port	A lobbyist would not be able to contribute to a principal campaign committee, legislative caucus, or a political committee in exchange for access to a meeting space. The effect of this bill would be to nullify Advisory Opinion 454.	Heard in the Senate Election Committee on January 26, passed as amended, sent to the floor.
<u>HF 496</u>	Klevorn	A lobbyist would not be able to contribute to a principal campaign committee, legislative caucus, or a political committee in exchange for access to a meeting space. This is the companion to SF 66	Heard in the House Elections Finance and Policy Committee on January 27, passed as amended, sent to the floor.
<u>HF 117</u>	Stephenson	Political activities by foreign-influenced for profit corporations prohibited including contributions to independent expenditure committees, certification of compliance required by corporations that do donate to independent expenditure committees.	Heard in the House Elections Finance and Policy Committee on January 23, passed as amended, sent to the floor.



MINNESOTA CAMPAIGN FINANCE BOARD

Date: February 1, 2023

To: Board members

From: William Hager, Legal Analyst

Telephone: 651-539-1183

Re: Proposed Changes to Minnesota Statutes section 10A.13, Accounts That Must Be Kept

At the January Board meeting members discussed a legislative recommendation that would increase the anonymous contribution threshold. The Board directed staff to review the various reporting requirements in Chapter 10A and report back what complications may arise if the anonymous contribution limit was increased. This memo provides that review, and also provides a proposal submitted by Tim Bonham, a former party unit treasurer, on how the anonymous contribution threshold could be indexed to inflation.

Currently, the statute requires the treasurer of a campaign committee or party unit to collect the donor name, address, date of contribution, and contribution amount for all contributions over \$20. Mr. Bonham proposal would do one of three things: change the amount to \$65 and adjust it annually and automatically based upon the federal consumer price index; by majority vote allow the Board to change the amount based upon the federal consumer price index, limited to changes within 10% of the previous year's amount; or by a 2/3 vote allow the Board to change the amount at its discretion.

Minnesota Statutes section 10A.13 was signed into law in 1974 and included the \$20 requirement. This amount has not been adjusted since that time. Per the U.S. Bureau of Labor Statistics, \$20 in January 1974 would equal approximately \$127.38 as of December 2022.

Beyond \$20 appearing in section 10A.13, subdivision (1) (2) as noted above, this amount appears six more times throughout Minnesota Statutes Chapter 10A. It appears three times in section 10A.13, once as noted above, and in section 10A.13, subdivision (1) (1), allowing for records not to be kept for in-kind contributions of \$20 or less, and subdivision (1) (5), which requires recording of the name and address of each entity to which a contribution in excess of \$20 has been made. The \$20 amount appears in section 10A.15, subdivisions 1 and 2, related to anonymous contributions over \$20 being sent to the Board and requiring individuals who receive contributions in excess of \$20 to provide the name and address of the contributor. Finally, section 10A.17, subdivisions 2 and 3 require written authorization for approved expenditures in excess of \$20 and allow treasurers to sign vouchers for up to \$20 in petty cash, per week, for legislative elections. All of these items except section 10A.13, subdivision 1 (5), appear in the 1974 legislation and have not been adjusted since.

Some sections of the law have been updated with higher dollar amounts since they were enacted, including some enacted in 1974. This includes but is not limited to the registration threshold in section 10A.14, which required registration when a committee or fund received contributions or made expenditures in excess of \$100 (now at \$750 for most filers); spending limits under section 10A.25 for constitutional and legislative offices, which limited election-year spending to \$600,000 for candidates for governor, for example (now totals over \$4 million during the two-year segment leading up to an election); and designation of income tax payment amounts under section 10A.31 to help fund the public subsidy program, which was \$1 per taxpayer (now \$5). This is also true with itemization on reports, which could be impacted by the proposed change. Initially, reports were required by section 10A.20 to disclose the name, address, and employer for contributions in excess of \$50 for legislative candidates and \$100 for statewide candidates (the amount is now \$200 for both legislative and statewide candidates).

The only section within Chapter 10A that specifically references the consumer price index is section 10A.255, Adjustment by Consumer Price Index, which states:

Subdivision 1. Method of calculation. The dollar amounts in section 10A.25, subdivision 2, must be adjusted for general election years as provided in this section. Each general election year, the executive director of the board must determine the percentage increase in the Consumer Price Index from December of the year preceding the last general election year to December of the year preceding the year in which the determination is made. The dollar amounts used for the preceding general election year must be multiplied by that percentage. The product of the calculation must be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The product must be rounded up to the next highest \$100 increment. The index used must be the revised Consumer Price Index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

The aggregate special source contribution limit, which limits the total amount of contributions candidates may accept from political committees and funds, lobbyists, and associations not registered with the Board, is calculated as a percentage of the spending limit for each office, so indirectly, that limit is also adjusted for inflation.

The proposed change may cause issues with other reporting requirements and cause confusion among treasurers. For example, for the 2021-2022 election segment the contribution limit for an individual contributing to a Senate candidate was \$1,000. If the accounting threshold were to change, it may make it less likely that candidates will track and attribute contributions to each individual who makes contributions under the proposed threshold, making it easier for individuals to exceed the contribution limit by giving multiple contributions below the threshold. This would also require treasurers to change reporting processes every two years and may also require additional training and resources to update Board exception reports. Further, this may impact anonymous contributions and that language may need to be adjusted as well. This may also have an impact on candidates who file an affidavit of contributions as they would still be required to collect this information until they meet the required threshold for the affidavit. Finally, this may increase the likelihood of committees accepting corporate contributions disguised as anonymous contributions or using fictitious names.

There would also be benefits to committees. For example, this may make it easier for committees to sell items at a booth without taking the additional time to record the required information, streamlining transactions under the threshold amount.

Attachment

Suggested changes from Tim Bonham

An Act

increasing the transparency of Campaign Finance Reporting, reducing the amount of distracting detail on small contributions while retaining itemization of large contributions, and indexing this itemization minimum to the consumer price index.

Explanation: *Current law requires the Treasurer of each campaign or party unit to collect and report the Name, Address, Employer or Occupation, and contribution amount of each contribution over \$20.*

This \$20 amount was set when this legislation was passed, back in 1982. Back then, 50 years ago, \$20 meant a lot more than it does now. Adjusted for inflation, a \$20 contribution then would be equivalent to \$63.14 now.*

Because this amount has remained unchanged since the law was first passed, while inflation has continued, Treasurers are burdened with collecting and reporting a mass of data on quite small contributions. Then, reporting all this detail on minor contributions obscures the reports of large campaign contributions.

This bill would reset the amount based on inflation, and would allow the Campaign Finance Board to adjust it yearly.

* Per Bureau of Labor Statistics, CPI Inflation (https://www.bls.gov/data/inflation_calculator.htm)

Minnesota Statute 10A.15 CONTRIBUTIONS, subdivision 2 is changed as follows:

from “An individual who receives a contribution in excess of \$20”

to “An individual who receives a contribution in excess of the itemized reporting amount.”

Add subdivision 2e and 2f as follows:

2e. The itemized reporting amount in subdivision 2 shall be \$65, effective January 1, 2023.

2f. Each year, by January 31st, the Campaign Finance Board shall publish the itemized reporting amount for that year, based on the previous years’ amount adjusted by the change in the Federal Consumer Price Index, rounded to the nearest whole dollar.

2nd choice alternative version for 2f:

2f. Each year, by January 31st, the Campaign Finance Board shall set, by majority vote, the itemized reporting amount for that year, which shall be within 10% plus or minus the previous years’ amount adjusted by the change in the Federal Consumer Price Index, rounded to the nearest whole dollar.

3rd choice alternative version:

2f. Each year, by January 31st, the Campaign Finance Board shall set, by 2/3rds majority vote, the itemized reporting amount for that year.



MINNESOTA CAMPAIGN FINANCE BOARD

Date: February 1, 2023

To: Board members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Prima facie determination finding no violation

Complaints filed with the Board are subject to a prima facie determination which is made by the Board chair or the Board chair's designee in consultation with staff. If the determination finds that the complaint states a violation of Chapter 10A or the provisions of Chapter 211B under the Board's jurisdiction, the complaint moves forward to a probable cause determination by the full Board.

If the determination finds that the complaint does not state a prima facie violation, the prima facie determination must dismiss the complaint without prejudice. When a complaint is dismissed, the complaint and the prima facie determination become public data. The following complaint was dismissed by Chair Soule and the prima facie determination is provided here as an informational item to the other Board members. No further action of the Board is required.

Complaint regarding Neel Kashkari

On January 9, 2023, the Board received a complaint submitted by Steven J. Timmer regarding Neel Kashkari.¹ The complaint alleges that Mr. Kashkari violated Minnesota Statutes sections 10A.03 and 10A.04, when he failed to register and file lobbyist reports with the Board for his actions advocating for a proposed amendment to the state constitution. Mr. Kashkari is the president of the Ninth Federal Reserve District headquartered in Minneapolis. The complaint alleges that Mr. Kashkari has caused the Federal Reserve Bank of Minneapolis to spend over \$250 on lobbying, and accordingly, Mr. Kashkari is a lobbyist by virtue of spending more than \$250.

On January 24, 2023, Chair Soule concluded that the complaint did not state a prima facie violation of Minnesota Statutes sections 10A.03 and 10A.04. The determination concluded that while an individual must register as a lobbyist if they spend more than \$250 in personal funds on lobbying (not including traveling expenses or membership dues) the complaint does not allege

¹ https://cfb.mn.gov/pdf/bdactions/1619_Complaint.pdf

that Mr. Kashkari spent any of his own money on lobbying. Therefore, the complaint was dismissed. The prima facie determination is attached to this memo.

Attachments:

Kashkari prima facie determination

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

**PRIMA FACIE
DETERMINATION**

IN THE MATTER OF THE COMPLAINT OF STEVEN J. TIMMER REGARDING NEEL KASHKARI

On January 9 2023, the Campaign Finance and Public Disclosure Board received a complaint submitted by Steven J. Timmer regarding Neel Kashkari.

The complaint alleges that Mr. Kashkari violated Minnesota Statutes sections 10A.03 and 10A.04, when he failed to register and file lobbyist reports with the Board. The complaint alleges that Mr. Kashkari moved to Minnesota in 2016 and subsequently attempted to influence legislative action, specifically by advocating for the “Page Amendment” to be added to the general election ballot as a proposed amendment to the Minnesota Constitution. The complaint states that Mr. Kashkari is the president of the Ninth Federal Reserve District headquartered in Minneapolis, Minnesota. The complaint alleges, and Board records reflect, that as of the date of the complaint Mr. Kashkari was not a lobbyist registered with the Board.

The complaint asserts that “[p]roponents of the Page Amendment, and certainly including Mr. Kashkari, have lobbied for the passage of the constitutional amendment the last three sessions, and they give every indication of doing so again this session. But no lobbying reports were made by Mr. Kashkari in 2022, 2021, 2020, 2019, or any other year, explaining the Fed’s money he has spent.” The complaint argues that “[i]t is more than merely probable that Mr. Kashkari has engaged in lobbying, and it is also more than merely probable that he has spent more than \$250 doing it each year.”

The complaint alleges that Mr. Kashkari used his position, and resources available due to his position, “to persuade legislators to pass Page Amendment bills, and he has worked to persuade others to try to persuade legislators as well.” The complaint alleges that “Mr. Kashkari spent the Bank’s resources and personnel freely, resulting in the expenditure of tens of thousands of dollars a year, or more, lobbying for the Page Amendment, since at least 2019.” The complaint includes a letter from John Yanish, Vice President and Deputy General Counsel of the Federal Reserve Bank of Minneapolis, labeled as Exhibit A. The letter includes hyperlinks to various materials regarding the Page Amendment and refers to a letter Mr. Page sent to members of the legislature in February 2021 explaining the purpose of his and Mr. Kashkari’s efforts to amend “Article XIII, Section 1, of the Minnesota Constitution to make a quality public education a civil right for all children.”¹

The complaint includes a chart, labeled Exhibit E, listing specific Federal Reserve Bank of Minneapolis staff members, and specific calls or meetings in which they allegedly participated, concerning education policy, from August 2016 through September 2022. The complaint states

¹ The letter is available at house.leg.state.mn.us/comm/docs/2d1ptzdFNkS2eDbNrHEADg.pdf.

that “[t]he website of the Minneapolis Fed has also published many articles dedicated to the advocacy for the Page Amendment” including “one from February 2021, arguing that the passage of the amendment won’t increase education litigation. . . .”² The complaint alleges that “[m]any members of the Bank’s staff have contributed advocacy articles for the Page Amendment.”

The complainant provides as evidence a link to a webpage containing Mr. Kashkari’s public schedules dating back to 2016, as well as copies of some of those schedules. The schedules include meetings attended by Mr. Kashkari, often with bank staff and Mr. Page, and Governor Tim Walz, Lieutenant Governor Peggy Flanagan, Attorney General Keith Ellison, and legislators, among many others, regarding “Education policy issues.”³ The complaint states that “[m]erely arranging these meeting [sic] must have consumed a lot of administrative staff time.” The complainant argues that the use of federal resources to influence state actions creates serious separation of powers issues.⁴

Determination

Minnesota Statutes section 10A.01, subdivision 21, paragraph (a), clause (2)⁵ defines lobbyist to mean an individual:

who spends more than \$250, 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 section 10A.01, subdivision 21, paragraph (c) provides “[a]n individual who volunteers personal time to work without pay or other consideration on a lobbying campaign, and who does not spend more than the limit in paragraph (a), clause (2), need not register as a lobbyist.” The complaint notes that Minnesota Statutes section 10A.01, subdivision 21, paragraph (b) contains a number of exclusions from the definition of lobbyist, including exclusions for public officials, state employees, local officials, and employees of certain political subdivisions in the metropolitan area. The offices and positions included in the definition of “public official” are provided in Minnesota Statutes section 10A.01, subdivision 35, and does not include any elected or appointed positions in the federal government. Therefore, there is no

² The complaint includes a URL for the February 2021 article, which is minneapolisfed.org/article/2021/no-evidence-that-education-amendments-increase-litigation.

³ minneapolisfed.org/about-us/leadership/presidents-schedule

⁴ Because the complaint does not allege that the Federal Reserve Bank of Minneapolis was a principal within the meaning of Minnesota Statutes Chapter 10A, this determination does not address whether it was required to file principal reports under Minnesota Statutes section 10A.04, subdivision 6.

⁵ While Minnesota Statutes section 10A.01, subdivision 21, paragraph (a), clause (1) provides another definition of lobbyist, the complaint does not allege that Mr. Kashkari was compensated more than \$3,000 in any year to engage in lobbying and instead only cites to Minnesota Statutes section 10A.01, subdivision 21, paragraph (a), clause (2). Accordingly, this prima facie determination does not consider whether Mr. Kashkari may be a lobbyist under section 10A.01, subdivision 21, paragraph (a), clause (1).

reason to believe that Mr. Kashkari is excluded from the definition of a lobbyist because of his employment with the Federal Reserve Bank of Minneapolis.

A threshold question when determining whether an individual must register and report to the Board as a lobbyist is whether the definition of lobbyist applies to the individual. The complaint argues that Mr. Kashkari has caused the Federal Reserve Bank of Minneapolis to spend over \$250 on lobbying, and accordingly, Mr. Kashkari is a lobbyist by virtue of spending more than \$250. On at least two prior occasions the Board has addressed whether the \$250 expenditure threshold quoted above may be triggered by an individual's authorized expenditure of an association's money, and on each of those occasions the Board has answered that question in the negative.⁶

In 2011 the Board considered a complaint alleging that one or more individuals were required to register as lobbyists because "someone must have spent more than \$250 to" mail a letter and a DVD to approximately 400,000 households concerning a proposed amendment to the Minnesota Constitution regarding the definition of marriage. As is the case in this matter, in that instance the complaint asserted that the text of the statute establishing the \$250 registration threshold "does not specify whose money is being spent" and argued that if an individual authorized more than \$250 in lobbying expenditures by an association, that individual was required to register as a lobbyist. The Board concluded, based on the following analysis, that "[t]his interpretation of the definition of 'lobbyist' is not supported by an analysis of the history of this particular provision."

Prior to amendments in 2003, the lobbyist definition read:

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

(1) engaged for pay or other consideration, or authorized to spend money by another individual, association, political subdivision, or public higher education system, who spends more than five hours in any month or more than \$250, not including the individual's own travel 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; or

(2) who spends more than \$250, 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.

As a result of 2003 amendments, the statute read:

⁶ [Findings and Order in the Matter of the Complaint of Kurt M. Anderson regarding the Archdiocese of St. Paul and Minneapolis \(Dec. 8, 2011\)](#); [Findings and Order in the Matter of the Complaint by Common Cause Minnesota regarding Dan McGrath and Minnesota Majority \(Oct. 2, 2012\)](#).

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 \$250, 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.

It is important to note that the original 2002 statute included a separate spending threshold of \$250 in both clauses (1) and (2) quoted above.

The spending threshold in clause (1) is triggered if an individual was "**authorized to spend money by another** individual, association, political subdivision, or public higher education system" and spent more than \$250 under that clause. The Clause (2) threshold applied to a person "**who spends more than \$250.**"

Under the 2002 law, if the threshold in clause (2) was triggered by being authorized to spend money by another, as Complainant argues, that interpretation would have rendered the authorized spending threshold of clause (1) redundant. To give meaning to each clause of the statute, the Board has always interpreted clause (2) as triggering a lobbyist registration requirement for a person who spends the person's *own* money. This interpretation gave meaning to each provision of the statute, as is required by the principles of statutory interpretation.

The legislative history of the 2003 amendment described above is that it was enacted as part of a package that required lobbyists to pay a registration fee. While the fee has since been repealed, the other changes remain in place, including the significant modification of the definition of "lobbyist" to base lobbyist status on being paid compensation of \$3,000 in a year.

The amendment to the lobbyist definition also included this narrowing provision:

"Lobbyist" does not include:

. . .

An individual who volunteers personal time to work without pay or other consideration on a lobbying campaign, and who does not spend more than the limit in paragraph (a), clause (2), need not register as a lobbyist.

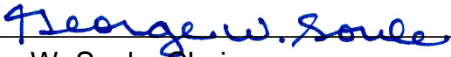
This provision supports the Board's conclusion that the clause (2) threshold applies to a person spending his or her own money.

Before the 2003 amendment, clause (1) was triggered by spending someone else's money and clause (2) was triggered by spending one's own money.

Deleting the spending threshold from clause (1) in favor of a compensation threshold does not alter the interpretation of clause (2).⁷

The complaint does not allege that Mr. Kashkari spent any of his own money on the activities described in the complaint. Based upon the forgoing analysis, the complaint does not state a prima facie violation of the lobbyist registration requirement in Minnesota Statutes section 10A.03, and thereby does not state a prima facie violation of the lobbyist reporting requirements in Minnesota Statutes section 10A.04.

Pursuant to Minnesota Statutes section 10A.022, subdivision 3, paragraph (c), this prima facie determination is made by a single Board member and not by any vote of the entire Board. Based on the above analysis, the chair concludes that the complaint does not state a prima facie violation of Chapter 10A or of those sections of Chapter 211B under the Board's jurisdiction. The complaint is dismissed without prejudice.



George W. Soule, Chair
Campaign Finance and Public Disclosure Board

Date: January 24, 2023

⁷ This analysis appears on pages 5-6 of the [Findings and Order in the Matter of the Complaint of Kurt M. Anderson regarding the Archdiocese of St. Paul and Minneapolis \(Dec. 8, 2011\)](#).

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD FEBRUARY 2023

ACTIVE FILES

Candidate/Treasurer/ Lobbyist	Committee/Agency	Report Missing/ Violation	Late Fee/ Civil Penalty	Referred to AGO	Date S&C Personally Served	Default Hearing Date	Date Judgment Entered	Case Status
	Environment America dba Environment Minnesota Contacts: Timothy Schaefer, Chuck Caldart	2021 Annual Report of Lobbyist Principal, due 3/15/22	\$1,000 LFF \$1,000 CP	12/6/22				
Martinez-Perez, Ashley, Candidate	Ashley Martinez-Perez for MN House	2020 pre-general report of receipts and expenditures due 10/26/20, filed 10/28/20 2020 year end report of receipts and expenditures due 1/31/22, not filed	\$100 LFF \$1,000 LFF	6/13/22	8/12/22			Currently drafting default judgment motion.
	Trace, LLC Contacts: Ashley Moore, Patrick Hynes	2021 Annual Report of Lobbyist Principal, due 3/15/22	\$1,000 LFF \$1,000 CP	12/6/22				

CLOSED 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