

**Review of the Political Contribution Refund Program
During the Years 2002 - 2018**



**Prepared by the
Campaign Finance and Public Disclosure Board
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Administration of PCR Program

The political contribution refund (PCR) program is administered by the Department of Revenue as provided in Minnesota Statutes section 290.06. The program provides that an eligible Minnesota voter who contributes to a candidate who has signed the public subsidy agreement, or to a major or minor political party unit, may apply for a refund from the Department of Revenue. The maximum amount that may be refunded in a calendar year is \$50 per person, or \$100 per married couple. To apply for a refund the donor must submit a PCR receipt issued by a candidate or party unit, and a Department of Revenue application on which the donor must provide a social security number. The Department of Revenue tracks refund requests by social security number so that no individual receives more than a \$50 refund in a calendar year.

The Campaign Finance Board provides a computer file that lists all candidate committees that have a current public subsidy agreement on file and all political party units registered with the Board. The Department of Revenue uses that information to verify that the donor gave to a candidate or party unit eligible to issue a PCR receipt. The Board also provides paper PCR receipts to eligible candidates and party units and has developed the Campaign Finance Reporter software so that the software can be used to generate a PCR receipt.

In August of each year the Department of Revenue sends a file to the Board that provides the number of PCR refunds, and the total value of the refunds, issued to donors in the prior calendar year. The file provides the refund totals by candidate committee and by political party unit. The Board converts the file contents into reports which are posted on the Board's website at <https://cfb.mn.gov/citizen-resources/board-programs/public-subsidy-of-campaigns/historical-use-of-public-subsidy-program/>. On the website there are separate reports for candidates and party units for the years 2013 through 2018.

The Board also compares the PCR refunds issued for contributions to candidates and political party units to the contributions disclosed on the reports of receipts and expenditures filed with the Board. The comparison is used to verify that the value of the refunds issued to contributors to a committee or party unit do not exceed the contributions reported as received by that same committee or party unit.

History and Status of the PCR Program

The PCR program was initiated in 1990. The program is funded through the general fund of the state. It is not funded through the political party check-off on state income tax and property tax forms.

The PCR program has not always been funded. In 2009 then Governor Pawlenty used an unallotment of funds to balance a budget deficit. Among the programs that lost funding was the PCR program. Contributions received after June 30, 2009, were not eligible for refunds. The statutory language in Chapter 290 authorizing the program remained in place, but the program was unfunded during the following FY 2012 – 2013 biennium. The program was funded for the FY 2014 – 2015 biennium, but was not funded for the FY 2016 – 2017 biennium. The program was funded again for the FY 2018 – 2019 biennium, and is currently funded for FY 2020 – 2021. In total, the PCR program was not funded for contributions received in the last six months of 2009, all of calendar years 2010, 2011, 2012, and 2016, and the first six months of 2013, 2015, and 2017.

PCR Refunds Issued by Candidates

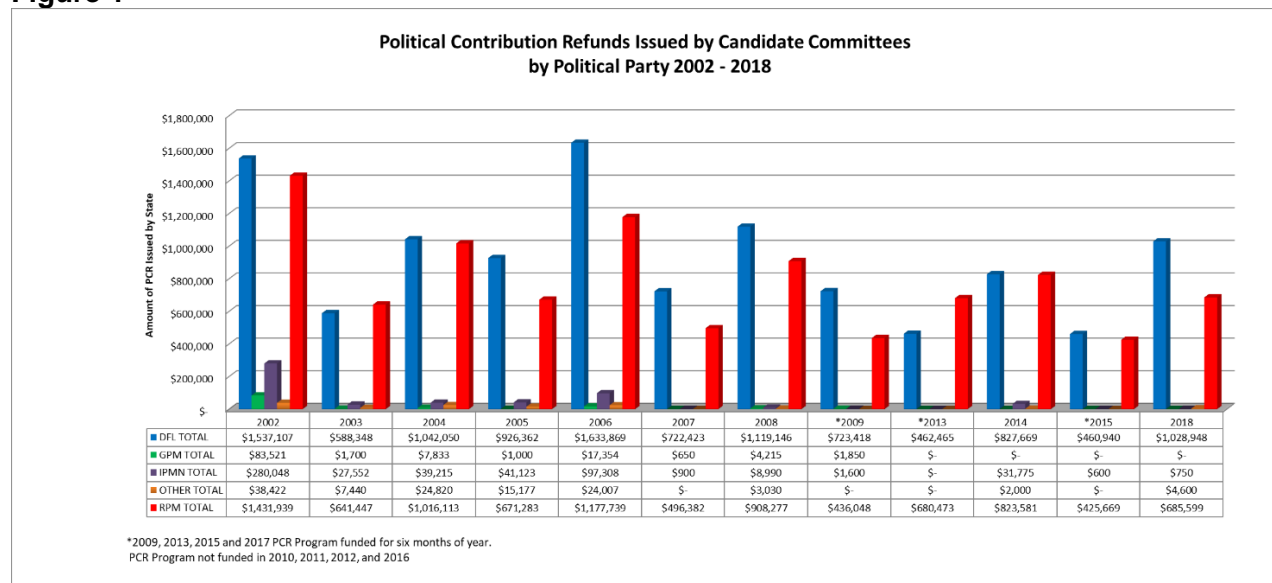
Total refunds

From 2002 through 2018 about \$77,857,000 in cash contributions was donated by individuals to candidates who signed the public subsidy agreement. Based on those contributions, the Department of Revenue paid \$22,274,373 in PCR refunds to donors. The total amount of the refunds equals about 29% of the total amount donated by individuals to eligible candidate committees.

Refunds for donations to candidate committees by political party

As shown in **Figure 1**, the vast majority of refunds issued for contributions made to candidate committees were for contributions to candidates with the Democratic-Farmer-Labor (DFL) or Republican Party of Minnesota (RPM) parties. In ten of the twelve years, the total of the refunds issued for donations to DFL candidates was higher than the total issued for donations to RPM candidates. RPM donors received more PCR refunds in 2003 and 2013, and in 2014 the difference between the total refunds issued to donors to candidates of the two parties was only about \$4,000.

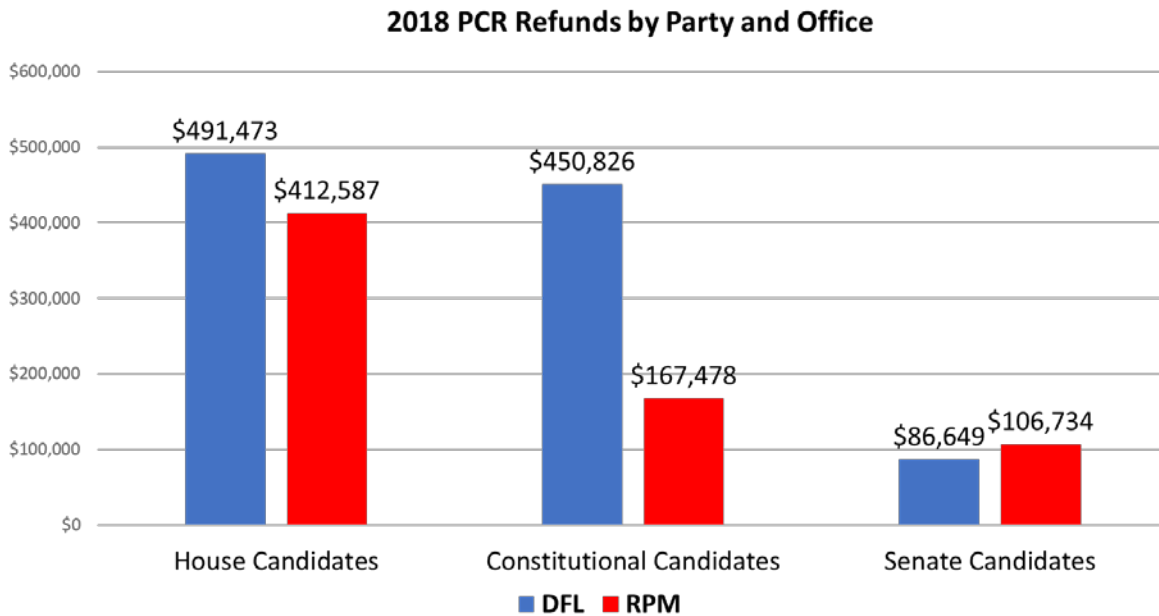
Figure 1



2018 refunds for donations to candidate committees by office

As shown in Figure 1, donors to DFL candidates were refunded about \$343,000 more than donors to RPM candidates in 2018. The majority of the difference in PCR refunds issued to DFL and RPM candidate donors occurred because of the disparity in refunds issued to contributors to candidates for constitutional office. As shown in **Figure 2**, donors to RPM House candidates received refunds equal to 84% of the total issued to donors to DFL House candidates. In contrast, donors to RPM constitutional candidates received refunds equal to only 37% of the total refunds issued to donors to DFL constitutional candidates. Senate candidates were not on the ballot in 2018, so the total refunds issued for donations to Senate candidates is much smaller. Of note, donors to RPM senate committees received more refunds than donors to DFL senate committees in 2018.

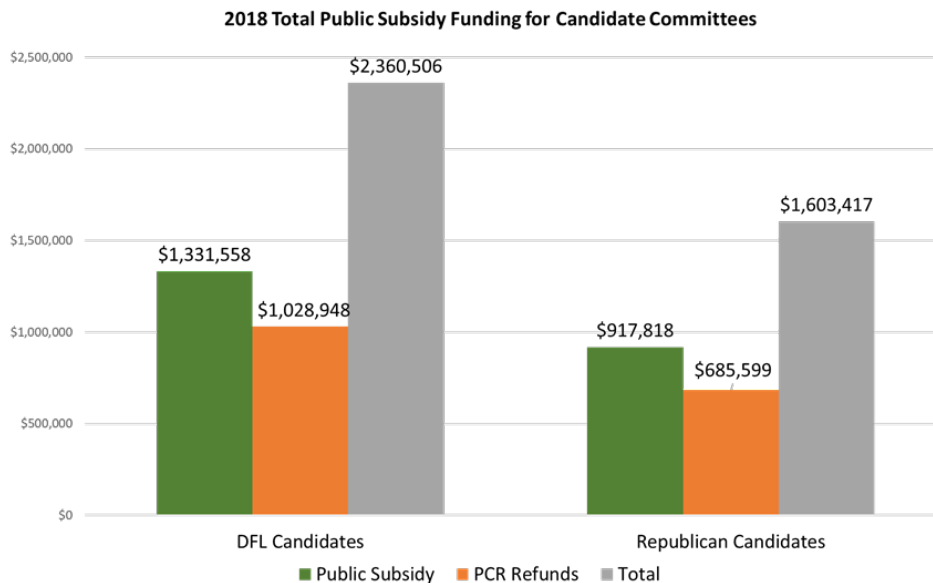
Figure 2



PCR program in relation to total public subsidy payments to candidates in 2018

Use of the PCR program to encourage contributions to a candidate’s committee is only one benefit of the public subsidy offered to candidates for state-level office in Minnesota. Candidates who sign the public subsidy agreement are eligible to immediately issue PCR receipts to contributors, and if they qualify, will also receive a direct public subsidy payment. If added together, refunds to candidate committee contributors and public subsidy payments to candidate committees equal the cost of the public subsidy program for candidates. In 2018 the total cost to the state was \$3,963,923. In **Figure 3**, the total public subsidy funding to candidate committees by political party in 2018 is shown.

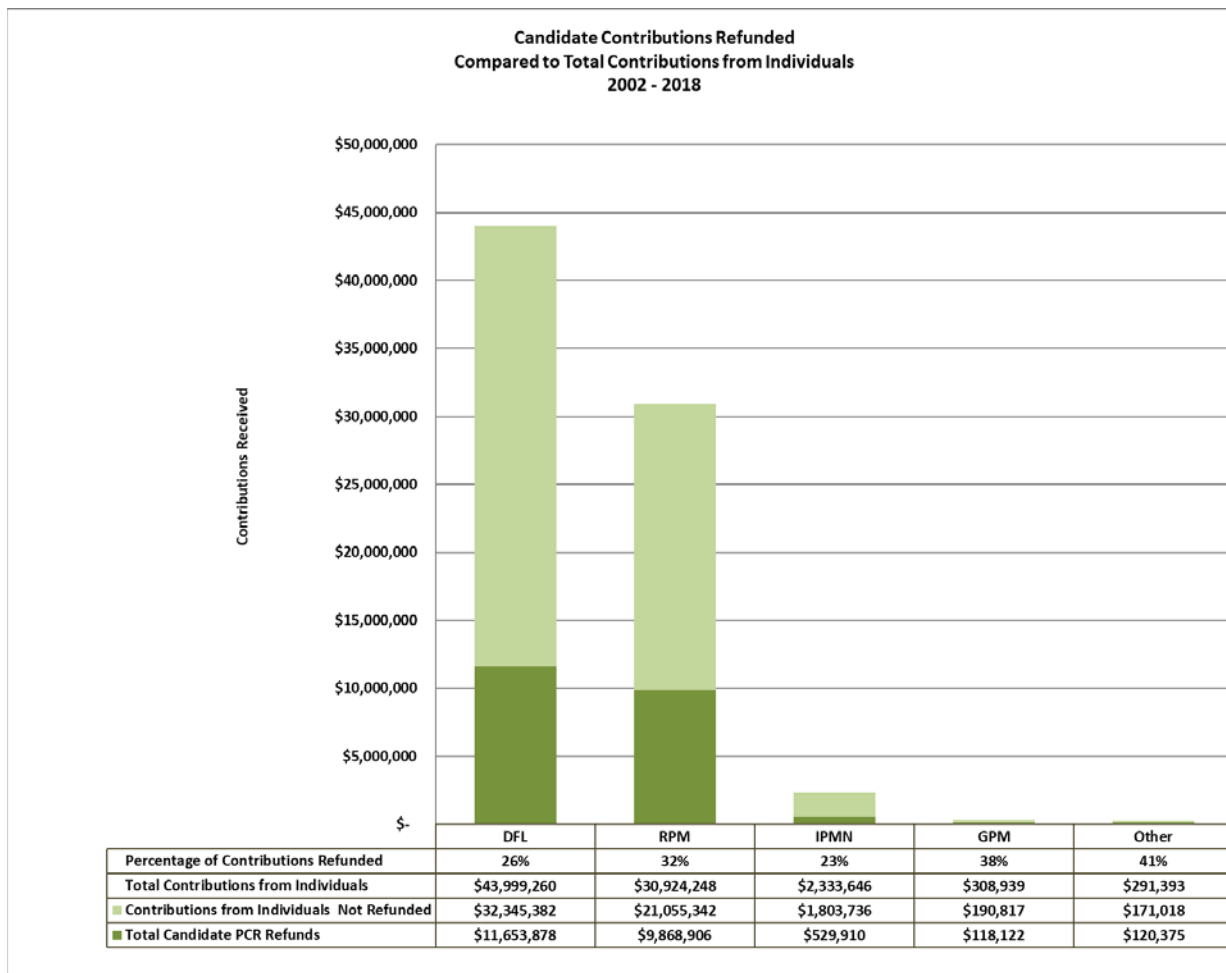
Figure 3



Percentage of individual contributions refunded by PCR program

In **Figure 4** the total contributions from individuals to candidates who signed the public subsidy agreement are grouped by party and compared to the amount refunded through the PCR program to donors of those candidates. Although the total value of contributions to DFL candidates refunded through the PCR program is higher than the amount refunded for contributions to RPM candidates, the percentage of contributions refunded is actually higher for RPM candidates. The individual donors to RPM candidates were refunded 32% of the total amount contributed, compared to 26% of the amount contributed to DFL candidates. Although the total amount of dollars involved is much smaller for minor party candidates, the PCR program is still used for a significant portion of the contributions received. The Green Party of Minnesota (GPM) candidate donors were refunded 38%, and Independence Party of Minnesota (IPMN) candidate donors were refunded 23%, of the total contributed. When averaged together, individual contributors to candidates with the Libertarian Party of Minnesota, Legal Marijuana Now Party, and Grassroots-Legalize Cannabis Party were refunded 41% of the total amount contributed.

Figure 4

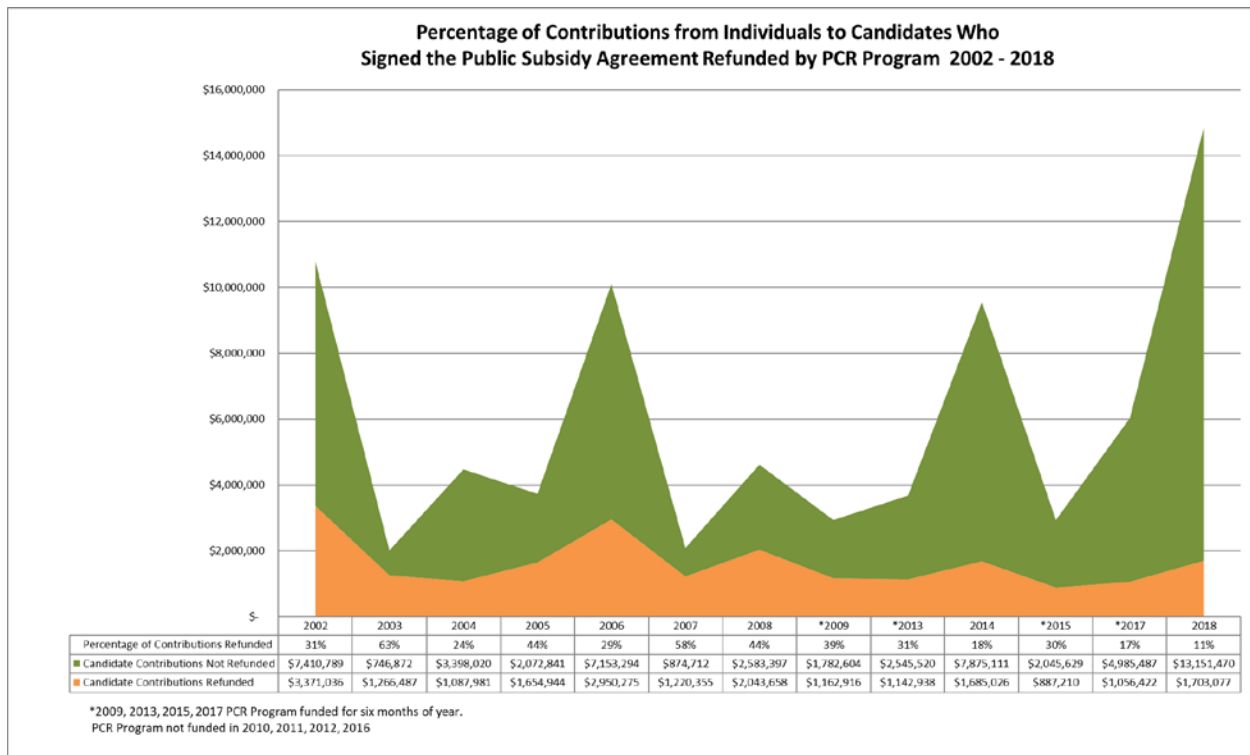


Use of PCR program during non-election and election years

The percentage of donations to candidates that are refunded through the PCR program also varies significantly when comparing election years to non-election years. In **Figure 5** the taller spikes in the graph correspond to election years when the total amount raised by candidates (and the total amount of contributions refunded) increases dramatically compared to non-election years. However, the percentage of contributions refunded through the PCR program is higher in non-election years. This may indicate that the PCR program is used more consistently by contributors who are involved with the political process and who are aware of the program, and less consistently by contributors who only contribute during an election year when there is greater interest from the public. For example, 63% of contributions were refunded in 2003, and then in the election year 2004, about 24% of contributions from individuals were refunded. A similar pattern is seen in the non-election year 2005, during which 44% of contributions were refunded, followed by 29% refunded in 2006. This pattern continues through 2013 (the PCR program was funded for only six months in 2013) in which 31% of contributions were refunded, followed by 18% in the election year 2014, and again in 2017 (the PCR program was funded for only 6 months) when 17% of contributions were refunded, followed by 11% during the election year 2018.

Of note, **Figure 5** also shows that the total amount refunded through the PCR program for contributions to candidates has generally been in decline over the life of the program. In 2002, a little over \$3,371,000 in refunds were issued to candidate contributors, compared to about \$1,703,000 in 2018.

Figure 5

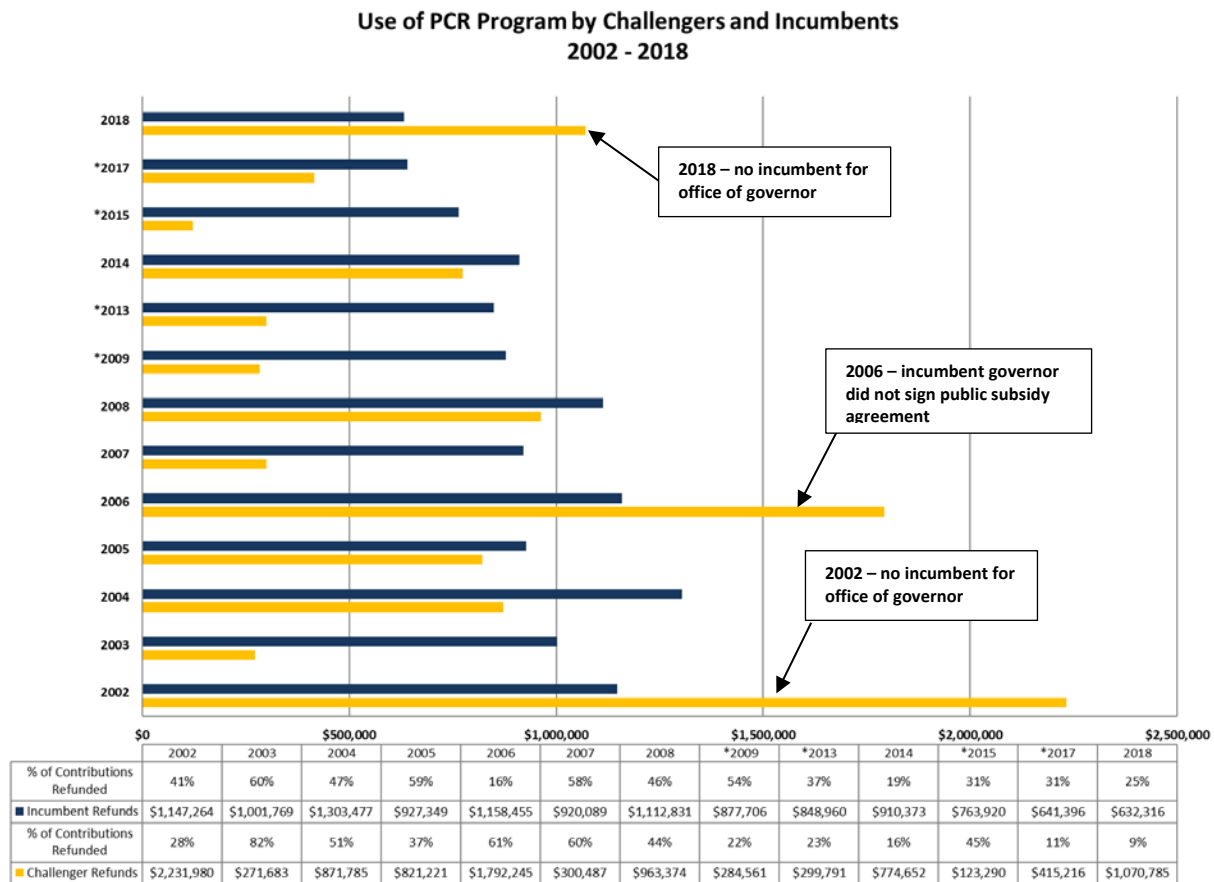


Use of PCR program by incumbents and challengers

In **Figure 6** the refunds for donations made to challengers is compared to refunds for donations made to incumbents for the years 2002 - 2018. In total, about \$12,245,000 in refunds have been issued for donations made to candidates who are incumbent office holders, and about \$10,221,000 in refunds have been issued for donations made to candidates who are challengers.

These totals are somewhat skewed because of three gubernatorial elections. In 2002, 2006, and 2018, it appears that refunds to non-incumbent candidate donors greatly exceeded refunds to incumbent candidate donors. However, in 2002 and 2018 the incumbent governor did not run for reelection, which for the purpose of this graph made all donations to gubernatorial candidates in those years donations to a “challenger.” In 2006 then Governor Pawlenty did not sign the public subsidy agreement so his committee could not issue PCR receipts during his reelection campaign. Therefore, during that election only challengers to Governor Pawlenty were able to issue a PCR receipt. If you exclude those three years as anomalies the total amount of refunds issued for donations to incumbent candidates is about \$9,307,000, and the total refunds issued for donations to challengers is about \$5,126,000.

Figure 6



*2009, 2013, 2015, 2017 PCR Program funded for six months of year.
PCR Program not funded in 2010, 2011, 2012, 2016

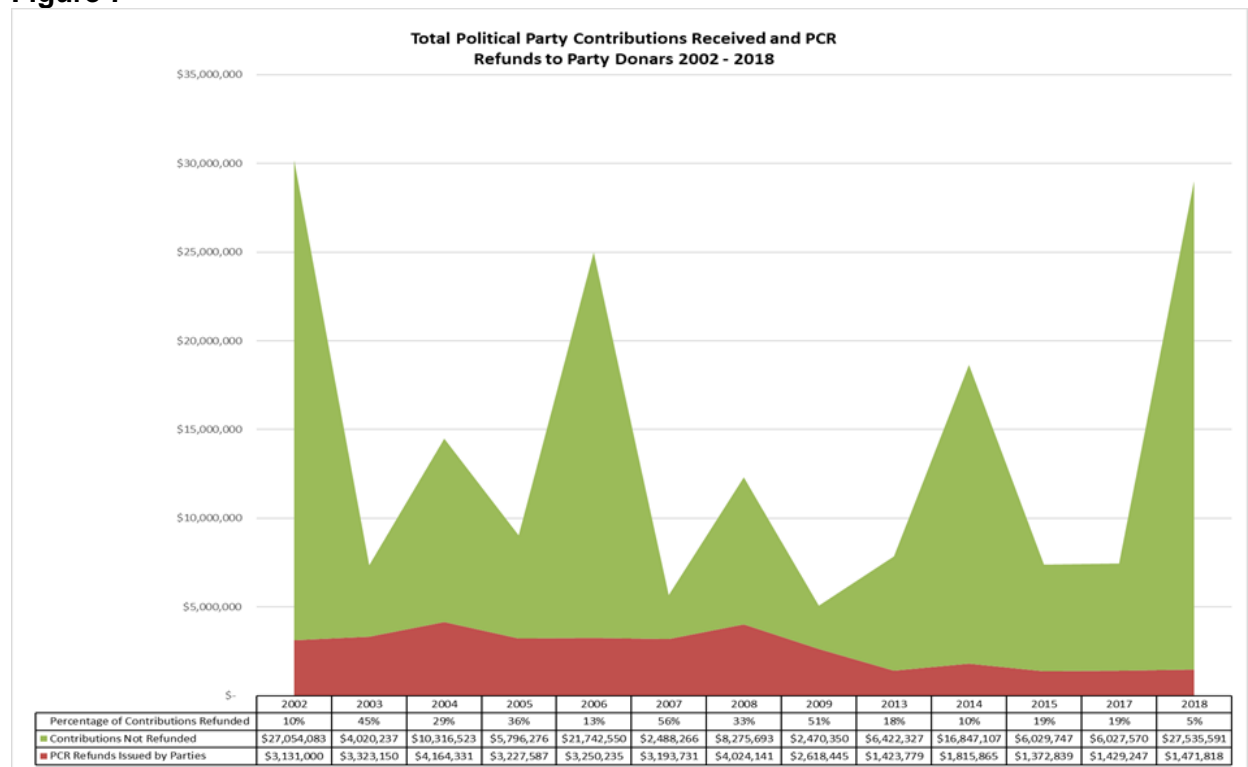
PCR Refunds Issued by Political Parties

Total PCR refunds issued relative to total political party contributions

During the years 2002 through 2018 the total of PCR refunds to political party donors was \$34,452,178, compared to \$22,274,373 refunded for donations to candidate committees. In **Figure 7** the total of refunds issued to political party donors is compared to the total of contributions received by party units during the years 2002 - 2018. Unlike candidate committees, political party units do not separate donations from individuals on reports filed with the Board. The total contributions reported and shown on the graph below include not only contributions from individuals, but contributions from political committees and funds, unregistered associations, and other party units. Only individuals are eligible for a PCR refund. Therefore, the comparison of PCR refunds to total donations received shows only the relative importance of the PCR program compared to total funds raised by political parties. In contrast, the charts for candidate committees show the percentage of individuals who donate to a candidate committee that received a PCR refund.

The spikes in total contributions raised by party units correspond to election years in which the office of governor was on the ballot. The percentage of total contributions received by party units that resulted in a PCR refund topped out in 2007 and 2009 when over 50% of the contribution total was refunded. When the PCR program was funded again in 2013 the percentage was in the low teens until 2018. In 2018, only about 5% of the total contributions raised by party units resulted in a PCR refund.

Figure 7



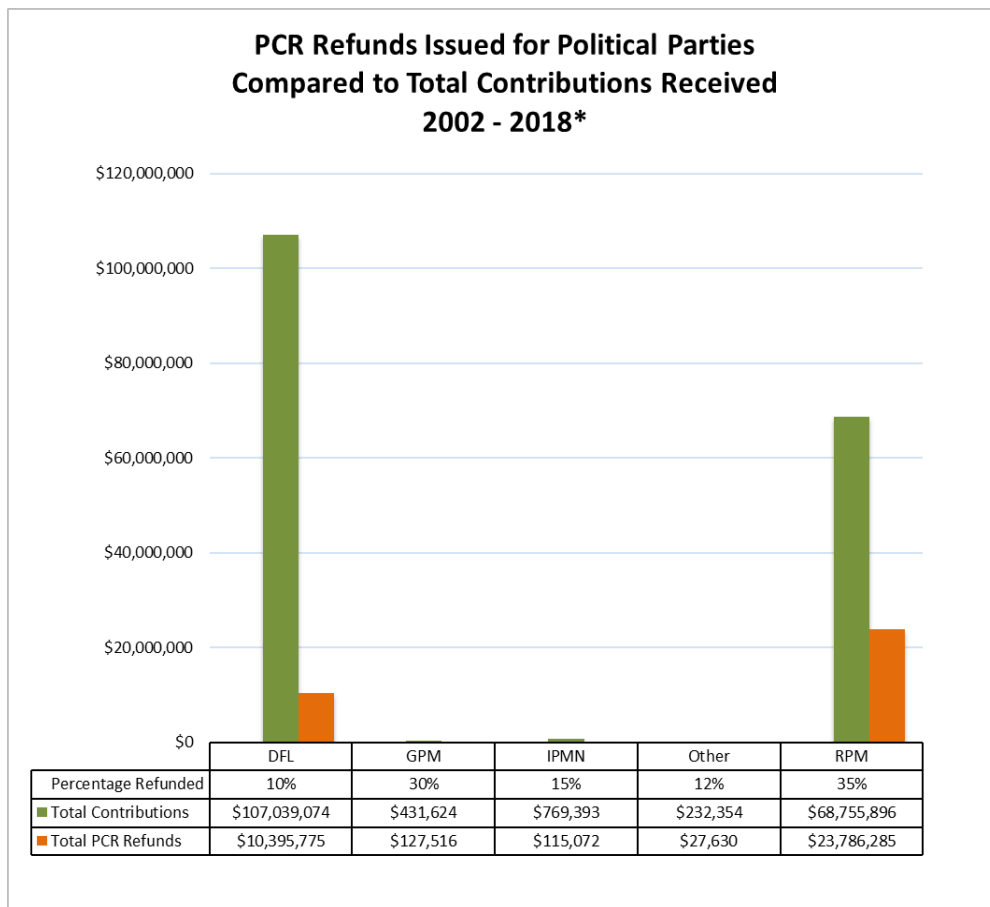
2010, 2011, 2012, and 2016 are not included in the time line because the PCR program was not funded for those years

Use of PCR program by specific political parties

During the years 2002 through 2018 donors to RPM party units received \$23,786,285 in PCR refunds, compared to \$10,395,775 refunded for donations to DFL party units. The relative importance of contributions refunded through the PCR program to selected parties is illustrated in **Figure 8** by comparing total contributions received to those refunded to contributors via PCR refunds. The PCR refunds issued for contributions raised by RPM party units was equal to about 35% of the total funds raised by the party. By comparison, PCR refunds were issued for about 10% of the total contributions raised by DFL party units.

Although the total of PCR refunds issued to donors of other political parties was in comparison much smaller than the amounts issued to DFL and RPM donors, the program nonetheless is actively used by all registered parties. In particular, IPMN donors received refunds for about 15% of the total contributions raised by the party, and GPM donors received refunds for about 30% of the contributions received by the party.

Figure 8

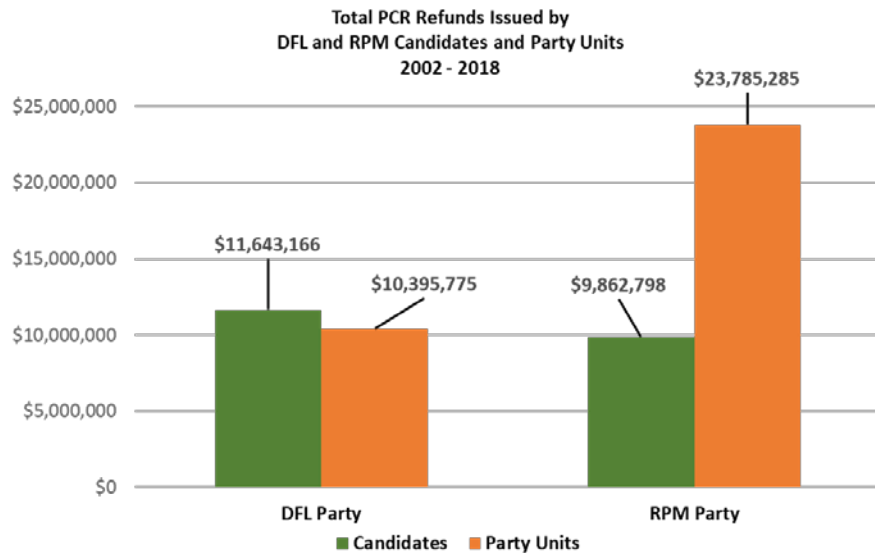


*Total contributions do not include 2010, 2011, 2012, and 2016, which are years in which the PCR program was not funded.

Total PCR refunds for RPM and DFL candidates and party units 2002 - 2018

In **Figure 9** the refunds paid to donors to RPM and DFL candidate committees are compared to the refunds paid to donors to RPM and DFL political party units during the years 2002 - 2018. Combined, donors to RPM candidate committees and party units were refunded \$33,648,083. In comparison, donors to DFL candidate committees and party units were refunded \$22,038,941.

Figure 9



While historically RPM donors have received more refunds than DFL donors, 2018 did not follow that trend. In 2018, donors to DFL candidate committees and party units were refunded about \$180,000 more than donors to RPM candidate committees and party units. As shown in **Figure 10**, the disparity in refunds for donations to DFL candidate committees compared to RPM candidate committees explains why 2018 is an outlier.

Figure 10

