

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

.....
June 7, 2023
Blazing Star Room
Centennial Office Building
.....

MINUTES

The meeting was called to order by Chair Soule.

Members present: Asp, Flynn, Leppik, Rashid, Soule, Swanson

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

MINUTES (April 26, 2023)

The following motion was made:

Member Flynn's motion: To approve the April 26, 2023, minutes as drafted.

Vote on motion: Unanimously passed.

CHAIR'S REPORT

2023 meeting schedule

The next Board meeting was tentatively scheduled for 9:30 a.m. on Wednesday, July 5, 2023.

EXECUTIVE DIRECTOR'S REPORT

Mr. Sigurdson presented members with a memorandum that is attached to and made a part of these minutes. Mr. Sigurdson stated that Mr. Hager has resigned in order to accept a position with the U.S. Department of Veterans Affairs, and this will be Mr. Hager's last Board meeting.

Mr. Sigurdson said that lobbyist disbursement reports covering the first five months of 2023 are due on June 15. Mr. Sigurdson explained that staff has begun modifying systems as needed to support the new lobbyist reporting requirements enacted during the 2023 legislative session.

Mr. Sigurdson stated that notice has been sent to political committees and funds regarding the need to migrate to the online version of Campaign Finance Reporter and 63 committees have set up accounts in CFRO. Mr. Sigurdson said that notices will be sent to candidate committees and political party units

in the near future. Mr. Sigurdson explained that 26 online training videos have been released demonstrating how to use the new application.

Mr. Sigurdson stated that the appointments of Members Rashid and Flynn were confirmed during the last day of the 2023 legislative session by the House, but the Senate did not take up the appointments prior to adjournment. Mr. Sigurdson explained that the Senate will have seven legislative days after reconvening in 2024 in which to confirm those appointments.

Mr. Sigurdson stated the Board's operating budget has been increased by \$826,000 in fiscal year 2024, and by \$814,000 in fiscal year 2025, compared to fiscal year 2023. Mr. Sigurdson explained that the funding will allow for three additional staff members, including one focused on the lobbying program and two focused on supporting the Board's audits and investigations. Mr. Sigurdson said that the increased funding will also allow the Board to move its IT resources to cloud servers. Mr. Sigurdson stated that over the summer he and Ms. Engelhardt will evaluate the organization of Board staff and their current job duties.

REVIEW OF LEGISLATION PASSED

Mr. Sigurdson presented members with a memorandum that is attached to and made a part of these minutes. Mr. Sigurdson stated that the Board's recommendations regarding the lobbying program were adopted. Mr. Sigurdson explained that in addition, the scope of what is considered lobbying was expanded dramatically to include all political subdivisions such as cities, counties, and school districts.

Mr. Sigurdson said that the Board's recommendations regarding the economic interest program were adopted. Mr. Sigurdson explained that those changes include expanding the disclosure of associated businesses to include sources of income and investments held by a public official's spouse, and reducing the amount of disclosure required from public officials serving soil and water conservation districts and watershed management organizations. Mr. Sigurdson stated that in addition, the legislation will require the disclosure of contractual and consultant relationships between a public official and a lobbyist, principal, or "interested person."

Mr. Sigurdson said that with one exception the Board's recommendations regarding the campaign finance program were adopted. Mr. Sigurdson explained that the legislature modified the definition of expressly advocating and instead of using the language recommended by the Board, used language that closely tracks the standard adopted by the Federal Election Commission. Mr. Sigurdson stated that in addition, the legislation will require the disclosure of electioneering communications, which are communications that refer to a candidate and are made shortly before a nominating convention or state election, but do not necessarily constitute express advocacy. Mr. Sigurdson explained that the disclosure of electioneering communications applies only to communications that in aggregate cost more than \$10,000 per calendar year and were made by television or radio. Mr. Sigurdson stated that another major change is a new prohibition on contributions from foreign-influenced corporations to independent expenditure and ballot question committees and funds. Mr. Sigurdson explained that the threshold for what constitutes a foreign-influenced corporation is

ownership or control of at least one percent by a single foreign investor, or of at least five percent in aggregate by multiple foreign investors.

Mr. Sigurdson said that the general fund appropriation for the public subsidy program has been increased from \$1,020,000 to \$2,432,000 per biennium, which is smaller than the increase that was previously proposed but is nonetheless a significant increase.

In response to a question from Vice Chair Asp, Mr. Sigurdson said that the legislature did not codify a noncampaign disbursement category for the transition office costs incurred by the committees of successful first-time candidates for constitutional office. Mr. Sigurdson explained that there was disagreement between the House and the Senate as to whether the category should include the committees of those elected to the legislature, or only those elected to constitutional office. Mr. Sigurdson stated that the legislature may address that next year prior to the 2024 election.

POSSIBLE ADMINISTRATIVE RULE TOPICS

Mr. Sigurdson presented members with a memorandum that is attached to and made a part of these minutes. Mr. Sigurdson stated that rulemaking will be a significant effort and asked Board members whether there are additional topics beyond those listed in the memorandum that may be appropriate for rulemaking. Member Leppik spoke in favor of pursuing rulemaking based on existing advisory opinions and to update and clarify existing rules. In response to a question from Member Swanson, Mr. Sigurdson stated that the final version of legislation passed in 2023 impacting the Board does not require the Board to pursue expedited rulemaking. Member Swanson spoke in favor of pursuing rulemaking.

The following motion was made:

Member Swanson's motion: To pursue rulemaking.

In response to a question from Vice Chair Asp there was discussion regarding the scope of, and level of specificity within, the Board's notice of intent to adopt rules and whether feedback should be solicited from interested members of the regulated community and the general public prior to issuance of that notice. There was also discussion regarding the scope of the rulemaking.

Vote on motion: Unanimously passed.

ENFORCEMENT REPORT

A. Waiver Requests

Brian McDaniel briefly addressed the Board regarding waiver request 2. Chair Soule abstained from discussing or voting on waiver requests 6 and 10 and Vice Chair Asp led the discussion of those requests.

Entity	Late Fee/ Civil Penalty	Report Due	Factors and Recommended Action	Board Member's Motion	Motion	Vote on Motion
1. Aaron Kaiser (Clearwater SWCD)	\$80 LFF	Original EIS	Original statement due March 6, 2023, and received April 11, 2023. The individual thought he had filed the statement but did not realize it was not processed. RECOMMENDED ACTION: Waive	Leppik	Approve staff recommendation	Unanimously approved
2. MN Assn for Marriage & Family Therapy (2400)	\$350 LFF	2022 Lobbyist Principal	Report due March 15, 2023, and filed April 4, 2023. The organization had not engaged in lobbying since 2017 and hired a new executive director in mid-February, shortly before the report was due. The organization has put procedures in place to ensure future compliance. RECOMMENDED ACTION: Waive	Leppik	Approve staff recommendation	Unanimously approved
3. Clyde Markon (Medical Services Review Board)	\$100 LFF \$1,000 CP	Original EIS	Statement due March 6, 2023, and received April 25, 2023. This individual had extensive medical issues over the last six months causing a delay in reporting. RECOMMENDED ACTION: Waive	Leppik	Approve staff recommendation	Unanimously approved
4. MN Govt Engineers Council (1338)	\$50 LFF	2022 Lobbyist Principal	Report due March 15, 2023, and filed March 17, 2023. The individual responsible for filing the report attempted to file the report while out of the country which may have resulted in it not being received timely. The organization has spent a total of \$193 in lobbying in the past 11 years and has submitted all other reports timely. RECOMMENDED ACTION: Waive	Leppik	Approve staff recommendation	Unanimously approved

<p>5. Stacey Person (Office of the Attorney General)</p>	<p>\$100 LFF</p>	<p>2022 Annual EIS</p>	<p>Statement due January 30, 2023, and received March 14, 2023. This delay was due to the individual leaving their position with the Attorney General's Office in early 2022 and subsequent notifications going to the AG's Office instead of to the individual. When the notice was finally forwarded to the individual, she promptly filed her statement. RECOMMENDED ACTION: Waive</p>	<p>Leppik</p>	<p>Approve staff recommendation</p>	<p>Unanimously approved</p>
<p>6. Citizens for Judge Webber (18990)</p>	<p>\$1,000 LFF</p>	<p>2022 Pre- General 24- Hour Notice</p>	<p>Notice due November 5, 2023, and not filed. The treasurer failed to include this item as it was an in-kind contribution from the candidate. The committee formed in 2022 and has subsequently terminated. The ending balance as of 12/31/2023 was \$0. RECOMMENDED ACTION: Reduce to \$250</p>	<p>Swanson</p>	<p>Approve staff recommendation</p>	<p>Five members voted in the affirmative, Soule abstained</p>
<p>7. Sarah for House (18037)</p>	<p>\$1,325 LFFs</p>	<p>2019 Year-End 2020 Year-End 2022 Year-End</p>	<p>Reports due Jan. 31, 2020, Feb. 1, 2021, and Jan. 1, 2023, and received by the Board Feb. 28, 2020, Feb. 9, 2021, and Mar. 1, 2023. Each report was a no change statement as the candidate has not run for office or had any financial activity since 2018. The candidate is in the process of terminating their committee so has donated all remaining funds. Total cash balance as of December 31, 2022 was \$5,200. Staff also request that the Board allow staff to enter into a payment plan as the candidate will be paying the fees using personal funds. RECOMMENDED ACTION: Reduce to \$725</p>	<p>Flynn</p>	<p>Reduce to \$500</p>	<p>Unanimously approved</p>

<p>8. Samakab (Hussein) For House (18767)</p>	<p>\$1,000 LFF</p>	<p>2022 Pre-General 24-Hour Notice</p>	<p>Notice due November 3, 2023, and not filed. The treasurer mistakenly included the check in a deposit with smaller contributions and did not realize it should have been reported. This is a new committee that is making efforts to ensure compliance moving forward. Ending cash balance as of December 31, 2022, was \$390. RECOMMENDED ACTION: Reduce to \$250</p>	<p>Flynn</p>	<p>Approve staff recommendation</p>	<p>Unanimously approved</p>
<p>9. Environment America dba Environment Minnesota (6403)</p>	<p>\$1,675 LFFs; \$1,000 CP</p>	<p>2019 Lobbyist Principal 2021 Lobbyist Principal</p>	<p>Reports due March 16, 2020, and March 15, 2023, filed April 22, 2020, and April 27, 2023. The 2019 report was due the week COVID-19 was declared a pandemic and the employee responsible for filing the report was working from home during this time. It is unknown beyond this why the fee was never paid. The same employee ended his employment on May 31, 2021 and had stated everything was up to date. The mail was apparently not forwarded to new offices. Once served with summons and complaint from Attorney General's Office, worked quickly to file report. RECOMMENDED ACTION: Reduce to \$1,000 total</p>	<p>Flynn</p>	<p>Approve staff recommendation</p>	<p>Unanimously approved</p>

<p>10. Safer Hennepin (30709)</p>	<p>\$1,000 LFF</p>	<p>2022 Pre-Primary 24-Hour Notice</p>	<p>Notice due July 30, 2022 and provided within September Report. 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. This request should have been provided as part of a combined request in February 2023 but Board staff did not catch the omission prior to the organization making a payment in May 2023. Balance as of December 31, 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>
<p>11. Laborers District Council of Minn & ND Pol Fund (40712)</p>	<p>\$275 LFF</p>	<p>2023 1st Quarter</p>	<p>Report due April 14, 2023, and received May 1, 2023. The fund inadvertently failed to submit the report when it was completed and saved by the fund on April 7, 2023. The fund has existed for over ten years and the balance as of March 31, 2023, was \$757,264. RECOMMENDED ACTION: No recommendation</p>	<p>Flynn</p>	<p>Take no action</p>	<p>Unanimously approved</p>
<p>12. Vail Place (7026)</p>	<p>\$75 LFF</p>	<p>2022 Lobbyist Principal</p>	<p>Report due March 15, 2023, and filed March 20, 2023. The organization changed executive directors at the end of 2022 causing a delay in processing. RECOMMENDED ACTION: None</p>		<p>No motion</p>	

13. Mission Health (7863)	\$400 LFF	2022 Lobbyist Principal	Report due March 15, 2023, and filed April 6, 2023. The report was not filed timely due to Mission Health using a third party to file their reports. The third party failed to inform the Board that the contact person for the third party no longer worked for the organization. Mission Health stated that it was not aware of the report not being filed until April 4, 2023, when it received certified mail from Board staff. RECOMMENDED ACTION: None		No motion	
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B. Informational Items

1. Return of public subsidy due to exceeding carryforward limit

Housley (Karin) For Senate, \$2,050.57

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

Women’s Victory Fund (Women PAC), \$700
 Minn Electrical Industry Pol Action Comm, \$50
 Pine County DFL (HD 11B), \$100 (partial payment)

3. Payment of late filing fee for 2022 pre-general notice of large contributions

Climate Vote Minnesota, \$50
 Fight for the Union, \$1,050
 Nu2Government (Michael Heidelberger), \$125
 Lindsey Port for MN, \$150

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

Justin Emmerich for Senate, \$50
 Dornink (Gene) for Senate Committee, \$250

5. Payment of late filing fee for June 2020 report of receipts and expenditures

Women's Victory Fund (Women PAC), \$25

6. Payment of late filing fee for September 2020 report of receipts and expenditures

Women's Victory Fund (Women PAC), \$450

7. Payment of late filing fee for lobbyist principal report due 3/15/2023

Orexo US, Inc / Orexo AB, \$375
Duluth-Superior Area Educ Television- WDSE-TV, \$25
Nothing but Hemp, LLC, \$375

8. Payment of late filing fee for 2022 annual statement of economic interest

Dennis Groebner, \$100
Jae Hyun Shim, \$30 (partial payment)

9. Partial payment of civil penalty for 2022 annual statement of economic interest

Jae Hyun Shim, \$170

10. Partial payment of civil penalty for false certification

Tama Theis, \$100

11. Payment of civil penalty for false certification

Theis (Tama) for Senate, \$100

12. Payment of civil penalty for exceeding the aggregate special source contribution limit

Jim Nash for Minnesota, \$600
People for (Gregory) Davids Committee, \$115
Chamberlain (Roger) for SD 36, \$725¹

13. Payment of civil penalty for coordinated expenditures that exceeded individual contribution limit

Minnesota for Freedom, \$1,000
Jim Schultz For Minnesota Attorney General, \$1,000

¹ This amount also reflects payment of the civil penalty imposed for exceeding the individual contribution limit.

14. Payment of civil penalty for exceeding the individual contribution limit

Doug Wardlow for Attorney General, \$300

15. Payment of civil penalty for exceeding the spending limit

Grant Hauschild for MN Senate Committee, \$3,853.62

LEGAL 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 report.

OTHER BUSINESS

Member Rashid suggested scheduling the Board's next meeting for Thursday, July 6, rather than Wednesday, July 5, 2023. After discussion it was agreed that the next Board meeting is scheduled for 9:30 a.m. on Thursday, July 6, 2023.

EXECUTIVE SESSION

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

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

Respectfully submitted,



Jeff Sigurdson
Executive Director

Attachments:

Executive Director's report
Review of changes to campaign finance and public disclosure laws
Agency Rulemaking – Review of possible topics and process
Legal report



MINNESOTA CAMPAIGN FINANCE BOARD

Date: May 31, 2023

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Re: Executive Director's Report

Board Operations

Lobbying Program: The lobbyist disbursement report covering the period of January 1 through May 31, 2023, is due on June 15, 2023. Disbursement reports are expected from 875 lobbyists, many of whom report for multiple associations. This will be the last lobbyist disbursement report filed under the current statutory requirement to disclose administrative costs related to lobbying for a client. Staff has begun working on modifications to the reporting application and underlying database that are needed to support the new lobbyist reporting requirements passed at the 2023 legislative session.

Rollout of the Online Version of the Campaign Finance Reporter Application: Notification has been sent to all 443 registered political committees and funds explaining the need to migrate from the PC-based version of Campaign Finance Reporter to the online application. As of the date of this memo 63 committees have migrated to the online version, and 10 committees that had filed paper reports in previous years have now setup online accounts. Generally, the migration has gone well, although supporting committees making the transfer does take significant IT staff time.

During June, notification of the need to move to the online application will be sent to all candidate committees, and notification will be sent to party units later in the summer.

To support treasurers in using the application staff has as of now released 26 online training videos on how to use the online application. This represents a doubling of the number of videos that were available in April. This is a major project for the year, and all staff are involved with the application release.

Board Member Confirmations

The House confirmed the appointments of members Rashid and Flynn on the last day of session. The Senate Elections Committee recommended confirmation of the appointments on April 25th, but the Senate did not take up the confirmations on the floor before the end of session. As provided in Minnesota Statutes section 10A.02, Board appointments must be approved by both the House and Senate within 45 legislative days of appointment. Mr. Rashid and Ms. Flynn were reappointed to the Board on March 22nd, and the session ended 38 legislative days after that date. Therefore, the Senate will have seven legislative days remaining to confirm the appointments when the legislature reconvenes.

Operational Budget – Fiscal Years 2024 and 2025

The Board budget is included in Laws of 2023, Chapter 62, Article 1, section 7. The operating budget for the Board will be \$1,993,000 in FY 24 and \$1,981,000 in FY 25. This represents a \$826,000 increase in FY 24 and a \$814,000 increase in FY 25 over the current FY 23 operating budget of \$1,167,000.

The base budget is reduced to \$1,791,000 in FY 26 and for subsequent budget years. The decrease is because the legislature allocated money for IT initiatives in FY 24 and FY 25, but did not fund those projects in subsequent years.

During conference committee the increase in the Board's operating budget was discussed and detailed for committee members as follows:

	FY 24	FY 25
Governor's office recommended increase to maintain current service level.	\$ 149,000	\$ 189,000
Yearly cost to host Board IT operations on MNIT Cloud.	\$ 50,000	\$ 50,000
Increased staff by one position to support expanding lobbying program to all political subdivisions.	\$ 157,000	\$ 105,000
Increase Board staff by two positions to support audits and investigations.	\$ 220,000	\$ 220,000
IT costs for migration to the MNIT Cloud, geocoding and mapping of information, and cybersecurity. Not funded after FY 25.	\$ 250,000	\$ 250,000
Total Increase	\$ 826,000	\$ 814,000

At the July meeting I will bring a detailed operational budget for FY 24 for the Board's review and adoption.



MINNESOTA

CAMPAIGN FINANCE BOARD

Date: May 31, 2023

To: Board Members, Counsel Hartshorn

From: Jeff Sigurdson, Executive Director

Subject: Review of changes to campaign finance and public disclosure laws

The changes to statutory provisions administered by the Board are found in 2023 Minnesota Session Laws, [Chapter 34](#), which was signed by the Governor on May 5, 2023, and in [Chapter 62](#), which was presented to the Governor on May 23, 2023. The provisions of Chapters 34 and 62 are combined by subject area in this review.

Additionally, [Chapter 64](#), the tax policy bill, which was presented to the Governor on May 23, 2023, modifies Minnesota Statutes Section 290.06, subdivision 23, by increasing the maximum political contribution refund from \$50 to \$75 per individual, and from \$100 to \$150 per couple. The Legislature placed one constitutional amendment on the ballot ([Chapter 67](#)). The amendment will decide if the authority for the Environment and Natural Resources Trust Fund should be renewed. Ballot question committees and funds in support or opposition to this amendment are required to register and report to the Board.

Lobbying Provisions

The Board's recommendation to change the nature of information reported by lobbyists and lobbyist principals was adopted in whole with one exception; when reporting total lobbying expenditures for the year lobbyist principals must round to the nearest \$9,000. The Board recommendation was to round to the nearest \$10,000.

In addition to the Board's recommendations, the Legislature expanded the scope of local government lobbying. As defined currently, lobbying of local governments only occurs within the seven-county metro area, and includes only those seven counties, the Metropolitan Council, the Metropolitan Airport Commission, and fourteen cities in the metro area with a population of over 50,000. Lobbying has now been defined to include attempting to influence the official action of any "political subdivision". For the purposes of lobbying, political subdivision means a county, town, city, school district or other municipal corporation or political subdivision of the state authorized by law to enter into contracts. This will expand the scope of local lobbying to include the other 80 counties, 839 more cities, 330 school districts, and 1,764 townships.

The following is a brief review of the sections in Chapter 62, Article 5, related to the lobbying program.

Section 2 moves the definition of “designated lobbyist” from administrative rules into Chapter 10A. The designated lobbyist includes disbursements made directly by the principal for lobbying on the lobbyist disbursement report. This section is effective January 1, 2024.

Section 3 defines “General lobbying category” as an area of lobbying interest for a principal. The Board will develop, in consultation with the lobbying community, a list of general lobbying categories for use in lobbyist registration. This section is effective January 1, 2024.

Section 4 defines “Legislative action” for the purposes of lobbying registration and reporting. Legislative action includes the development of legislation, the adoption or rejection of any bill, amendment, resolution, confirmation, or report by the legislature, working with any constitutional officer to develop or support legislation, and the actions of the governor to approve or veto legislation. This section is effective January 1, 2024.

Section 5 modifies the definition of lobbyist by replacing all references to metropolitan governmental unit with “political subdivision”. The section also clarifies that an individual who is compensated more than \$3,000 from a business that provides government relations and government affair services must register as a lobbyist if the individual’s job duties include offering direct or indirect advice or consulting that the business uses to provide those services to clients. Finally, the section raises the level at which a citizen lobbyist must register as a lobbyist from spending more than \$250 of personal funds on lobbying to more than \$3,000 in personal funds on lobbying. This section is effective January 1, 2024.

Section 7 defines “Official action of a political subdivision” to include any action that requires a vote by one or more elected local officials, or certain actions by an appointed local official to make or recommend major decisions regarding the expenditure or investment of public funds. This section is effective January 1, 2024.

Section 9 defines “Specific subject of interest” as a particular topic or area of lobbying interest within general lobbying categories. Specific subjects of interest are used by lobbyists to disclose lobbying activities on the lobbyist disbursement report. This section is effective January 1, 2024.

Section 12 provides that the general requirement that requires individuals to correct or amend a filed report within 10 days of becoming aware of an error in the report applies when the Board notifies a lobbyist that a specific subject of interest used on a lobbyist disbursement report does not provide sufficient detail about the lobbying activity. This section is effective January 1, 2024.

Section 13 requires a lobbyist at the time of registration to list the general lobbying categories of interest to the association represented. This section is effective January 1, 2024.

Section 14 provides that the Board will develop lists of general lobbying categories and specific subjects of interest and update those lists with comments from the lobbying community and public. The creation and modification of the lists do not require the Board to adopt administrative rules. This section is effective January 1, 2024.

Section 15 clarifies that lobbyists who have designated another lobbyist to report on their behalf, and principals, must provide information needed by the reporting lobbyist no later than 5 days prior to the report deadline. This section is effective January 1, 2024.

Section 16 contains new reporting requirements for the lobbyist disbursement report. The

disbursement report must include the specific subjects of interest lobbied on for the principal along with the public entity that was the focus of the lobbying. The section eliminates the reporting of administrative costs related to lobbying.

For administrative lobbying the lobbyist must report each state agency that the principal sought to influence during the reporting period, the revisor number assigned to the agency's administrative rulemaking, and the principal's specific subjects of interest within the rulemaking.

For local lobbying the lobbyist must report each political subdivision that the principal sought to influence during the reporting period, the official action of the political subdivision that was the subject of lobbying, and the specific subjects of interest for the principal within the official action.

For legislative lobbying the lobbyist must report the general lobbying categories on which the lobbyist attempted to influence legislative action, and up to four specific subjects of interest for each of the general lobbying categories during the reporting period. If the lobbyist attempted to influence more than four specific subjects of interest for a general lobbying category then the lobbyist must confer with the represented association to determine which four specific subjects of interest were the highest priorities during the reporting period, and report only the four highest priority specific subjects of interest.

For lobbying of the Public Utilities Commission, the lobbyist must report the project name for each rate setting, power plant/power line siting, or certificate of need that the represented association sought to influence. This section is effective January 1, 2024.

Section 17 provides modifications to the annual lobbyist principal report. The principal may round the total amount spent on each lobbying type during a calendar year to the nearest \$9,000 (the current statute allows rounding to the nearest \$20,000). The principal must report the total amount spent to influence legislative lobbying, administrative action, lobbying to influence the Public Utilities Commission, and lobbying to influence the official action of a political subdivision.

Additionally, a principal that paid more than \$2,000 for advertising that urges members of the public to contact public or local officials in order to influence official actions must itemize the advertising costs. The principal report will disclose the date the advertising was purchased, the name and address of the vendor, a description of the advertising purchased, and identify any specific subjects of interest addressed in the advertisement. This section is effective January 1, 2024.

Section 18 clarifies that an association represented by more than one lobbyist must appoint one designated lobbyist to report lobbying disbursements made directly by the association, but may not have more than one designated lobbyist at a time. This section is effective January 1, 2024.

Section 19 replaces a reference to "metropolitan governmental unit" with "political subdivision" in the requirement that the Board publish the name of any lobbyist that has failed to report along with information on the type of lobbying, and the association, that the lobbyist represents. This section is effective January 1, 2024.

Section 20 updates the prohibition on contingency fee lobbying by replacing "metropolitan governmental unit" with "political subdivision". This section is effective January 1, 2024.

Section 21 changes the definition of officials covered by the gift prohibition. The current

prohibition on gifts from a lobbyist or principal includes local officials for a metropolitan governmental unit. The amended definition applies the gift prohibition to all local officials for any political subdivision. This section is effective January 1, 2024.

Economic Interest Statement

The Board's legislative recommendations regarding the economic interest statement program were adopted in whole. The recommended changes included three major changes. First, expanding the disclosure of associated businesses to include the sources of income and investments held by a public official's spouse. Second, the disclosure of any contract, professional license, or lease issued to the public official or to a business in which the public official has at least a 25% ownership interest by the government agency on which the official serves. Finally, the Legislature accepted the Board's recommendation to require less disclosure on the economic interest statement from public officials who serve as a soil and water conservation district supervisor, manager of a watershed district, or member of a watershed management organization.

In addition to Board recommendations, the Legislature adopted a requirement that public officials disclose lobbyists, lobbyist principals, or an "interested person" as defined, for whom the public or local official provides services as an independent contractor or consultant. All changes to the economic interest statement program are located in Chapter 62, Article 5, and are effective January 1, 2024.

Section 1 modifies the definition of associated business to include a business, company, partnership, or other association that provides compensation to the official or the official's spouse, or in which the official or the official's spouse holds securities worth more than \$10,000.

Further, this section provides that an associated business includes providing independent contractor or consultant services to a lobbyist, principal, or interested person. An interested person is defined as a person or a representative of a person who has a direct financial interest in a decision that a public or local official is authorized to make, or will be able to make if they become a public or local official.

Section 22 modifies the information that must be included on an economic interest statement, in particular that the public or local official must disclose real property as described in statute whether owned by the official or the official's spouse, any associated business of the official or the official's spouse, each principal business or professional activity from which the official or official's spouse received compensation of over \$2,500 in the last 12 months, or any security with a value of over \$10,000 owned in part or in full by the official or the official's spouse.

This section also provides the requirement that the economic interest statement list any contract, professional license, lease, or franchise that is held by the official or the official's spouse, and which is issued by the government agency on which the public official serves.

Finally, this section provides that the economic interest statement must not identify whether the official or the official's spouse is associated with or owns the listed item.

Section 23 provides reduced economic interest statement reporting requirements for soil and water conservation district supervisors, a manager of a watershed district, and a member of a watershed management organization. Individuals who hold these positions must continue to disclose their occupation and sources of compensation, and must disclose the real property

interests of themselves and their spouses within the state. Further, the individual must disclose any contract they have with the government agency on which they serve.

However, individuals who hold these positions no longer will disclose securities of over \$10,000 or a professional business or professional activity that compensated the individual over \$2,500.

Campaign Finance

Most of the Board's recommendations regarding the campaign finance provisions of Chapter 10A were adopted, or adopted with modification. The Legislature did not adopt the Board's recommendation that successful constitutional office candidates should be able to use committee funds to pay for transition costs for up to three months after election. The Legislature also declined to adopt the Board's recommended language regarding the functional equivalent of expressly advocating for the election or defeat of a candidate, but did approve a provision that will have the same effect in expanding the range of communications that may require registration and reporting with the Board.

The Legislature also passed provisions that will require reporting of certain types of "electioneering communications," which are communications that must be reported because they refer to a candidate and were issued within a set time around nominating conventions, the state primary election, or the state general election. Another major new provision will require for-profit corporations that contribute to independent expenditure committees or funds, or ballot question committees or funds, to certify to the Board that the corporation is not a "foreign influenced" corporation at the time the contribution is made.

The following is a brief review of the sections in Chapter 34, Article 3, related to the campaign finance program.

Section 1 changes the definition of "expressly advocating" to include not only the recognized words of express advocacy but also statements that when taken as a whole can only be viewed as advocacy to elect or defeat a clearly identified candidate. The expressly advocating definition is used to identify independent expenditures that may require registration and reporting with the Board. This provision is effective August 1, 2023.

Section 2 specifically provides that a candidate's principal campaign committee may not accept a corporate contribution prohibited in Chapter 211B. This prohibition is added to Chapter 10A, making it easier to investigate and enforce the prohibition on corporate contributions to candidates. This provision is effective January 1, 2024.

Section 3 establishes new definitions in Minnesota Statutes section 211B.15 that are used to identify contributions from a "foreign-influenced corporation". A foreign-influenced corporation is defined as a corporation organized for profit or a limited liability company in which a single foreign investor owns or controls at least one percent of the corporation, or two or more foreign investors own or control five percent or more of the corporation. A "foreign investor" is defined as a government of a foreign country, a political party organized in a foreign country, an individual who is not a citizen or national of the United States and who is not a permanent resident of the United States, or a corporation organized in a foreign country, or another corporation in which a foreign investor owns or controls 50 percent or more of the corporation. This provision is effective January 1, 2024.

Section 4 prohibits a foreign-influenced corporation from making direct expenditures to influence

the nomination or election of a candidate, from making contributions or expenditures to promote or defeat a ballot question, and from contributing to a political committee, political fund, or political party unit. This provision is effective January 1, 2024. Chapter 62, Article 5 section 43, amends section 4 to provide that the section does not prohibit donations by a foreign-influenced corporation to an association's general treasury money for its general purposes that are not election related.

Section 5 requires any for-profit corporation or limited liability company that makes a contribution or expenditure to influence a ballot question, or a contribution or expenditure to influence the nomination or election of a candidate, to submit a certification to the Board that the corporation was not a foreign-influenced corporation at the time the contribution or expenditure was made. The certification must be submitted to the Board within seven business days of the when the contribution or expenditure is made. The certification must be signed by the corporation's chief executive officer under penalty of perjury. The section also provides the process to be followed by the corporation to identify beneficial ownership that may qualify as ownership by a foreign investor. This provision is effective January 1, 2024.

Section 6 expands the scope of knowing violations of Minnesota Statutes section 211B.15 to include an individual or corporation that made a contribution or expenditure knowing that the corporation was a foreign-influenced corporation. An officer of a corporation who is convicted of knowingly violating the prohibition on foreign-influenced corporate contributions and expenditures may be fined not more than \$20,000 or imprisoned for not more than five years. A corporation convicted of knowingly violating the prohibition on foreign-influenced corporate contributions or expenditures may be fined up to \$40,000 and dissolved or barred from doing business in the state. This provision is effective January 1, 2024.

The following is a brief review of a section in Chapter 62, Article 1, related to the campaign finance program.

Section 50 increases the statutory appropriation to the general account of the state election campaign account (public subsidy account) from \$1,020,000 to \$2,432,000 per biennium. This section is effective July 1, 2025.

The following is a brief review of the sections in Chapter 62, Article 5, related to the campaign finance program.

Section 6 expands and clarifies the list of noncampaign disbursements for principal campaign committees in four ways. First, the section clarifies that to qualify as a noncampaign disbursement, expenditures for accounting and legal services must relate to the operation of the principal campaign committee, serving in office, or for the security of the candidate or the candidate's immediate family, including but not limited to obtaining a harassment restraining order.

Second, the section recognizes a new noncampaign disbursement category for costs that support the candidate's participation in a recount of ballots affecting the candidate's election. This was a Board recommendation.

Third, the section limits the existing noncampaign disbursement category for security expenses to expenses for detection-related security monitoring expenses.

Fourth, the section creates a new noncampaign disbursement category for the cost to repair or

replace campaign property that was lost, stolen or damaged to such a degree that the property can no longer be used. The section provides that campaign property includes but is not limited to campaign lawn signs. This section is effective August 1, 2023.

Section 8 expands the definition of political party unit to include any party organization designated by the chair of the political party in an annual certification of party units submitted to the Board. The section is effective August 1, 2023.

Section 10 defines “virtual currency” as any digital currency that is only available in an electronic form. Virtual currency includes cryptocurrencies. This definition is needed for section 28, and this section is effective August 1, 2023.

Section 11 extends the time frame for issuing a probable cause determination from 45 days after a prima facie determination to 60 days. Additionally, the section provides that the deadline for issuing a probable cause determination may be extended by a majority vote of the Board. This change was a Board recommendation. This section is effective August 1, 2023.

Section 24 adds disbursements for electioneering communications to the list of permitted disbursements for independent expenditure committees and funds and ballot question committees and funds. This section is effective July 1, 2024.

Section 25 provides that a ballot question committee or fund that contributes to a candidate’s committee, a political party unit, or a political committee or fund is subject to a civil penalty of up to four times the amount of the contribution. The same prohibition and penalty already exist for independent expenditure committees and funds, and this provision closes an unintended exception for ballot question committees and funds. This was a Board recommendation, and is effective August 1, 2023.

Section 26 provides that a political contribution may be temporarily held in a digital wallet or other account before the contribution is deposited into a candidate committee, political party, political committee, or political fund bank account, as long as the temporary holding account is solely owned by the committee that received the contribution. This change was needed to provide clear authorization for using a service like Venmo to receive contributions. This provision is effective August 1, 2023.

Section 27 provides that a political committee, political fund, party unit, or lobbyist must provide their registration number with contributions to “local candidates” as defined in Minnesota Statutes section 10A.01, subdivision 22. This provision is effective August 1, 2023, and was a Board recommendation.

Section 28 provides procedures for accepting a political contribution made with virtual currency. A principal campaign committee, party unit, political committee, or political fund may accept a virtual currency contribution. The virtual currency must be converted to United States currency within five business days of receipt, and deposited in the bank account of the recipient. A committee cannot use virtual currency to purchase goods or services for the committee. This section also provides the procedure to use if the virtual currency loses or gains value between the time the contribution is received and when it is converted to United States Currency. This was a Board recommendation, and is effective August 1, 2023.

Section 29 provides authorization and procedures for accepting contributions through a website, mobile payment service, or a service that uses direct carrier billing (for example, donations

through a text message). A mobile payment service must list the name of the registered committee, and not the name of an individual as the recipient of the contribution. The funds received through a website, mobile payment service, or direct carrier billing must be deposited the bank account of the recipient before the funds are used to purchase goods or services. This section is effective August 1, 2023.

Sections 30 and 31 further clarify that a political committee, political fund, party unit, or principal campaign committee may only make expenditures or disbursements with petty cash or from the committee's depository. A person who violates this requirement is subject to a civil penalty of up to \$1,000. This section is effective August 1, 2023.

Section 32 provides that a political committee, political fund, or party unit that makes independent expenditures regarding, or contributions to, local candidates (as defined in Minnesota Statutes section 10A.01, subdivision 22), or expenditures or contributions regarding a local ballot question (as defined in Minnesota Statutes section 10A.01 subdivision 7) in a non-state election year, must file a pre-primary report regardless of whether the ballot issue or candidate is on the primary ballot, or the city holds a primary election. This was a Board recommendation and is effective August 1, 2023.

Section 33 changes the requirement to file a report of a large contribution from within 24 hours of receipt to by the end of the next business day after its receipt. This section is effective August 1, 2023.

Section 34 provides new late fee penalties for committees and associations that do not timely file reports required in Minnesota Statutes section 10A.20, or the reports required for associations that make electioneering communications under the newly codified Minnesota Statutes section 10A.202. For any report other than a year-end report the Board may impose a \$50 late fee per day, not to exceed \$1,000. However, if a report discloses total receipts received during the reporting period that exceed \$25,000, then the Board may impose a late fee of up to two percent of the total receipts that should have been reported, per day, not to exceed 100 percent of the amount that should have been reported. A late report of electioneering communications that discloses expenditures of over \$25,000 during the reporting period may also be subject to a late fee of up to two percent of the total expenditures for the period, per day, not to exceed 100 percent of the amount that should have been reported.

This section also provides that if an individual or association is a repeat offender, and has been assessed a late filing fee within the prior four years, then the Board may impose a late fee up to twice the amount otherwise authorized for late campaign finance reports. This section is effective August 1, 2023.

Section 35 provides definitions for electioneering communications that must be reported to the Board. An electioneering communication is defined as a communication that:

- is publicly distributed by a television station, radio station, cable television system, or satellite system;
- can be received by 10,000 or more individuals within the relevant district;
- refers to a clearly identified candidate for state office;
- is distributed within 60 days of the state general election or within 30 days of a state primary election, or a convention or caucus of a political party that has authority to nominate the candidate referenced in the communication;
- is targeted to the relevant electorate; and

- is not an independent expenditure, a campaign expenditure, a candidate debate or forum, or paid for by a candidate.

This section is effective January 1, 2024.

Section 36 provides the procedure and requirements for reporting electioneering communications to the Board. A report is required if electioneering communications in aggregate exceed \$10,000 during a year, and must be filed no later than midnight of the day following the day on which the electioneering communication is publicly distributed. Subsequent reports are required every time the individual or association spends in excess of \$10,000 on electioneering communications since the more recent report during the calendar year.

The report must disclose

- the identification of the person who made the disbursement for the electioneering communication;
- the identification of any person who exercised control or direction of the persons who made the disbursement;
- the identification of the custodian of the accounts from which the disbursement was made;
- the amount of each disbursement made or obligation incurred of more than \$200 during the period covered by the report;
- identification of all candidates referred to in the electioneering communications;
- the date the communication was made public;
- if the disbursements were made from a segregated account, then the report must disclose the name and address of each donor who contributed \$1,000 or more to the segregated account aggregated from January 1 of the preceding calendar year;
- if the disbursement was not made from a segregated account, then the report must disclose the name and address of each donor who contributed \$1,000 or more to the person making the disbursement, aggregated from January 1 of the preceding calendar year; and
- if the disbursement was made by a corporation or labor organization, and was not made from a segregated account, the name of each individual who contributed \$1,000 or more in aggregate for the purpose of making electioneering communications.

The section also provides that electioneering communications must provide the campaign disclaimer required in Minnesota Statutes section 211B.04. This section is effective January 1, 2024.

Section 37 provides that the existing provisions regarding a political fund seeking voluntary inactive status includes disbursements for electioneering communications. This section is effective January 1, 2024.

Section 38 provides that the principal campaign committee of a candidate who has signed a public subsidy agreement may not use committee funds to make electioneering communications. This section is effective January 1, 2024.

Section 39 clarifies that the notice required of political committees, political funds, party units, and principal campaign committees that sell goods and services to raise funds must be provided to potential customers either verbally or on a sign placed within three feet of the point of sale. The notice must also be provided on a website used to sell the goods or services on the page used to make a purchase or enter payment information. This is a Board recommendation, and is effective August 1, 2023.

Section 40 expands the prohibition on contributions during the legislative session from lobbyists, political committees and funds, and unregistered associations, to include contributions made before the legislative session begins to attend an event held by a principal campaign committee or a party unit organized within a body of the legislature.

Additionally, regardless of when made, a contribution from a lobbyist, political committee, or political fund for access to, or membership in, a facility operated during the legislative session by a principal campaign committee or party unit organized within a body of the legislature, is prohibited. This section was effective the day after enactment.

Section 41 expands the list of multicandidate political party expenditures that do not count as contributions to candidates to include the costs for a party unit's booth at a community event, county fair, or state fair that benefits three or more individuals who will appear on the ballot. This is a Board recommendation, and is effective August 1, 2023.

Section 42 provides a civil penalty of up to \$1,000 for candidates who do not comply with the closed captioning requirements for campaign advertisements placed on broadcast or cable television, or the transcription requirements for radio advertisements. This was a Board recommendation, and is effective August 1, 2023.

Section 44 repeals Minnesota Rules parts 4511.0100, subpart 1a, which provides the definition of designated lobbyist that has been moved to statute, and 4511.0600, subpart 5, which provides reporting requirements for the lobbying program that will not be used effective January 1, 2024. The repeal is in response to a Board request, and is effective January 1, 2024.



MINNESOTA

CAMPAIGN FINANCE BOARD

Date: June 1, 2023

To: Board Members

From: Jeff Sigurdson, Executive Director

Telephone: 651-539-1189

Subject: Agency Rulemaking – Review of possible topics and process

Board members have expressed an interest in using administrative rulemaking as a way to improve the Board's enforcement of Chapters 10A and 211B. In response Board staff has developed a list of possible subjects for administrative rulemaking, and that list is attached to this memo. The list is not intended to be specific on the content of possible administrative rules, but rather to identify areas of regulation that could be improved through administrative rule. This memo also reviews the Board's authority to adopt administrative rules, the costs related to administrative rules, and a brief overview of the process used to adopt rules and the Board involvement with that process.

Rulemaking Authority

In Chapter 10A the Board has been delegated both general and specific rulemaking authority.

- Minnesota Statutes section 10A.02, subdivision 13, provides that the Board may adopt rules to carry out the purposes of Chapter 10A.
- Minnesota Statutes section 10A.02, subdivision 12a, provides that if the Board intends to apply principles of law or policy announced in an advisory opinion more broadly than just to the individual or association to whom the opinion was issued, then the Board must adopt an administrative rule that states that principle or policy.
- Minnesota Statutes section 10A.01, subdivision 26, provides the noncampaign disbursement categories available to candidate committees. The subdivision also provides that the Board can recognize other noncampaign disbursement categories not enumerated in statute through an advisory opinion or the adoption of an administrative rule. Noncampaign disbursements established by the Board in an administrative rule are found in Minnesota Rules, part 4503.0900.
- Minnesota Statutes section 10A.022, subdivision 2, paragraph (b), requires the Board to issue administrative rules for all audits and investigations conducted by the Board under Chapter 10A, or under "...other provisions under the board's jurisdiction pursuant to subdivision 3." Subdivision 3 of this statute provides in part, "The board may also

investigate an alleged or potential violation of section 211B.04, 211B.12, or 211B.15...” to the extent that the potential violation involves state-level candidates, party units, and political committees and funds. The Board’s administrative rules on audits and investigations are contained in Minnesota Rules, Chapter 4525.

- Minnesota Statutes section 10A.025, subdivision 1a, provides that the Board shall adopt rules to regulate electronic filing and ensure that the electronic filing process is secure. The Board’s administrative rules on electronic filing are contained in Minnesota Rules, Chapter 4501.

In the list of potential administrative rules are rules that would help the Board regulate the provisions of Chapter 211B under the Board’s jurisdiction. Staff believes that the Board has authority to adopt administrative rules because the general authority to adopt “rules to carry out the purposes of this chapter” includes the provisions of Minnesota Statutes section 10A.022, subdivision 3, which as explained above, provides the Board authority to enforce certain statutes in Chapter 211B to the extent that they apply to state-level candidates, treasurers, and registered committees and funds. Whether the Office of Administrative Hearings (OAH), which reviews and approves administrative rules, will agree that the Board has authority to adopt rules related to Chapter 211B is unknown. At worst, the OAH could reject administrative rules based on Chapter 211B, but that would not be a basis for rejecting the entire rulemaking effort.

Board Member Involvement

In prior rulemaking efforts the Board has established a subcommittee of at least two members to work more closely with staff on the development of language for the proposed rules, and to appear at public meetings to receive comment on the proposed rules. The subcommittee typically reports to the full Board at regular Board meetings. The subcommittee works with staff to develop a set of proposed rules, but the rules are subject to consideration, modification, and adoption by the full Board.

Alternatively, the Board could consider rulemaking issues as a committee of the whole, with members attending public meetings as they are available. With either approach member involvement is very important so that the drafting of the rules goes forward without the constraint of staff only receiving feedback and direction on the proposed rules at the Board’s monthly meetings.

Public Involvement

If the Board decides to go forward with administrative rulemaking it will need to decide how best to obtain input from interested individuals and associations. The rulemaking process in Chapter 14 requires extensive public notice of any rulemaking effort. Because of the subject of the rules the Board should expect both significant interest and scrutiny. To provide a forum for interested parties to provide comment on the rules I strongly suggest holding public hearings on the rules. The number of public hearings needed is hard to predict. At a minimum two hearings would seem necessary. For reference, the Board’s rulemaking effort in 2017 required six public hearings over the course of eight months to receive and react to comments from the public on the proposed rules.

Board Resources

The Board does have sufficient resources, both in the budget and with available staff, to undertake a rulemaking effort. If the Board decides to go forward with rulemaking, then Mr. Olson will lead the logistics and procedural part of the process and manage the rulemaking calendar to keep the process on track. Development of draft language for the rules would be more of a team effort by staff, but Mr. Olson would be responsible for initial drafts of the rules.

Adopting administrative rules is always a significant project for staff. There is also a practical limit on the number of rules that the Board should try to adopt at one time. Too large a packet of rules will extend the time needed to adopt the rules well into next year, which of course is a state election year. The list of potential rules provided here I would expect to take approximately eight months to adopt, with the time frame extended if a large number of public hearings are required.

If the Board wishes to proceed with rulemaking a motion directing staff to prepare an official public notice of intent to adopt administrative rules for approval at the July Board meeting is required.

Attachment:

List of possible administrative rule subjects

Advisory Opinions that contain conclusions appropriate for administrative rules

Some advisory opinions are based on facts that are so specific that it would be difficult if not inappropriate to establish a rule based on the conclusions of the opinion. The following are advisory opinions issued that are based on facts that are generally applicable to the regulated community. Most of the opinions were issued within the last ten years, or are opinions that are regularly referenced by staff to answer a question.

Advisory Opinions 452 and 436 provide guidelines to ensure that joint purchases of goods or services by candidate committees, party units, and political committees results in fair distribution of costs and benefits and does not result in an in-kind contribution between the committees that jointly purchase an item.

Advisory Opinion 450 provides that a principal campaign committee may pay for certain costs related to the operation of a legislative caucus if those costs qualify as a noncampaign disbursement.

Advisory Opinion 447 provides that the source of funding used by an unregistered association to make contributions must be considered before the contribution may be accepted by a committee registered with the Board. This advisory opinion is focused on contributions from committees and funds registered with the Federal Election Commission, but contains conclusions that have wider application.

Advisory Opinion 445 provides that informational material may be provided to a public official by a principal without violating the gift prohibition if the principal had a significant role in the creation, development, and production of the information.

Advisory Opinions 224, 297, and 441 provide that state agencies and local governmental units are not lobbyist principals. Apparently, this question is recurring and could be answered on a wider basis in administrative rule.

Advisory Opinions 319, 369, and 434 consider whether a company that provides internet-based processing of contributions for registered committees is providing a contribution to those committees, or if the company needs to register as a political committee or fund. The conditions needed to ensure that the company is providing a bona fide business service could be stated in rules. This would also be an opportunity to reconsider the conclusion in Advisory Opinion 434 that a donor may pay the processing fee for a contribution made online and the processing fee does not result in a contribution to the recipient committee.

Advisory Opinions 89, 127, 209, 211, and 228 all address the question of how to report an equipment purchase by a principal campaign committee. Minnesota Rules 4503.0900 could be modified to provide that the purchase of durable equipment or electronics, such as a computer, fax machine, printer/copier, cellphone, etc., is a campaign expenditure, rather than a noncampaign disbursement, unless the equipment is used solely to provide constituent services, is equipment used while campaigning by a person with a disability, or is home security hardware.

Existing administrative rules that could be updated and clarified.

Minnesota Rules 4501.0100 and 4501.0200 – update sections on “electronic filing system” and the signature requirement for electronic filing to reflect the current online reporting system operated by the Board.

Minnesota Rules 4503.0100 – add a definition of “county office in Hennepin County” that includes the offices of county commissioner, county attorney, and sheriff. This would help with the reporting required by party units, political committees, and political funds of contributions and independent expenditures to influence elections in Hennepin County.

Minnesota Rules 4503.0100 – add a definition for “nomination”. Chapter 10A makes multiple references to the “nomination or election” of a candidate without specifying what the term nomination means.

Minnesota Rules 4503.0200, subpart 5 – this subpart is partially obsolete. Specifically, the text “when notice required under subpart 4 is filed or” should be deleted because subpart 4 was repealed in 2005.

Minnesota Rules 4503.0800, subparts 2-4 – these subparts are partially obsolete. Specifically, in subpart 2 the phrase “multiple candidates” should be changed to “multiple candidates or local candidates” and in subparts 3 and 4 each instance of the word “candidate” should be changed to “candidate or local candidate”. This change is needed because Minnesota Statutes section 10A.01, subdivisions 4 and 11, were amended in 2021 to alter the definitions of the terms approved expenditure and contribution to be inclusive of a local candidate. The term local candidate is defined by Minnesota Statutes section 10A.01, subdivision 10d, to include certain candidates for local office within Hennepin County. A similar problem exists in Minnesota Rules 4503.1000 which can be resolved by updating “candidates” to “candidates or local candidates.”

Minnesota Rules 4503.0900, subpart 1 – add a new noncampaign disbursement category for costs required to maintain a bank account that is required by statute, including service fees, the cost of checks, and check processing fees.

Minnesota Rules 4503.0900 – add a new subpart stating that the purchase of durable equipment or electronics, such as a computer, fax machine, printer/copier, cellphone, etc., is a campaign expenditure, rather than a noncampaign disbursement, unless the equipment is used solely to provide constituent services, is equipment used while campaigning by a person with a disability, or is home security hardware. This would effectively codify Advisory Opinions 89, 127, 209, 211, and 228.

Minnesota Rules 4511.0500, subpart 1 – this subpart is partially obsolete. Specifically, the text “subpart 2” should be changed to “Minnesota Statutes section 10A.04, subdivision 9” because subpart 2 was repealed and replaced by section 10A.04, subdivision 9, in 2017.

Minnesota Rules 4525.0200, subpart 2 – modify the text to clearly only require the authorized representative’s mailing address, rather than the complainant’s address, if a complaint is signed by an individual authorized to act on behalf of the complainant. The rule would not permit anonymous complaints but would clarify that a complainant may provide their authorized representative’s mailing address rather than their personal mailing address.

Potential New Rules

If Board members have other subjects they would like to see addressed in administrative rules please bring them up during the discussion of this section.

Provide that a treasurer may group expenses together within campaign finance reports on a monthly basis so long as the expenses are for the same goods or services, from the same vendor, and all expenses incurred within a particular reporting period are disclosed through the end of that period. For example, a committee's payment processing fees withheld by ActBlue or WinRed may be grouped together within a calendar month, rather than having to enter every individual fee.

Provide procedures for the Board to use when conducting random audits of registered committees, funds, party units, and candidates. Similarly, establish procedures and criteria for the Board to use when conducting an audit that is not random, but rather based on indications that inaccurate information has been reported to the Board.

Establish procedures and criteria for use in the audit of affidavits of contributions submitted to qualify for a public subsidy payment.

Establish criteria required in order for the candidate to be deemed not responsible for the actions of a vendor or a subcontractor of a vendor hired by the candidate's committee, such as when the actions of a vendor or subcontractor unintentionally result in coordinated expenditures.

Review Minnesota Rules, Chapter 4511, which provides procedures for lobbyist registration and reporting, to ensure that the rules are still applicable given the changes made to the lobbyist program at the 2023 legislative session.

CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

June 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
Thompson, John	John Thompson for 67A	Civil Penalty and late filing fee for the committee's 2022 year-end report	\$1,000 LFF \$1,000 CP	3/10/23				
	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	4/21/23			

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
	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	4/21/23			The Board settled the matter.
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	5/2/23	5/4/23	