

Bill Comparison

S.F. No. 103

S.F. No. 863

Form

Amends chapter 10A

Form

Repeals chapter 10A provisions related to campaign finance and reenacts them as 10B

Contribution Limits

Nonparticipating candidates:

	Per Election Cycle
Governor	\$1,000
Attorney General	1,000
Sec. of State & Auditor	500
Senator	500
Representative	500

Contribution Limits

Nonparticipating candidates:

	Per Election Cycle
Governor	\$2,000
Attorney General	1,000
Sec. of State & Auditor	1,000
Senator	500
Representative	500

Participating candidates:

	Per Year
All	\$100
No contributions from political committees, political funds, party units, or lobbyists	

Participating candidates:

	Per Election Cycle
All	\$50

From candidate's personal funds: Ten times candidate's limit

From candidate's personal funds: \$500

Political parties:	Per Election Cycle
	\$500

Political parties:	Per Election Cycle
	\$10,000

Participating party caucuses:

	Per Year
From individuals	\$100
No contributions from political committees, political funds, party units, or lobbyists	

S.F. No. 103**Contribution Limits**

Political committees or funds: Per Year
\$500

Aggregate limit on individuals: Per
Election Cycle
\$5,000

Spending Limits

	Per Election Cycle
Governor	\$1,800,000
Attorney General	350,000
Sec. of State & Auditor	175,000
Senator	45,000
Representative	28,000

Political parties No independent expend.

Party caucuses \$500,000
(plus \$100,000 each non-election year)

Independent Expenditures by Parties

Prohibited, if accept public subsidy

Public Subsidy

	Per Election Cycle
Governor	\$1,170,000
Attorney General	227,500
Sec. of State & Auditor	227,500
Senator	29,250
Representative	10,500

Political party \$200,000
(plus \$200,000 if opposing party has not
signed a spending limit agreement)

S.F. No. 863**Contribution Limits**

Political committees or funds: Per Year
\$1,000

Aggregate limit on individuals: Per
Election Cycle
\$10,000

Spending Limits

	Per Election Cycle
Governor	\$1,570,000
Attorney General	325,000
Sec. of State & Auditor	325,000
Senator	60,000
Representative	30,000

Independent Expenditures by Parties

Prohibited, if accept public subsidy

Public Subsidy

	Per Election Cycle
Governor	\$1,520,000
Attorney General	300,000
Sec. of State & Auditor	300,000
Senator	52,000
Representative	26,000

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Public Subsidy

Party caucus \$100,000
(plus \$100,000 if opposing caucus has not signed a spending limit agreement)

Political Contribution Refund: \$100

Plus:
Match excess spending by opponent
Match independent expenditures

Payment Schedule:

Primary 25%
General election (balance, up to) 65%

Revenue Source

General fund

Issue Ads

Rebuttable presumption expenditures close to an election are campaign expenditures

Independent Expenditures

Rebuttable presumption certain expenditures are not "independent"

Disclosure

Threshold to report individuals \$100
Threshold to report electronically \$5,000
Threshold to report ind. expend:
Legislative \$100
Others \$500

Public Subsidy

Political Contribution Refund: \$50
(to political parties only)

Plus:
Match excess contributions to opponent
Match independent expenditures

Payment Schedule:

Qualifying 20%
Primary 20%
General election 60%

Revenue Source

General fund revenue produced by throwback rule for corporate franchise tax

Issue Ads

Rebuttable presumption expenditures close to an election are campaign expenditures

Independent Expenditures

Rebuttable presumption certain expenditures are not "independent"

Disclosure

Threshold to report individuals \$50
Threshold to report electronically \$5,000
Threshold to report ind. expend:
All \$500

Conduit funds must also report

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Penalties

Up to 4 times excess contribution or expend

Debates

Before primary at least 2
Before general election at least 2

Free Broadcast Time

Filing Fees

Voter's Guide

S.F. No. 863

Penalties

Up to 10 times excess contribution or expend
Removal from office

Debates

Free Broadcast Time

(on stations receiving a state subsidy)
Constitutional officers 30 minutes
Legislators 60 seconds

Filing Fees

Waived for participating candidates

Voter's Guide

Secretary of State must prepare

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S.F. No. 103 - Clean Money Election Campaigns

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Date: February 15, 2005

S.F. No. 103 repeals the income tax checkoff as the source of money to pay public subsidies to candidates who agree to spending limits. Instead, it provides an appropriation from the general fund to pay 65 percent of a candidate's spending limit. The spending limit for an election cycle would be similar to current limits for the election year. The spending limits would be increased for candidates whose nonparticipating opponents spent more than the participating candidate's original spending limit. Spending limits would also be increased to match independent expenditures made against participating candidates. The candidate's public subsidy would also be increased to match the excess spending and independent expenditures, subject to a limit that the total public subsidy paid to a candidate not exceed three times the candidate's original spending limit.

To be eligible to receive a public subsidy, the candidate would have to sign a spending limit agreement and an affidavit of contributions as under current law. An eligible candidate who has an opponent in a major party primary would receive a public subsidy equal to 25 percent of the candidate's spending limit upon filing for office and the balance of the 65 percent after winning the primary. The candidate would receive payments to match excess spending and independent expenditures within five days after the expenditures were reported to the Board of Campaign Finance and Public Disclosure.

A candidate's agreement to limit spending would also constitute an agreement to limit contributions to no more than \$100 a year from an individual and to accept no contributions from a political committee, political fund, party unit, or a lobbyist. The

full amount of each \$100 contribution could be recovered by the individual contributor through the political contribution refund program, whose maximum would be increased from \$50 to \$100 per person per year.

In addition to agreeing to spending limits and lower contribution limits in order to be eligible to receive the public subsidy, a candidate would also have to agree to participate in at least two public debates before the primary and at least two public debates before the general election.

In addition to a new system of contribution limits, spending limits, public subsidies, and public debates for candidates, the bill would provide new contribution limits, spending limits, and public subsidies for political parties and legislative party caucuses. The income tax checkoff money that now goes to the state committee of a political party would be repealed. In its place would be an appropriation from the general fund of \$200,000 each general election year for each major political party that has signed a spending limit agreement, plus \$200,000 if the state committee of any other major political party had not likewise signed a spending limit agreement. The agreement would be that neither the state committee of the political party nor any of its party units would make independent expenditures on behalf of its candidates. A political party that did not agree to this limit on independent expenditures would not be eligible to participate in the political contribution refund program.

A legislative party caucus would not be eligible to participate in the political contribution refund program unless it had signed an agreement to limit contributions and expenditures. The new limit on contributions to a party caucus would be \$100 in a year from an individual and no money from a political committee, political fund, or party unit. The spending limit for a caucus would be \$500,000 in a general election year and 20 percent of that amount in a nonelection year. A caucus would be released from expenditure limits but still eligible to receive the public subsidy and participate in the political contribution refund program if another caucus in the same house of the legislature had not agreed to the limits and had received contributions or made expenditures in excess of 50 percent of the expenditure limit. A legislative caucus that agreed to these contribution and expenditure limits would receive a public subsidy of \$100,000 each general election year, plus \$100,000 if any other major political party caucus in the same house with at least ten members in the Senate or 20 members in the House had not signed a spending limit agreement.

A political committee, political fund, or party unit would be limited to accepting \$500 in an election cycle from each individual or association.

An individual would be limited to contributing \$5,000 in an election cycle to all candidates and committees combined.

The bill includes a variety of other changes to the campaign finance laws, which will be explained in the section-by-section summary that follows.

Section 1 states legislative findings that the current system of financing election campaigns undermines democracy in a number of ways and that a new law is needed to enable campaigns to be conducted without special interest money.

Section 2 creates a new definition of "campaign expenditure" designed to bring more political advertisements within the definition of an "independent expenditure." The definition is similar to one in section 201 of Public Law 107-155, the Bipartisan Campaign Reform Act of 2002. In addition to the "magic words" that the U.S. Supreme Court has previously held to constitute "express advocacy," the definition would add "words that in context can have no reasonable meaning other than to advocate the election or defeat of one or more clearly identified candidates" or similar content that, in context, is clearly expressing support for or opposition to a candidate.

Section 3 amends the definition of "independent expenditure" to strike the sentence found unconstitutional in *Republican Party of Minnesota vs. Pauly*, 63 F. Supp. 2d 1008 (D. Minn. 1999) and to create a rebuttable presumption that various subtle methods of coordinating spending are not "independent."

Section 4 changes the definition of "lobbyist" by lowering the threshold of compensation needed to become a lobbyist from \$3,000 to \$2,000 a year and limiting the exemption for travel expenses to \$1,000 a year. It also makes "lobbyists" of any employees of a public higher education system who spend more than 50 hours in a month attempting to influence legislative, administrative, or metropolitan local governmental action.

Section 5 requires that when the Campaign Finance and Public Disclosure Board publishes reports or statements on its Web site they not publish the home street address or telephone number of an individual.

Section 6 requires that the statement of organization of a principal campaign committee list any individuals authorized to accept contributions on behalf of the principal campaign committee. This ties to an amendment to Minnesota Statutes, section 10A.27, subdivision 1, that limits the delivery of bundled contributions to a candidate to those persons registered with the Board under this section.

Section 7 requires that certain campaign finance reports be filed with the Board in an electronic format approved by the Board. The threshold for being required to file electronically is contributions or expenditures of more than \$5,000 in a year. All campaign finance reports filed with the Board, whether filed electronically or not, would have to be published on the Board's Web site within seven days after their due date.

Section 8 requires that a political committee or a political fund that makes independent expenditures related to a special election file reports on the independent expenditures seven days before the special primary and special election and ten days after the special election cycle.

Section 9 makes changes to the subdivision requiring notice of independent expenditures that was struck down by a federal court in 1994 in the case of *Day vs. Holahan*, 34 F.3d 1356 (8th Cir. 1994). It increases from 24 to 48 hours the time a group making independent expenditures has to report those expenditures to the Board and increases the threshold for reporting independent expenditures in statewide races from \$100 to \$500. It adds a requirement that, in addition to stating the amount of the expenditure, the notice must include an affidavit identifying the candidate in support of or opposition to whom the expenditure is made and affirming that the expenditure was independent and involved no cooperation or coordination with a candidate or political party. Expenditures made during the last three weeks before the primary or general election still must be reported within 24 hours. If the Campaign Finance and Public Disclosure Board determines that a notice was false and the Board has distributed a public subsidy to a candidate based on the false notice, the candidate must return the subsidy to the Board.

Section 10 requires that a candidate who has not signed a spending limit agreement and who spends more than the spending limit of an opponent who has signed a spending limit agreement must report that excess spending within 48 hours after exceeding the limit by more than \$100 for a candidate for legislative office or \$500 for a candidate for statewide office. Additional reports of spending over the limit must be filed every 48 hours.

Section 11 provides that the spending limits on political parties and legislative caucuses apply only to a party or a caucus that has signed and filed a spending limit agreement.

Section 12 changes spending limits from per year to per election cycle and sets the limits at roughly the same as they are currently for the election year, except that the limit for governor would be less for an election cycle than it currently is for the election year. It also increases spending limits dollar for dollar to match spending over the spending limit by a nonparticipating candidate and to match independent expenditures made in opposition to a participating candidate.

Section 13 is a conforming change to the spending limit that applies when a candidate runs for more than one office during an election cycle.

Section 14 prohibits a political party or party unit that has signed an agreement not to make independent expenditures from making independent expenditures.

Section 15 provides a spending limit of \$500,000 in an election year and 20 percent of that amount in a nonelection year for a legislative party caucus that has signed a spending limit agreement. In return for agreeing to the spending limit, the legislative caucus would receive \$100,000 each election year. If another party caucus in the same house of the legislature chooses not to sign a spending limit agreement, the caucus that has signed an agreement would be freed from the spending limit and receive an additional public subsidy of \$100,000.

Section 16 strikes a reference to an election year expenditure limit for a candidate, since the candidate's expenditure limits would now be based on an election cycle.

Section 17 applies the current limits for an election year to an entire election cycle and reduces the contribution limit for candidates for governor from \$2,000 in an election year to \$1,000 in an election cycle. It also limits a delivery of bundled contributions to a candidate to members of the candidate's principal campaign committee who have been registered with the Campaign Finance and Public Disclosure Board.

Section 18 imposes a contribution limit of \$100 a year on candidates who agree to spending limits and also prohibits them from accepting any contribution from a political committee, political fund, party unit, or lobbyist.

Section 19 applies to candidates who have not signed a spending limit agreement. They are currently limited to no more than 20 percent of their spending limit from PACs, lobbyists, and large contributors. This change would add contributions from political party units to that 20-percent limit.

Section 20 limits a party caucus that has signed a spending limit agreement to accepting contributions of no more than \$100 in a year and none from a political committee, political fund, party unit, or lobbyist.

Section 21 limits a political committee, political fund, or party unit to accepting \$500 in an election cycle from each individual or association.

Section 22 limits an individual to contributing \$5,000 in an election cycle to all candidates and committees combined.

Section 23 limits the kinds of expenditures by a political party that may qualify as multicandidate expenditures and thus not be counted against a candidate's spending limit. It requires that a telephone conversation mentioning the names of three or more individuals whose names are to appear on the ballot mention each of them "with roughly equal emphasis" in order not to be counted. It eliminates expenditures for party fundraising and on party staff.

Section 24 adds penalties for a political party or legislative party caucus that spends more than its spending limit. The penalty is a civil penalty of up to four times the amount by which expenditures exceed the limit.

Section 25 adds similar penalties for a legislative party caucus that exceeds its contribution limit.

Section 26 strikes references to payments from the income tax checkoff money in the party account and general account since those accounts are repealed later in the bill.

Section 27 adds to the spending limit agreement an agreement that a candidate will participate in at least two debates before the primary and two debates before the general election. It also advances from September 1 to the day after the candidate files for office the deadline for filing a spending limit agreement. This makes the deadline for filing during a general election the same as it now is for a special election. The section also adds spending limit agreements for a political party and legislative party caucus and a misdemeanor penalty for the chair of a party unit or legislative caucus who signs a political contribution receipt form without having signed a spending limit agreement.

Section 28 provides a public subsidy of up to 65 percent of the candidate's spending limit for candidates who sign a spending limit agreement and who file an affidavit of contributions in the same amounts as required under current law. A candidate with a primary opponent would receive 25 percent of the candidate's spending limit within ten days after the close of filings and candidates who survive the primary would receive the balance of their 65 percent within one week after the state canvassing board has certified the results of the primary. Participating candidates would also receive payments to match spending by their nonparticipating opponents in excess of their own spending limit and to match independent expenditures made against them or in favor of their nonparticipating opponents. These two additional subsidies would be paid dollar for dollar, subject to an overall limit that the candidate not be paid more than three times the candidate's original spending limit. The income tax checkoff and subsidies currently paid from the party account and the general account are repealed later in the bill.

Section 29 provides a public subsidy to major political parties who sign a spending limit agreement. The amount of the subsidy is \$200,000 each general election year, plus \$200,000 if the state committee of any other major political party has not likewise signed and filed a spending limit agreement. The section provides a public subsidy to each major political party caucus and a house of the legislature that has a general election that year and at least ten members in the Senate or 20 members in the House. The amount of the subsidy is \$100,000, plus \$100,000 if the chair of any other major political party caucus in the same house with at least ten members in the Senate or 20 members in the House has not likewise signed and filed with the Board a spending limit agreement. These public subsidies may not be used to support a candidate who has not signed and filed a spending limit agreement.

Section 30 requires any candidate who receives a public subsidy to agree to participate in at least two public debates before the primary and two public debates before the general election if an appropriate organization offers to sponsor the debate.

Section 31 adds to chapter 200 the same definition of party unit that now appears in chapter 10A.

Section 32 increases the amount of the political contribution refund from \$50 to \$100 per person. It limits the political contribution refund program to political parties and legislative party caucuses that have signed a spending limit agreement. It also strikes references to the income tax checkoff program, which is repealed.

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Section 33 provides that the new contribution and expenditure limits begin the day following final enactment

Section 34 contains the repealers.

Section 10A.25, subdivision 6, is the spending limit for nonelection years, which is no longer needed since spending limits would be for an election cycle.

Section 10A.31 creates the income tax checkoff program and provides for distributions from the party account and general account.

Section 35 makes the act effective the day following final enactment.

PSW:ph

Senators Marty, Anderson, Foley and Hottinger introduced--
S.F. No. 103: Referred to the Committee on Elections.

A bill for an act

1
2 relating to elections; providing for "clean money"
3 campaigns funded without special interest money;
4 expanding certain definitions; requiring certain
5 campaign finance reports to be filed and published
6 electronically; requiring notice of independent
7 expenditures; requiring reports of excess spending by
8 candidates who do not agree to limit spending;
9 reducing certain contribution limits and spending
10 limits; limiting independent expenditures by political
11 parties on behalf of their own candidates as a
12 condition of receiving a public subsidy; imposing
13 campaign contribution and spending limits on political
14 party caucuses as a condition of receiving a public
15 subsidy; limiting multicandidate expenditures by
16 political parties; increasing public subsidies for
17 candidates who agree to lower contribution limits;
18 increasing spending limits and public subsidies to
19 respond to independent expenditures and excess
20 spending by nonparticipating candidates; repealing the
21 income tax checkoff for election campaigns; increasing
22 the maximum political contribution refund from \$50 to
23 \$100; imposing criminal penalties; appropriating
24 money; amending Minnesota Statutes 2004, sections
25 10A.01, subdivisions 9, 18, 21; 10A.02, subdivision
26 11a; 10A.14, subdivision 2; 10A.20, subdivisions 2,
27 6b, by adding subdivisions; 10A.25, subdivisions 1, 2,
28 2a, by adding subdivisions; 10A.257, subdivision 1;
29 10A.27, subdivisions 1, 11, by adding subdivisions;
30 10A.275, subdivision 1; 10A.28, subdivisions 1, 2;
31 10A.315; 10A.322; 200.02, by adding a subdivision;
32 290.06, subdivision 23; proposing coding for new law
33 in Minnesota Statutes, chapter 10A; repealing
34 Minnesota Statutes 2004, sections 10A.25, subdivision
35 6; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7,
36 10, 10a, 10b, and 11.

37 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

38 Section 1. [LEGISLATIVE FINDINGS; PURPOSE.]

39 Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature
40 finds that while this state has a system of partial public
41 financing of campaigns, our current system still encourages

1 large amounts of private money to be used to finance campaigns.

2 This private money undermines democracy in the following ways:

3 (a) It stifles the First Amendment, which was designed "to
4 secure the widest possible dissemination of information from
5 diverse and antagonistic sources," and "to assure the unfettered
6 interchange of ideas for the bringing about of political and
7 social changes desired by the people." Instead, heavy funding
8 of certain candidates and interests discourages other candidates
9 from running and prevents many perspectives from receiving any
10 dissemination whatsoever. In addition, after a certain point,
11 more spending does not create more speech but has the opposite
12 impact, overwhelming the public and causing them to tune out
13 speech from any candidate.

14 (b) It undermines the First Amendment right of voters to
15 hear speech from all candidates and all perspectives and
16 undermines the core First Amendment value of open and robust
17 debate in the political process.

18 (c) It inhibits communication with the electorate by
19 candidates without access to large sums of campaign money.

20 (d) It burdens elected officials and candidates with
21 endless hours of fund-raising, thus decreasing the time
22 available to carry out their public responsibilities.

23 (e) It discourages people from participating in the
24 political process. A 1998 poll conducted by St. Cloud State
25 University found that, because of their belief that contributors
26 have more influence than noncontributors do, one-third of
27 respondents are "less likely to vote or participate in politics."
28 Over half of those who said that they did not vote in the 1996
29 election said they were less likely to vote or participate
30 because of this belief.

31 (f) It violates the rights of citizens to equal and
32 meaningful participation in the democratic process.

33 (g) It creates a public perception of corruption and
34 undermines public confidence in the democratic process and
35 democratic institutions. This perception is held by almost nine
36 out of ten Minnesotans. The 1998 St. Cloud State University

1 poll showed that 88 percent of all Minnesotans believe elected
2 officials are more responsive to contributors than to voters who
3 do not contribute.

4 (h) It not only creates a perception of corruption, but
5 actually encourages elected officials to take money from private
6 interests that are directly affected by governmental actions.

7 (i) It diminishes the perceived, and perhaps the real,
8 accountability of elected officials to their constituents by
9 giving them incentives to be accountable to major campaign
10 contributors instead.

11 (j) It undermines the integrity of the election process by
12 making it difficult for qualified candidates without access to
13 large contributors or personal fortunes to mount competitive
14 campaigns and discourages them from running.

15 (k) It undermines the integrity of the election process by
16 placing challengers at a disadvantage, because large campaign
17 contributors tend to give their money to incumbents, thus
18 causing elections to be less competitive.

19 (l) It costs taxpayers millions of dollars for the
20 legislative and regulatory decisions made by elected officials
21 on behalf of major campaign contributors.

22 The legislature finds each of these defects on its own has
23 a corrosive impact on our democracy either by corrupting the
24 political process or by creating the appearance of corruption.
25 Accordingly, the state has a compelling interest in addressing
26 them through this act.

27 Subd. 2. [PURPOSE.] This act is intended to enable
28 campaigns to be conducted without special interest money and to
29 restore the First Amendment rights of nonwealthy candidates by
30 enabling them to disseminate their views without being drowned
31 out by heavily funded independent expenditures or ads by
32 opposing campaigns that they cannot respond to for lack of money.

33 This act is designed to create benefits for participating
34 candidates and political parties to compensate for the
35 restrictions applied to them and to further the compelling state
36 interest of encouraging participation in this system of

1 financing campaigns without special interest money.

2 Sec. 2. Minnesota Statutes 2004, section 10A.01,
3 subdivision 9, is amended to read:

4 Subd. 9. [CAMPAIGN EXPENDITURE.] (a) "Campaign
5 expenditure" or "expenditure" means a purchase or payment of
6 money or anything of value, or an advance of credit, made or
7 incurred for the purpose of influencing the nomination or
8 election of a candidate or for the purpose of promoting or
9 defeating a ballot question.

10 (b) "Expenditure" includes a cost incurred to design,
11 produce, or disseminate a communication if the communication
12 contains words such as "vote for," "reelect," "(name of
13 candidate) for (office)," "vote against," "defeat," or another
14 phrase or campaign slogan that in context can have no reasonable
15 meaning other than to advocate support for or opposition to the
16 nomination or election of one or more clearly identified
17 candidates.

18 (c) "Expenditure" is presumed to include a cost incurred to
19 design, produce, or disseminate a communication if the
20 communication names or depicts one or more clearly identified
21 candidates; is disseminated during the 45 days before a primary
22 election, during the 60 days before a general election, or
23 during a special election cycle until election day; and the cost
24 exceeds the following amounts for a communication naming or
25 depicting a candidate for the following offices:

26 (1) \$500 for a candidate for governor, lieutenant governor,
27 attorney general, secretary of state, or state auditor; or

28 (2) \$100 for a candidate for state senator or
29 representative.

30 An individual or association presumed under this paragraph
31 to have made an expenditure may rebut the presumption by an
32 affidavit signed by the spender and filed with the board stating
33 that the cost was not incurred with intent to influence the
34 nomination, election, or defeat of any candidate, supported by
35 any additional evidence the spender chooses to submit. The
36 board may consider any additional evidence it deems relevant and

1 material and must determine by a preponderance of the evidence
 2 whether the cost was incurred with intent to influence the
 3 nomination, election, or defeat of a candidate.

4 (d) An expenditure is considered to be made in the year in
 5 which the candidate made the purchase of goods or services or
 6 incurred an obligation to pay for goods or services.

7 (e) An expenditure made for the purpose of defeating a
 8 candidate is considered made for the purpose of influencing the
 9 nomination or election of that candidate or any opponent of that
 10 candidate.

11 (f) Except as provided in clause (1), "expenditure"
 12 includes the dollar value of a donation in kind.

13 (g) "Expenditure" does not include:

14 (1) noncampaign disbursements as defined in subdivision 26;

15 (2) services provided without compensation by an individual
 16 volunteering personal time on behalf of a candidate, ballot
 17 question, political committee, political fund, principal
 18 campaign committee, or party unit; or

19 (3) the publishing or broadcasting of news items or
 20 editorial comments by the news media, if the news medium is not
 21 owned by or affiliated with any candidate or principal campaign
 22 committee; or

23 (4) a cost incurred by an association for a communication
 24 targeted to inform solely its own dues-paying members of the
 25 association's position on a candidate; provided that, if the
 26 communication is sent directly to the members, such as by direct
 27 mail or e-mail, up to 15 percent of the recipients need not be
 28 members.

29 Sec. 3. Minnesota Statutes 2004, section 10A.01,
 30 subdivision 18, is amended to read:

31 Subd. 18. [INDEPENDENT EXPENDITURE.] (a) "Independent
 32 expenditure" means an expenditure ~~expressly-advocating-the~~
 33 ~~election-or-defeat-of-a-clearly-identified-candidate,-if-the~~
 34 ~~expenditure~~ that is made without the express or implied consent,
 35 authorization, or cooperation of, and not in concert with or at
 36 the request or suggestion of, any candidate or any candidate's

1 principal campaign committee or agent. An independent
2 expenditure is not a contribution to that candidate. An
3 ~~expenditure-by-a-political-party-or-political-party-unit-in-a~~
4 ~~race-where-the-political-party-has-a-candidate-on-the-ballot-is~~
5 ~~not-an-independent-expenditure.~~

6 (b) An expenditure is presumed to be not independent if,
7 for example:

8 (1) in the same election cycle in which the expenditure
9 occurs, the spender or the spender's agent retains the
10 professional services of an individual or entity that, in a
11 nonministerial capacity, provides or has provided
12 campaign-related service, including polling or other campaign
13 research, media consulting or production, direct mail, or
14 fundraising, to a candidate supported by the spender for
15 nomination or election to the same office as any candidate whose
16 nomination or election the expenditure is intended to influence
17 or to a political party working in coordination with the
18 supported candidate;

19 (2) the expenditure pays for a communication that
20 disseminates, in whole or in substantial part, a broadcast or
21 written, graphic, or other form of campaign material designed,
22 produced, or distributed by the candidate or the candidate's
23 principal campaign committee or their agents;

24 (3) the expenditure is based on information about the
25 candidate's electoral campaign plans, projects, or needs that is
26 provided by the candidate or the candidate's principal campaign
27 committee or their agents directly or indirectly to the spender
28 or the spender's agent, with an express or tacit understanding
29 that the spender is considering making the expenditure;

30 (4) before the election, the spender or the spender's agent
31 informs a candidate or the principal campaign committee or agent
32 of a candidate for the same office as a candidate clearly
33 identified in a communication paid for by the expenditure about
34 the communication's contents; timing, location, mode, or
35 frequency of dissemination; or intended audience; or

36 (5) in the same election cycle in which the expenditure

1 occurs, the spender or the spender's agent is serving or has
2 served in an executive, policymaking, fundraising, or advisory
3 position with the candidate's campaign or has participated in
4 strategic or policymaking discussions with the candidate's
5 campaign relating to the candidate's pursuit of nomination or
6 election to office and the candidate is pursuing the same office
7 as a candidate whose nomination or election the expenditure is
8 intended to influence.

9 An individual or association presumed under this paragraph
10 to have made an expenditure that was not independent may rebut
11 the presumption by an affidavit signed by the spender and filed
12 with the board stating that the expenditure was made without the
13 express or implied consent, authorization, or cooperation of,
14 and not in concert with or at the request or suggestion of, any
15 candidate or any candidate's principal campaign committee or
16 agent, supported by any additional evidence the spender chooses
17 to submit. The board may consider any additional evidence it
18 deems relevant and material and must determine by a
19 preponderance of the evidence whether the expenditure was
20 independent.

21 (c) An expenditure by anyone other than a principal
22 campaign committee that does not qualify as an independent
23 expenditure under this subdivision is deemed to be an approved
24 expenditure under subdivision 4.

25 Sec. 4. Minnesota Statutes 2004, section 10A.01,
26 subdivision 21, is amended to read:

27 Subd. 21. [LOBBYIST.] (a) "Lobbyist" means an individual:

28 (1) engaged for pay or other consideration of more than
29 ~~\$3,000~~ \$2,000 from all sources in any year for the purpose of
30 attempting to influence legislative or administrative action, or
31 the official action of a metropolitan governmental unit, by
32 communicating or urging others to communicate with public or
33 local officials; or

34 (2) who spends more than \$250, not including the first
35 \$1,000 of the individual's own traveling expenses and membership
36 dues, in any year for the purpose of attempting to influence

1 legislative or administrative action, or the official action of
2 a metropolitan governmental unit, by communicating or urging
3 others to communicate with public or local officials.

4 (b) "Lobbyist" does not include:

5 (1) a public official;

6 (2) an employee of the state, ~~including an employee of any~~
7 ~~of the public higher education systems;~~

8 (3) an elected local official;

9 (4) a nonelected local official or an employee of a
10 political subdivision or public higher education system acting
11 in an official capacity, unless the nonelected official or
12 employee of a political subdivision or public higher education
13 system spends more than 50 hours in any month attempting to
14 influence legislative or administrative action, or the official
15 action of a metropolitan governmental unit other than the
16 political subdivision or public higher education system
17 employing the official or employee, by communicating or urging
18 others to communicate with public or local officials, including
19 time spent monitoring legislative or administrative action, or
20 the official action of a metropolitan governmental unit, and
21 related research, analysis, and compilation and dissemination of
22 information relating to legislative or administrative policy in
23 this state, or to the policies of metropolitan governmental
24 units;

25 (5) a party or the party's representative appearing in a
26 proceeding before a state board, commission, or agency of the
27 executive branch unless the board, commission, or agency is
28 taking administrative action;

29 (6) an individual while engaged in selling goods or
30 services to be paid for by public funds;

31 (7) a news medium or its employees or agents while engaged
32 in the publishing or broadcasting of news items, editorial
33 comments, or paid advertisements which directly or indirectly
34 urge official action;

35 (8) a paid expert witness whose testimony is requested by
36 the body before which the witness is appearing, but only to the

1 extent of preparing or delivering testimony; or

2 (9) a party or the party's representative appearing to
3 present a claim to the legislature and communicating to
4 legislators only by the filing of a claim form and supporting
5 documents and by appearing at public hearings on the claim.

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

10 (d) An individual who provides administrative support to a
11 lobbyist and whose salary and administrative expenses
12 attributable to lobbying activities are reported as lobbying
13 expenses by the lobbyist, but who does not communicate or urge
14 others to communicate with public or local officials, need not
15 register as a lobbyist.

16 Sec. 5. Minnesota Statutes 2004, section 10A.02,
17 subdivision 11a, is amended to read:

18 Subd. 11a. [DATA PRIVACY.] (a) If, after making a public
19 finding concerning probable cause or entering a conciliation
20 agreement, the board determines that the record of the
21 investigation contains statements, documents, or other matter
22 that, if disclosed, would unfairly injure the reputation of an
23 innocent individual, the board may:

24 (1) retain the statement, document, or other matter as a
25 private record, as defined in section 13.02, subdivision 12, for
26 a period of one year, after which it must be destroyed; or

27 (2) return the statement, document, or other matter to the
28 individual who supplied it to the board.

29 (b) When publishing reports or statements on its Web site,
30 the board must not publish the home street address or telephone
31 number of an individual.

32 Sec. 6. Minnesota Statutes 2004, section 10A.14,
33 subdivision 2, is amended to read:

34 Subd. 2. [FORM.] The statement of organization must
35 include:

36 (1) the name and address of the committee, fund, or party

1 unit;

2 (2) the name and address of the chair of a political
3 committee, principal campaign committee, or party unit;

4 (3) the name and address of any supporting association of a
5 political fund;

6 (4) the name and address of the treasurer and any deputy
7 treasurers and, for a principal campaign committee, any other
8 individual authorized to accept contributions on behalf of the
9 principal campaign committee;

10 (5) a listing of all depositories or safety deposit boxes
11 used; and

12 (6) for the state committee of a political party only, a
13 list of its party units.

14 Sec. 7. Minnesota Statutes 2004, section 10A.20, is
15 amended by adding a subdivision to read:

16 Subd. 1b. [MANNER OF FILING; PUBLICATION.] If
17 contributions or expenditures exceed \$5,000 in a year, the
18 report must be filed with the board in an electronic format
19 approved by the board. Regardless of whether the report is
20 filed electronically, the board must publish the report on its
21 Web site within seven days after the date it was due. The
22 publication must be in a form that permits a user of the Web
23 site to search the reports and prepare comparisons and
24 cross-tabulations among the various candidates, contributors,
25 vendors, and committees.

26 Sec. 8. Minnesota Statutes 2004, section 10A.20,
27 subdivision 2, is amended to read:

28 Subd. 2. [TIME FOR FILING.] (a) The reports must be filed
29 with the board on or before January 31 of each year and
30 additional reports must be filed as required and in accordance
31 with paragraphs (b) and, (c), and (d).

32 (b) In each year in which the name of the candidate is on
33 the ballot, the report of the principal campaign committee must
34 be filed 15 days before a primary and ten days before a general
35 election, seven days before a special primary and a special
36 election, and ten days after a special election cycle.

1 (c) In each general election year, a political committee,
2 political fund, or party unit must file reports 15 days before a
3 primary and ten days before a general election.

4 (d) A political committee or political fund that makes
5 independent expenditures related to a special election must file
6 reports on the independent expenditures seven days before the
7 special primary and special election and ten days after the
8 special election cycle.

9 Sec. 9. Minnesota Statutes 2004, section 10A.20,
10 subdivision 6b, is amended to read:

11 Subd. 6b. [INDEPENDENT EXPENDITURES; NOTICE.] (a)
12 Within ~~24~~ 48 hours after an individual, political committee, or
13 political fund, principal campaign committee, or party unit
14 makes or becomes obligated by oral or written agreement to make
15 an independent expenditure in excess of \$100 in a legislative
16 district election or \$500 in a statewide election, other than an
17 expenditure by an association targeted to inform solely its own
18 dues-paying members of the association's position on a
19 candidate, the individual, political committee, or political
20 fund, principal campaign committee, or party unit must file with
21 the board ~~an affidavit notifying the board~~ a notice of the
22 intent to make the independent expenditure and ~~serve~~ provide a
23 copy of the ~~affidavit on~~ notice to each candidate in the
24 affected race and ~~on~~ to the treasurer of the candidate's
25 principal campaign committee. The ~~affidavit~~ notice must contain
26 the information with respect to the expenditure that is required
27 to be reported under subdivision 3, paragraph (g); except that
28 if an expenditure is reported before it is made, the notice must
29 include a reasonable estimate of the anticipated amount. The
30 notice must include an affidavit, under penalty of perjury,
31 signed and sworn to by the individual or by the treasurer of the
32 committee, fund, or party unit identifying the candidate in
33 support of or opposition to whom the expenditure is made and
34 affirming that the expenditure was independent and involved no
35 cooperation or coordination with a candidate or a political
36 party. Each new expenditure requires a new notice.

1 (b) During the last three weeks before the primary election
2 and during the last three weeks before the general election, the
3 notice must be filed within 24 hours after making or becoming
4 obligated to make the independent expenditure.

5 (c) An individual or association may file a complaint with
6 the board that a required notice was not filed or that a notice
7 filed under this subdivision is false. The board must determine
8 the complaint promptly. If the board determines that a notice
9 was false and the board has distributed a public subsidy to a
10 candidate based on the false notice, the candidate must return
11 the subsidy to the board.

12 (d) An individual or the treasurer of a political committee
13 or, political fund, principal campaign committee, or party unit
14 who fails to give notice as required by this subdivision, or who
15 files a false affidavit-of notice, is guilty of a gross
16 misdemeanor and is subject to a civil fine of up to four times
17 the amount of the independent expenditure stated in the notice
18 or of which notice was required, whichever is greater.

19 Sec. 10. Minnesota Statutes 2004, section 10A.20, is
20 amended by adding a subdivision to read:

21 Subd. 6c. [EXCESS SPENDING REPORTS.] The treasurer of the
22 principal campaign committee of a candidate who has not signed a
23 spending limit agreement under section 10A.322 must file with
24 the board a report disclosing the sum of all expenditures made
25 by or on behalf of the committee that exceed the expenditure
26 limit for any opponent of the candidate who has signed a
27 spending limit agreement under section 10A.322 within 48 hours
28 after the spending exceeds the spending limit by more than \$100
29 for a candidate for legislative office or \$500 for a candidate
30 for statewide office. The treasurer must file an additional
31 report within 48 hours after spending any additional amounts
32 that exceed the participating candidate's spending limit.

33 Sec. 11. Minnesota Statutes 2004, section 10A.25,
34 subdivision 1, is amended to read:

35 Subdivision 1. [LIMITS ARE VOLUNTARY.] (a) The expenditure
36 limits imposed by this section on a candidate apply only to a

1 candidate who has signed an agreement under section 10A.322 to
 2 be bound by them as a condition of receiving a public subsidy
 3 for the candidate's campaign.

4 (b) The prohibition imposed by this section on a political
 5 party applies only to a political party that has signed an
 6 agreement under section 10A.322 to be bound by it as a condition
 7 of receiving a public subsidy for the party's activities.

8 (c) The expenditure limits imposed by this section on a
 9 party caucus in a house of the legislature apply only to a party
 10 caucus that has signed and filed an agreement under section
 11 10A.322 to be bound by them as a condition of receiving a public
 12 subsidy for the caucus' activities.

13 Sec. 12. Minnesota Statutes 2004, section 10A.25,
 14 subdivision 2, is amended to read:

15 Subd. 2. [AMOUNTS.] (a) ~~In-a-year-in-which~~ During an
 16 ~~election is-held-for-an-office-sought-by-a-candidate~~ cycle, the
 17 principal campaign committee of the candidate must not make
 18 campaign expenditures nor permit approved expenditures to be
 19 made on behalf of the candidate that result in aggregate
 20 expenditures in excess of the following:

21 (1) for governor and lieutenant governor, running together,
 22 ~~\$2,188,090~~ \$1,800,000;

23 (2) for attorney general, ~~\$364,690~~ \$350,000;

24 (3) for secretary of state and state auditor, separately,
 25 ~~\$182,350~~ \$175,000;

26 (4) for state senator, ~~\$54,740~~ \$45,000; and

27 (5) for state representative, ~~\$28,400~~ \$28,000.

28 (b) In addition to the amount in paragraph (a), clause (1),
 29 a candidate for endorsement for the office of lieutenant
 30 governor at the convention of a political party may make
 31 campaign expenditures and approved expenditures of five percent
 32 of that amount to seek endorsement.

33 (c) If a special election cycle occurs during a general
 34 election cycle, expenditures by or on behalf of a candidate in
 35 the special election do not count as expenditures by or on
 36 behalf of the candidate in the general election.

1 (d) The expenditure limits in this subdivision for an
2 office are increased by ten percent for a candidate who is
3 running for that office for the first time and who has not run
4 previously for any other office whose territory now includes a
5 population that is more than one-third of the population in the
6 territory of the new office.

7 (e) The expenditure limits in this subdivision for a
8 participating candidate are increased by the sum of expenditures
9 by a nonparticipating opponent of the candidate, as reported to
10 the board under section 10A.20, subdivision 2, 6, or 6c, in
11 excess of the participating candidate's original spending limit.

12 (f) The expenditure limits in this subdivision for a
13 candidate are increased by the sum of independent expenditures
14 made in opposition to the candidate plus independent
15 expenditures made in support of the candidate's major political
16 party opponents, as reported to the board under section 10A.20,
17 subdivision 2, 6, or 6b.

18 Sec. 13. Minnesota Statutes 2004, section 10A.25,
19 subdivision 2a, is amended to read:

20 Subd. 2a. [AGGREGATED EXPENDITURES.] If a candidate makes
21 expenditures from more than one principal campaign committee for
22 nomination or election to statewide office in the same
23 election year cycle, the amount of expenditures from all of the
24 candidate's principal campaign committees for statewide office
25 for that election year cycle must be aggregated for purposes of
26 applying the limits on expenditures under subdivision 2.

27 Sec. 14. Minnesota Statutes 2004, section 10A.25, is
28 amended by adding a subdivision to read:

29 Subd. 14. [INDEPENDENT EXPENDITURES BY POLITICAL PARTIES.]

30 (a) A political party or party unit must not make an independent
31 expenditure.

32 (b) A political party that has agreed not to make
33 independent expenditures as a condition of receiving a public
34 subsidy is released from the prohibition but remains eligible to
35 receive a public subsidy if a political party that has not
36 agreed to the prohibition makes an independent expenditure

1 during that election cycle.

2 (c) A political party that has not agreed to the
3 prohibition in this subdivision must file written notice with
4 the board and serve written notice on every other political
5 party within 24 hours after making an independent expenditure.
6 The notice must state only that the political party has made an
7 independent expenditure. Upon receipt of the notice, the
8 political party that agreed to the prohibition is no longer
9 subject to the prohibition but remains eligible to receive a
10 public subsidy.

11 Sec. 15. Minnesota Statutes 2004, section 10A.25, is
12 amended by adding a subdivision to read:

13 Subd. 15. [LIMITS ON PARTY CAUCUSES.] (a) In a year in
14 which a general election is held for a house of the legislature,
15 the party unit composed of the members of a party caucus in that
16 house must not make campaign expenditures that result in
17 aggregate expenditures in excess of \$500,000.

18 (b) During an election cycle, in any year before the
19 general election year for a house of the legislature, the party
20 unit composed of the members of a party caucus in that house
21 must not make campaign expenditures that exceed 20 percent of
22 the general election year limit.

23 (c) A party caucus in a house of the legislature that has
24 agreed to be bound by the expenditure limits imposed by this
25 subdivision as a condition of receiving a public subsidy is
26 released from the expenditure limits but remains eligible to
27 receive a public subsidy if another party caucus in the same
28 house of the legislature has not agreed to be bound by the
29 limits and has received contributions or made or become
30 obligated to make expenditures during that election cycle in
31 excess of 50 percent of the expenditure limit set forth in
32 paragraph (a).

33 (d) A party caucus in a house of the legislature that has
34 not agreed to be bound by the limits must file written notice
35 with the board and provide written notice to every other party
36 caucus in the same house of the legislature within 24 hours

1 after exceeding the limit in paragraph (c). The notice must
2 state only that the party caucus has received contributions or
3 made or become obligated to make campaign expenditures in excess
4 of the limit in paragraph (c). Upon receipt of the notice, a
5 party caucus that had agreed to be bound by the limits is no
6 longer bound by the expenditure limits but remains eligible to
7 receive a public subsidy.

8 Sec. 16. Minnesota Statutes 2004, section 10A.257,
9 subdivision 1, is amended to read:

10 Subdivision 1. [UNUSED FUNDS.] After all campaign
11 expenditures and noncampaign disbursements for an election cycle
12 have been made, an amount up to 50 percent of the election-year
13 expenditure limit for the office may be carried forward. Any
14 remaining amount up to the total amount of the public subsidy
15 from the state elections campaign fund must be returned to the
16 state treasury for credit to the general fund under section
17 10A.324. Any remaining amount in excess of the total public
18 subsidy must be contributed to the state elections campaign fund
19 or a political party for multicandidate expenditures as defined
20 in section 10A.275.

21 Sec. 17. Minnesota Statutes 2004, section 10A.27,
22 subdivision 1, is amended to read:

23 Subdivision 1. [CONTRIBUTION LIMITS.] (a) Except as
24 provided in subdivision subdivisions 1a and 2, a candidate must
25 not permit the candidate's principal campaign committee to
26 accept aggregate contributions made or delivered by any
27 individual, political committee, or political fund in excess of
28 the following:

29 (1) to candidates for governor and lieutenant governor
30 running together, ~~\$2,000~~ \$1,000 in an election year-for-the
31 office-sought-and-\$500-in-other-years cycle;

32 (2) to a candidate for attorney general, \$1,000 in an
33 election year-for-the-office-sought-and-\$200-in-other-years
34 cycle;

35 (3) to a candidate for the office of secretary of state or
36 state auditor, \$500 in an election year-for-the-office-sought

1 ~~and-\$100-in-other-years~~ cycle;

2 (4) to a candidate for state senator, \$500 in an election
3 ~~year-for-the-office-sought-and-\$100-in-other-years~~ cycle; and

4 (5) to a candidate for state representative, \$500 in an
5 election ~~year-for-the-office-sought-and-\$100-in-the-other-year~~
6 cycle.

7 (b) The following deliveries are not subject to the
8 bundling limitation in this subdivision:

9 (1) delivery of contributions collected by a member of the
10 candidate's principal campaign committee, ~~such-as-a-block-worker~~
11 ~~or-a-volunteer-who-hosts-a-fund-raising-event,-to-the~~
12 committee's-treasurer named in the committee's statement of
13 organization as an individual authorized to accept contributions
14 on behalf of the committee; and

15 (2) a delivery made by an individual on behalf of the
16 individual's spouse.

17 (c) A political committee or political fund must not make a
18 contribution a candidate is prohibited from accepting.

19 Sec. 18. Minnesota Statutes 2004, section 10A.27, is
20 amended by adding a subdivision to read:

21 Subd. 1a. [LIMIT ON CANDIDATES WHO AGREE TO SPENDING
22 LIMIT.] A candidate who has signed a spending limit agreement
23 under section 10A.322 must not permit the candidate's principal
24 campaign committee to accept aggregate contributions made or
25 delivered by an individual in excess of \$100 in any year or by a
26 political committee, political fund, party unit, or lobbyist in
27 any amount.

28 The following deliveries are not subject to the bundling
29 limitation in this subdivision:

30 (1) delivery of contributions collected by a member of the
31 candidate's principal campaign committee named in the
32 committee's statement of organization as an individual
33 authorized to accept contributions on behalf of the committee;
34 and

35 (2) a delivery made by an individual on behalf of the
36 individual's spouse.

1 Sec. 19. Minnesota Statutes 2004, section 10A.27,
2 subdivision 11, is amended to read:

3 Subd. 11. [CONTRIBUTIONS FROM CERTAIN TYPES OF
4 CONTRIBUTORS.] A candidate must not permit the candidate's
5 principal campaign committee to accept a contribution from a
6 political committee, political fund, party unit, lobbyist, or
7 large contributor, if the contribution will cause the aggregate
8 contributions from those types of contributors to exceed an
9 amount equal to 20 percent of the expenditure limits for the
10 office sought by the candidate, provided that the 20 percent
11 limit must be rounded to the nearest \$100. For purposes of this
12 subdivision, "large contributor" means an individual, other than
13 the candidate, who contributes an amount that is more than \$100
14 and more than one-half the amount an individual may contribute.

15 Sec. 20. Minnesota Statutes 2004, section 10A.27, is
16 amended by adding a subdivision to read:

17 Subd. 14. [CONTRIBUTIONS TO PARTY CAUCUSES.] The chair of
18 a party caucus within a house of the legislature that is subject
19 to a spending limit agreement under section 10A.322 must not
20 permit the caucus to accept aggregate contributions made or
21 delivered by an individual in excess of \$100 in any year or by a
22 political committee, political fund, party unit, or lobbyist in
23 any amount.

24 Sec. 21. Minnesota Statutes 2004, section 10A.27, is
25 amended by adding a subdivision to read:

26 Subd. 15. [CONTRIBUTIONS TO OTHER POLITICAL COMMITTEES OR
27 FUNDS.] The treasurer of a political committee, political fund,
28 or party unit must not permit the political committee, political
29 fund, or party unit to accept aggregate contributions from an
30 individual or association in an amount more than \$500 in an
31 election cycle.

32 Sec. 22. Minnesota Statutes 2004, section 10A.27, is
33 amended by adding a subdivision to read:

34 Subd. 16. [AGGREGATE LIMIT ON INDIVIDUALS.] An individual
35 may not contribute more than \$5,000 in aggregate contributions
36 for any purpose to all candidates, political committees,

1 political funds, and party units in an election cycle.

2 Sec. 23. Minnesota Statutes 2004, section 10A.275,
3 subdivision 1, is amended to read:

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

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

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

20 (3) expenditures for a telephone conversation ~~including~~
21 mentioning with roughly equal emphasis the names of three or
22 more individuals whose names are to appear on the ballot;

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

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

27 Sec. 24. Minnesota Statutes 2004, section 10A.28,
28 subdivision 1, is amended to read:

29 Subdivision 1. [EXCEEDING EXPENDITURE LIMITS.] (a) A
30 candidate subject to the expenditure limits in section 10A.25
31 who permits the candidate's principal campaign committee to make
32 expenditures or permits approved expenditures to be made on the
33 candidate's behalf in excess of the limits imposed by section
34 10A.25, as adjusted by section 10A.255, is subject to a civil
35 penalty of up to four times the amount by which the expenditures
36 exceeded the limit.

1 (b) The chair of a political party or party unit subject to
 2 the prohibition in section 10A.25 that makes expenditures in
 3 violation of section 10A.25 is subject to a civil penalty of up
 4 to four times the amount of the expenditures.

5 (c) The chair of a party caucus within a house of the
 6 legislature subject to the expenditure limits in section 10A.25
 7 who permits the caucus to make expenditures in excess of the
 8 limits imposed by section 10A.25, as adjusted by section
 9 10A.255, is subject to a civil penalty of up to four times the
 10 amount by which the expenditures exceeded the limit.

11 Sec. 25. Minnesota Statutes 2004, section 10A.28,
 12 subdivision 2, is amended to read:

13 Subd. 2. [EXCEEDING CONTRIBUTION LIMITS.] A political
 14 committee, political fund, or principal campaign committee that
 15 makes a contribution, or a candidate who permits the candidate's
 16 principal campaign committee to accept contributions, in excess
 17 of the limits imposed by section 10A.27 is subject to a civil
 18 penalty of up to four times the amount by which the contribution
 19 exceeded the limits. The chair of a party caucus within a house
 20 of the legislature who permits the caucus to accept
 21 contributions in excess of the limits imposed by section 10A.27
 22 is subject to a civil penalty of up to four times the amount by
 23 which the contribution exceeded the limits.

24 Sec. 26. Minnesota Statutes 2004, section 10A.315, is
 25 amended to read:

26 10A.315 [SPECIAL ELECTION SUBSIDY.]

27 (a) Each eligible candidate for a legislative office in a
 28 special election must be paid a public subsidy equal to the sum
 29 of:

30 ~~(1) the party account money at the last general election~~
 31 ~~for the candidate's party for the office the candidate is~~
 32 ~~seeking; and~~

33 ~~(2) the general account money~~ public subsidy paid to a
 34 candidate for the same office at the last a general election.

35 (b) A candidate who wishes to receive this public subsidy
 36 must submit a signed agreement under section 10A.322 to the

1 board and must meet the contribution requirements of section
 2 10A.323. The special election subsidy must be distributed in
 3 the same manner as money ~~in-the-party-and-general-accounts~~ is
 4 distributed to legislative candidates in a general election.

5 (c) The amount necessary to make the payments required by
 6 this section is appropriated from the general fund to the board.

7 Sec. 27. Minnesota Statutes 2004, section 10A.322, is
 8 amended to read:

9 10A.322 [SPENDING LIMIT AGREEMENTS.]

10 Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a
 11 condition of receiving a public subsidy, a candidate must sign
 12 and file with the board a written agreement in which the
 13 candidate agrees that the candidate will comply with sections
 14 10A.25; 10A.27, subdivision 10; 10A.31, subdivision 7, paragraph
 15 (c); and 10A.324; and 10A.38.

16 (b) Before the first day of filing for office, the board
 17 must forward agreement forms to all filing officers. The board
 18 must also provide agreement forms to candidates on request at
 19 any time. The candidate must file the agreement with the board
 20 ~~by-September-1-preceding-the-candidate's-general-election-or-a~~
 21 ~~special-election-held-at-the-general-election~~ not later than the
 22 day after the candidate files the affidavit of candidacy for the
 23 office. An agreement may not be filed after that date. An
 24 agreement once filed may not be rescinded.

25 (c) The board must notify the commissioner of revenue of
 26 any agreement signed filed under this subdivision.

27 ~~(d) Notwithstanding-paragraph-(b),-if-a-vacancy-occurs-that~~
 28 ~~will-be-filled-by-means-of-a-special-election-and-the-filing~~
 29 ~~period-does-not-coincide-with-the-filing-period-for-the-general~~
 30 ~~election,-a-candidate-may-sign-and-submit-a-spending-limit~~
 31 ~~agreement-not-later-than-the-day-after-the-candidate-files-the~~
 32 ~~affidavit-of-candidacy-or-nominating-petition-for-the-office.~~

33 ~~Subd.-2.--{HOW-LONG-AGREEMENT-IS-EFFECTIVE.}~~ The agreement,
 34 insofar as it relates to the expenditure limits in section
 35 10A.25, as adjusted by section 10A.255, and the contribution
 36 limit in section 10A.27, subdivision 10, remains effective for

1 candidates until the dissolution of the principal campaign
2 committee of the candidate or the end of the first election
3 cycle completed after the agreement was filed, whichever occurs
4 first.

5 Subd. 2. [AGREEMENT BY POLITICAL PARTY.] (a) As a
6 condition of receiving a public subsidy, the chair of the state
7 committee of a political party must sign and file with the board
8 a written agreement in which the state committee agrees that the
9 political party and all its party units, other than a
10 legislative party caucus, will comply with section 10A.25. An
11 agreement once filed may not be rescinded.

12 (b) The board must provide agreement forms to political
13 parties on request at any time. The state chair must file the
14 agreement with the board by February 1 of the general election
15 year.

16 (c) The spending limit agreement remains in effect until
17 the end of the first general election cycle completed after the
18 agreement was filed or the dissolution of the political party,
19 whichever occurs first.

20 (d) The board must notify the commissioner of revenue of an
21 agreement filed under this subdivision.

22 Subd. 2a. [AGREEMENT BY PARTY CAUCUS.] (a) As a condition
23 of receiving a public subsidy, the chair of a party caucus in a
24 house of the legislature must sign and file with the board a
25 written agreement in which the caucus agrees that it will comply
26 with sections 10A.25 and 10A.27, subdivision 14. An agreement
27 once filed may not be rescinded.

28 (b) The board must provide agreement forms to legislative
29 party caucuses on request at any time. The party caucus must
30 file the agreement with the board by February 1 of the general
31 election year.

32 (c) The spending limit agreement remains in effect until
33 the end of the first election cycle completed after the
34 agreement was filed or the dissolution of the legislative party
35 caucus, whichever occurs first.

36 (d) The board must notify the commissioner of revenue of an

1 agreement filed under this subdivision.

2 Subd. 4. [REFUND RECEIPT FORMS; PENALTY.] (a) The board
3 must make available to a ~~political-party-on-request-and-to-any~~
4 candidate, political party, or legislative party caucus for whom
5 an agreement under this section is effective, a supply of
6 official refund receipt forms that state in boldface type that
7 (1) a contributor who is given a receipt form is eligible to
8 claim a refund as provided in section 290.06, subdivision 23,
9 and (2) ~~if-the-contribution-is-to-a-candidate,-that~~ the
10 candidate, political party, or legislative party caucus has
11 signed an agreement to limit campaign expenditures as provided
12 in this section. The forms must provide duplicate copies of the
13 receipt to be attached to the contributor's claim. A principal
14 campaign committee or party unit must return to the board with
15 its termination report or destroy any official receipt forms
16 that have not been issued.

17 (b) A candidate who does not sign an agreement under this
18 section and who willfully issues an official refund receipt form
19 or a facsimile of one to any of the candidate's contributors is
20 guilty of a misdemeanor. If the state chair of a political
21 party has not signed an agreement under this section and the
22 chair of a party unit willfully issues an official refund
23 receipt form or a facsimile of one to any of the party's
24 contributors, the chair of the party unit is guilty of a
25 misdemeanor. If the chair of a legislative party caucus has not
26 signed an agreement under this section and the caucus chair
27 willfully issues an official refund receipt form or a facsimile
28 of one to any of the caucus's contributors, the caucus chair is
29 guilty of a misdemeanor.

30 Sec. 28. [10A.3235] [PUBLIC SUBSIDY TO CANDIDATES.]

31 Subdivision 1. [APPROPRIATION.] In each general election
32 year there is appropriated from the general fund a sum
33 sufficient to pay the public subsidy provided for in this
34 section.

35 Subd. 2. [ELIGIBILITY.] A candidate who has duly filed a
36 spending limit agreement under section 10A.322, an affidavit of

1 contributions under section 10A.323, and an affidavit of
2 candidacy under section 204B.06, and who is opposed in either
3 the primary or general election is eligible to receive a public
4 subsidy under this section. Upon determining that a candidate
5 is eligible, the board must designate the candidate as
6 participating.

7 Subd. 3. [FORM OF PAYMENT.] The payment must be in the
8 form of a check made payable to "the campaign fund of
9 (name of candidate)" A check may include as an
10 additional payee a financial institution named by the candidate
11 in a notice filed with the board at least ten days before the
12 payment was due to be made. Once the notice has been filed, the
13 candidate may not remove or change the name of the additional
14 payee without filing with the board the written approval of the
15 financial institution previously named.

16 Subd. 4. [PAYMENT FOR PRIMARY ELECTION.] Within ten days
17 after the close of filings for office, the board must pay each
18 participating candidate who has an opponent in a major party
19 primary a public subsidy equal to 25 percent of the candidate's
20 spending limit.

21 Subd. 5. [PAYMENT FOR GENERAL ELECTION.] As soon as the
22 board has obtained from the secretary of state the results of
23 the primary election, but no later than one week after the State
24 Canvassing Board has certified the results of the primary, the
25 board must pay to each participating candidate whose name will
26 appear on the ballot and who has an opponent in the general
27 election a public subsidy equal to 65 percent of the candidate's
28 spending limit, less any amount paid under subdivision 4.

29 Subd. 6. [PAYMENT TO MATCH EXCESS SPENDING.] Within five
30 days after receipt of a report of excess spending under section
31 10A.20, subdivision 2, 6, or 6c, the board must notify any
32 participating opponent of the nonparticipating candidate of the
33 amount of increase in the spending limit of the participating
34 candidate and pay the participating candidate an additional
35 public subsidy. The amount of the subsidy is equal to the
36 amount of the excess spending reported, subject to the limit in

1 subdivision 8.

2 Subd. 7. [PAYMENT TO MATCH INDEPENDENT EXPENDITURES.] (a)
3 Within five days after receipt of a notice of independent
4 expenditures under section 10A.20, subdivision 2, 6, or 6b, the
5 board must notify a participating candidate of the amount of
6 increase in the spending limit of the participating candidate
7 and pay the participating candidate an additional public subsidy
8 as provided in this subdivision, subject to the limit in
9 subdivision 8.

10 (b) If the independent expenditure advocates the defeat of
11 a participating candidate, the board must pay a subsidy to the
12 participating candidate equal to the independent expenditure.

13 (c) If the independent expenditure advocates the election
14 of a participating candidate, the board must pay a subsidy to
15 each participating opponent of the candidate equal to the
16 independent expenditure.

17 (d) If the independent expenditure advocates the election
18 of a nonparticipating candidate, the board must pay a subsidy to
19 each participating opponent of the candidate. The amount of the
20 public subsidy is the amount by which the sum of campaign
21 expenditures by the nonparticipating candidate plus the
22 independent expenditure exceeds the public subsidy previously
23 paid or due to the participating candidate.

24 (e) For purposes of this subdivision, before the primary
25 election, "opponent" means a candidate whose name is on the
26 ballot for the primary of the same major party or, if there is
27 none, a candidate whose name will be on the ballot for the
28 general election. If an independent expenditure that advocates
29 the election of a candidate is made before the primary, and the
30 candidate wins the primary, "opponent" also means any other
31 candidate whose name will appear on the ballot in the general
32 election, but the notice required by this subdivision need not
33 be given and the public subsidy need not be paid until one week
34 after the State Canvassing Board has certified the results of
35 the primary.

36 Subd. 8. [OVERALL LIMIT.] The total public subsidy paid to

1 a participating candidate under this section may not exceed
2 three times the candidate's original spending limit.

3 Sec. 29. [10A.3237] [PUBLIC SUBSIDY TO POLITICAL PARTIES.]

4 Subdivision 1. [APPROPRIATION.] In each general election
5 year there is appropriated from the general fund a sum
6 sufficient to pay the public subsidy provided for in this
7 section.

8 Subd. 2. [CERTIFICATION.] By February 1 of each general
9 election year, the secretary of state must certify to the board
10 the name and mailing address of each major political party.

11 Subd. 3. [PAYMENT TO STATE COMMITTEE.] By August 1 in each
12 general election year, the board must pay to the state committee
13 of each major political party that has signed and filed with the
14 board a spending limit agreement under section 10A.322 a public
15 subsidy of \$200,000, plus \$200,000 if the state committee of any
16 other major political party has not likewise signed and filed
17 with the board a spending limit agreement.

18 Subd. 4. [PAYMENT TO LEGISLATIVE CAUCUS.] (a) By August 1
19 in each general election year, the board must pay a public
20 subsidy to each major political party caucus in a house of the
21 legislature that has a general election that year, if the caucus
22 has at least ten members in the senate or 20 members in the
23 house of representatives and the caucus chair has signed and
24 filed with the board a spending limit agreement under section
25 10A.322. The amount of the subsidy is \$100,000, plus \$100,000
26 if the chair of any other major political party caucus in the
27 same house with at least ten members in the senate or 20 members
28 in the house of representatives has not likewise signed and
29 filed with the board a spending limit agreement.

30 (b) A legislative major party caucus may, by a written
31 notice filed with the board, waive its right to all or part of
32 its allocation under paragraph (a) and the board must reallocate
33 to the state committee the amount waived.

34 Subd. 5. [USE OF PUBLIC SUBSIDY.] Money allocated to a
35 party unit under subdivision 3 or 4 must be deposited in a
36 separate account and must not be spent to support any candidate

1 who has not signed and filed with the board a spending limit
2 agreement.

3 Sec. 30. [10A.38] [PUBLIC DEBATES.]

4 As a condition of receiving a public subsidy, a candidate
5 must agree to participate in at least two public debates before
6 the primary and at least two public debates before the general
7 election with the candidate's major political party opponents if
8 a statewide nonprofit, nonpartisan organization with experience
9 in sponsoring debates at the state or national level offers to
10 sponsor a debate between the candidate and the candidate's major
11 party opponents. For purposes of this section, "nonpartisan"
12 means that the organization does not endorse candidates,
13 contribute to candidates, or make independent expenditures and
14 does not have any affiliate organizations that do. Disputes
15 concerning scheduling and conduct of debates must be mediated by
16 the Bureau of Mediation Services.

17 Sec. 31. Minnesota Statutes 2004, section 200.02, is
18 amended by adding a subdivision to read:

19 Subd. 24. [PARTY UNIT.] "Party unit" means the state
20 committee or the party organization within a house of the
21 legislature, congressional district, county, legislative
22 district, municipality, or precinct.

23 Sec. 32. Minnesota Statutes 2004, section 290.06,
24 subdivision 23, is amended to read:

25 Subd. 23. [REFUND OF CONTRIBUTIONS TO POLITICAL PARTIES
26 AND CANDIDATES.] (a) A taxpayer may claim a refund equal to the
27 amount of the taxpayer's contributions made in the calendar year
28 to candidates and to a political party. The maximum refund for
29 an individual must not exceed \$50 ~~\$100~~ and for a married couple,
30 filing jointly, must not exceed ~~\$100~~ \$200. A refund of a
31 contribution is allowed only if the taxpayer files a form
32 required by the commissioner and attaches to the form a copy of
33 an official refund receipt form issued by the candidate or party
34 and signed by the candidate, the treasurer of the candidate's
35 principal campaign committee, or the chair or treasurer of the
36 party unit, after the contribution was received. The receipt

1 forms must be numbered, and the data on the receipt that are not
 2 public must be made available to the campaign finance and public
 3 disclosure board upon its request. A claim must be filed with
 4 the commissioner no sooner than January 1 of the calendar year
 5 in which the contribution was made and no later than April 15 of
 6 the calendar year following the calendar year in which the
 7 contribution was made. A taxpayer may file only one claim per
 8 calendar year. Amounts paid by the commissioner after June 15
 9 of the calendar year following the calendar year in which the
 10 contribution was made must include interest at the rate
 11 specified in section 270.76.

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

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

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

18 (3) has designated a principal campaign committee.

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

23 No refund is allowed under this subdivision for a
 24 contribution to a political party or party unit unless the state
 25 chair of the political party has signed and filed an agreement
 26 to limit campaign expenditures as provided in section 10A.322.

27 No refund is allowed under this subdivision for a
 28 contribution to a party unit that is a legislative party caucus
 29 unless the chair of the legislative party caucus has signed and
 30 filed an agreement to limit campaign expenditures as provided in
 31 section 10A.322.

32 (c) For purposes of this subdivision, "political party"
 33 ~~means a major political party as defined in section 200.027~~
 34 ~~subdivision 77 or a minor political party qualifying for~~
 35 ~~inclusion on the income tax or property tax refund form under~~
 36 ~~section 10A.317 subdivision 3a~~ has the meaning given it in

1 section 10A.01, subdivision 29.

2 A-"major-party"-or-"minor-party"-includes-the-aggregate-of
3 that-party's-organization-within-each-house-of-the-legislature,
4 the-state-party-organization,-and-the-party-organization-within
5 congressional-districts,-counties,-legislative-districts,
6 municipalities,-and-precincts "Party unit" has the meaning given
7 it in section 10A.01, subdivision 30.

8 "Candidate" means a candidate as defined in section 10A.01,
9 subdivision 10, except a candidate for judicial office.

10 "Contribution" means a gift of money.

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

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

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

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

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

31 Sec. 33. [TRANSITION.]

32 Subdivision 1. [ELECTION CYCLE.] Notwithstanding Minnesota
33 Statutes, section 10A.01, subdivision 16, the first election
34 cycle begins on the effective date of sections 1 to 34 and
35 concludes on December 31 following the next general election for
36 the office.

1 Subd. 2. [CONTRIBUTION LIMITS.] Contributions to a
2 candidate that were made before the effective date of sections 1
3 to 34 and were lawful when made need not be refunded, even
4 though they exceed the new limits on contributions in sections 1
5 to 34.

6 Subd. 3. [EXPENDITURE LIMITS.] All spending limit
7 agreements filed with the Campaign Finance and Public Disclosure
8 Board before the effective date of sections 1 to 34 become void
9 on that date and all eligibility for continued public subsidies
10 under Minnesota Statutes, chapter 10A or 290, is ended on that
11 date. The new expenditure limits and eligibility for a public
12 subsidy under sections 1 to 34 apply to candidates who sign and
13 file with the Campaign Finance and Public Disclosure Board a new
14 spending limit agreement under Minnesota Statutes, section
15 10A.322, on or after the effective date of sections 1 to 34.

16 Sec. 34. [REPEALER.]

17 Minnesota Statutes 2004, sections 10A.25, subdivision 6;
18 and 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 10, 10a,
19 10b, and 11, are repealed.

20 Sec. 35. [EFFECTIVE DATE.]

21 Sections 1 to 34 are effective the day following final
22 enactment. The spending limits in Minnesota Statutes, section
23 10A.25, subdivision 2, as amended by section 12, apply to the
24 general election in 2006 and must not be adjusted for inflation
25 under Minnesota Statutes, section 10A.255, until the 2008
26 election cycle.

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10A.25 SPENDING LIMITS.

Subd. 6. **Limit in nonelection year.** During an election cycle, in any year before the election year for the office held or sought by the candidate, a candidate must not make campaign expenditures nor permit approved expenditures to be made on behalf of the candidate that exceed 20 percent of the expenditure limit set forth in subdivision 2.

10A.31 DESIGNATION OF INCOME TAX PAYMENTS.

Subdivision 1. **Designation.** An individual resident of this state who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that \$5 be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that \$5 be paid. No individual is allowed to designate \$5 more than once in any year. The taxpayer may designate that the amount be paid into the account of a political party or into the general account.

Subd. 3. **Form.** The commissioner of revenue must provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the individual to indicate a wish to pay \$5 (\$10 if filing a joint return) from the general fund of the state to finance election campaigns. The form must also contain language prepared by the commissioner that permits the individual to direct the state to pay the \$5 (or \$10 if filing a joint return) to: (1) one of the major political parties; (2) any minor political party that qualifies under subdivision 3a; or (3) all qualifying candidates as provided by subdivision 7. The renter and homeowner property tax refund return must include instructions that the individual filing the return may designate \$5 on the return only if the individual has not designated \$5 on the income tax return.

Subd. 3a. **Qualification of political parties.** (a) A major political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a major political party by July 1 of the taxable year.

(b) A minor political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a minor party statewide by July 1 of the taxable year.

(c) The secretary of state shall notify each major and minor political party by the first Monday in January of each odd-numbered year of the conditions necessary for the party to participate in income tax form and property tax refund return programs.

(d) The secretary of state shall notify each political party, the commissioner of revenue, and the Campaign Finance and Public Disclosure Board by July 1 of each year and following certification of the results of each general election of the political parties that qualify for inclusion on the income tax form and property tax refund return as provided in subdivision 3.

Subd. 4. **Appropriation.** (a) The amounts designated by individuals for the state elections campaign fund, less three percent, are appropriated from the general fund, must be transferred and credited to the appropriate account in the state elections campaign fund, and are annually appropriated for distribution as set forth in subdivisions 5, 5a, 6, and 7. The remaining three percent must be kept in the general fund for

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administrative costs.

(b) In addition to the amounts in paragraph (a), \$1,500,000 for each general election is appropriated from the general fund for transfer to the general account of the state elections campaign fund.

Of this appropriation, \$65,000 each fiscal year must be set aside to pay assessments made by the Office of Administrative Hearings under section 211B.37. Amounts remaining after all assessments have been paid must be canceled to the general account.

Subd. 5. Allocation. (a) General account. In each calendar year the money in the general account must be allocated to candidates as follows:

(1) 21 percent for the offices of governor and lieutenant governor together;

(2) 4.2 percent for the office of attorney general;

(3) 2.4 percent each for the offices of secretary of state and state auditor;

(4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative; and

(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative.

(b) Party account. In each calendar year the money in each party account must be allocated as follows:

(1) 14 percent for the offices of governor and lieutenant governor together;

(2) 2.8 percent for the office of attorney general;

(3) 1.6 percent each for the offices of secretary of state and state auditor;

(4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative;

(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative; and

(6) ten percent for the state committee of a political party.

Money allocated to each state committee under clause (6) must be deposited in a separate account and must be spent for only those items enumerated in section 10A.275. Money allocated to a state committee under clause (6) must be paid to the committee by the board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the returns were processed by the Department of Revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the Department of Revenue's weekly unedited reports of income tax returns and property tax refund returns processed in the month, as notified by the Department of Revenue to the board. The amounts paid to each state committee are subject to biennial adjustment and settlement at the time of each certification required of the commissioner of revenue under subdivisions 7 and 10. If the total amount of payments received by a state committee for the period reflected on a certification by the Department of Revenue is different from the amount that should

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have been received during the period according to the certification, each subsequent monthly payment must be increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.

Subd. 5a. Party account for legislative candidates.

To ensure that money will be returned to the counties from which it was collected and to ensure that the distribution of money rationally relates to the support for particular parties or for particular candidates within legislative districts, money from the party accounts for legislative candidates must be distributed as provided in this subdivision.

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election must receive money from the candidate's party account allocated to candidates for the state senate or state house of representatives, whichever applies, according to the following formula:

For each county within the candidate's district, the candidate's share of the dollars designated by taxpayers who resided in that county and credited to the candidate's party account and allocated to that office must be:

(1) the sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, divided by

(2) the sum of the votes cast in the entire county in the last general election for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, multiplied by

(3) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For a party under whose name no candidate's name appeared on the ballot statewide in the last general election, amounts in the party's account must be allocated based on (i) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (ii) the number of the people voting in the entire county in the last general election, multiplied by (iii) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

In the first general election after the legislature is redistricted, "the candidate's district" means the newly drawn district and voting data from the last general election must be applied to the area encompassing the newly drawn district, notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party is the average vote of all the remaining

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candidates of that party in each county of that district whose votes are included in the sums in clauses (1) and (2). The average vote must be added to the sums in clauses (1) and (2) before the calculation is made for all districts in the county.

Subd. 6. **Distribution of party accounts.** As soon as the board has obtained from the secretary of state the results of the primary election, but no later than one week after certification by the State Canvassing Board of the results of the primary, the board must distribute the available money in each party account, as certified by the commissioner of revenue on September 1, to the candidates of that party who have signed a spending limit agreement under section 10A.322 and filed the affidavit of contributions required by section 10A.323, who were opposed in either the primary election or the general election, and whose names are to appear on the ballot in the general election, according to the allocations set forth in subdivisions 5 and 5a. The public subsidy from the party account may not be paid in an amount greater than the expenditure limit of the candidate or the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. If a candidate files the affidavit required by section 10A.323 after September 1 of the general election year, the board must pay the candidate's allocation to the candidate at the next regular payment date for public subsidies for that election cycle that occurs at least 15 days after the candidate files the affidavit.

Subd. 6a. **Party account money not distributed.** Money from a party account not distributed to candidates for state senator or representative in any election year must be returned to the general fund of the state, except that the subsidy from the party account an unopposed candidate would otherwise have been eligible to receive must be paid to the state committee of the candidate's political party to be deposited in a special account under subdivision 5, paragraph (b), clause (6), and used for only those items permitted under section 10A.275. Money from a party account not distributed to candidates for other offices in an election year must be returned to the party account for reallocation to candidates as provided in subdivision 5, paragraph (b), in the following year.

Subd. 7. **Distribution of general account.** (a) As soon as the board has obtained the results of the primary election from the secretary of state, but no later than one week after certification of the primary results by the State Canvassing Board, the board must distribute the available money in the general account, as certified by the commissioner of revenue on September 1 and according to allocations set forth in subdivision 5, in equal amounts to all candidates of a major political party whose names are to appear on the ballot in the general election and who:

(1) have signed a spending limit agreement under section 10A.322;

(2) have filed the affidavit of contributions required by section 10A.323; and

(3) were opposed in either the primary election or the general election.

(b) The public subsidy under this subdivision may not be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account to exceed 50 percent of the expenditure

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limit for the candidate or 50 percent of the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.

(c) A candidate must expend or become obligated to expend at least an amount equal to 50 percent of the money distributed by the board under this subdivision no later than the end of the final reporting period preceding the general election. Otherwise, the candidate must repay to the board the difference between the amount the candidate spent or became obligated to spend by the deadline and the amount distributed to the candidate under this subdivision. The candidate must make the repayment no later than six months following the general election. The candidate must reimburse the board for all reasonable costs, including litigation costs, incurred in collecting any amount due.

If the board determines that a candidate has failed to repay money as required by this paragraph, the board may not distribute any additional money to the candidate until the entirety of the repayment has been made.

Subd. 10. **December distribution.** In the event that on the date of either certification by the commissioner of revenue as provided in subdivision 6 or 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue must certify to the board by December 1 the amount accumulated in each account since the previous certification. By December 15, the board must distribute to each candidate according to the allocations in subdivisions 5 and 5a the amounts to which the candidates are entitled.

Subd. 10a. **Form of distribution.** A distribution to a candidate must be in the form of a check made "payable to the campaign fund of(name of candidate)....."

Subd. 10b. **Remainder.** Money accumulated after the final certification must be kept in the respective accounts for distribution in the next general election year.

Subd. 11. **Write-in candidate.** For the purposes of this section, a write-in candidate is a candidate only upon complying with sections 10A.322 and 10A.323.

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S.F. No. 863 - Fair and Clean Elections Act

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S.F.No. 863, the Fair and Clean Elections Act provides candidates for constitutional office or the Legislature with public money to cover most of their campaign spending limit in return for lower contribution limits. The public money would range from about 87 percent of the spending limit for legislative candidates to almost 97 percent for gubernatorial candidates.

Contribution Limits

Contribution limits would apply to the entire election cycle, instead of the current system of separate limits for election and nonelection years. The new contribution limit for candidates who participate in the public subsidy program would be \$50 per election cycle. They could not contribute more than \$500 to their own campaign. Contribution limits on nonparticipating candidates would be the same as the election year limits under current law, except that the contribution limit for candidates for secretary of state and state auditor would be doubled, to equal the limit for candidates for attorney general.

Candidates who do not accept a public subsidy would be prohibited from accepting contributions from a political party in excess of ten times the limit on contributions from an individual.

A political committee or political fund would be prohibited from accepting more than \$1,000 in a calendar year in aggregate contributions from an individual and would be prohibited from accepting any contributions from another political committee or political fund.

Political parties would be prohibited from accepting more than \$10,000 each election cycle in aggregate contributions from an individual or association. They would be

Political parties would be prohibited from accepting more than \$10,000 each election cycle in aggregate contributions from an individual or association. They would be prohibited from accepting money from any other party unit in another state or at the national level, unless the transfer were from a separate fund that contained only contributions from individuals and associations that would have been permitted under the law of Minnesota if they had been made directly to the political party unit.

An individual would be prohibited from making more than \$10,000 in an election cycle in aggregate contributions for any purpose to all candidates, and to all political committees, political funds, and party units.

Spending Limits

Spending limits would apply to the entire election cycle. The dollar amounts for most candidates would be similar to the current limits for the election year. The amount for candidates for secretary of state and state auditor would be more than double the current limit for the election year. A candidate would be permitted to spend a small amount of additional money during the qualifying period from private contributions to the candidate. The total of the base amount plus qualifying expenditures for candidates for state senator would be \$60,000 and for state representative would be \$30,000. A first-time candidate's spending limit would be increased by ten percent.

Issue Ads

There would be a rebuttable presumption that an expenditure in excess of certain limits for a communication close to election day that contained the name or picture of a candidate is a campaign expenditure.

Independent Expenditures

There would be a rebuttable presumption that a campaign expenditure that was made after certain contacts between the spender and a candidate was not "independent," and thus must be counted against the candidate's spending limit.

Disclosure

All candidates would have to report the name and address of all contributors of more than \$50 a year. Committees reporting contributions or expenditures of more than \$5,000 in a year would have to file electronically. The Campaign Finance and Public Disclosure Board would have to post all campaign finance reports on its Web site within seven days after they were due.

Conduit funds would have to register and file periodic reports with the Board.

Public Subsidy

To qualify for a public subsidy, a candidate would have to raise a certain amount in contributions, counting only the first \$5 from individuals eligible to vote in this state and, in the case of legislative candidates, at least one-half from individuals eligible to vote for the candidate.

Upon determining that the candidate had met all the requirements, the Board would designate the candidate as "participating" and pay the candidate a public subsidy equal to 20 percent of the candidate's public subsidy base. Within one week after the close of filings for office, a participating candidate who had an opponent in either the primary or general election would be paid a public subsidy equal to 20 percent of the candidate's public subsidy base. Within one week after results of the primary were known, a participating candidate with an opponent in the general election would be paid a public subsidy equal to 60 percent of the candidate's public subsidy base.

Upon receipt of a report that a nonparticipating opponent of a participating candidate had received contributions in excess of the participating candidate's spending limit, the Board would pay to the participating candidate a public subsidy equal to the participating candidate's public subsidy base. The additional public subsidy could be spent only in the amount that the nonparticipating candidate's contributions exceeded the participating candidate's spending limit.

Upon receipt of a notice that an individual or association had disseminated a communication paid for with independent expenditures that aggregated more than \$500 during an election cycle, the Board would pay to each participating candidate in the affected race a public subsidy equal to the candidate's public subsidy base. The additional public subsidy could be spent only in the amount of independent expenditures made to defeat the candidate or one-half the amount of independent expenditures made to elect the participating candidate's opponent, subject to certain additional limits.

Throwback Rule

To pay for the public subsidies, the corporate franchise tax would be changed by adding a throwback rule. If tangible personal property were shipped from this state to another state and the taxpayer were not taxable in the state of delivery, the sale would be taxable in this state.

Penalties

The penalty for exceeding contribution or spending limits would be up to ten times the amount of the excess.

In addition to the civil penalties, the Board would be authorized to bring a court action to have a candidate who had filed a false report or who had exceeded contribution or spending limits removed from office. If the court found the candidate had violated the law, the court could declare the office vacant, in the case of a constitutional officer, or would forward a transcript of its judgment to the

Senate or the House of Representatives for further consideration, in the case of a member of the Legislature.

Free Broadcast Time

Television and radio stations that receive a public subsidy from the State would be required to provide free broadcast time to participating candidates for constitutional officer and either broadcast time or archived audio or video clip time for participating legislative candidates. The amount of time would be 30 minutes each election cycle for candidates for constitutional officer and 60 seconds each election cycle for candidates for the Legislature. The broadcast would include only the candidate speaking in the candidate's own voice.

Filing Fees

Filing fees would be eliminated for participating candidates.

Voter's Guide

The Secretary of State would be required to publish a voters guide at least 21 days before the state primary and general election, mail it to every household in the state, and publish it on the Secretary of State's Web site.

Form of the Bill

The bill is in the form of a repeal and reenactment, repealing the campaign finance provisions of Minnesota Statutes, chapter 10A, and reenacting them, as amended, as a new chapter 10B. Chapter 10A retains the provisions establishing the Board, regulating lobbyists and principals, requiring disclosure of conflicts of interest, and providing remedies for violations of either chapter 10A or chapter 10B.

A section-by-section description of the bill follows.

Section 1 names the bill the "Fair and Clean Elections Act."

Sections 2 to 13 provide that the definitions and enforcement power of the Board in chapter 10A also apply to the campaign finance provisions in chapter 10B.

Section 6 prohibits the Board from publishing an individual's home street address or telephone number on its Web site.

Section 10 adds a civil penalty of up to ten times the amount of the error for filing a false report. It also authorizes the Board to order a violator to return any public subsidy the violator has received. It authorizes the Board to bring a court action to have the nomination or election declared forfeited.

The forfeiture would occur upon the judgment of the court, in the case of a constitutional officer, or upon action by the Senate or House of Representatives, in the case of a legislator.

Section 12 limits the civil penalties imposed by the Board to \$1,000, unless otherwise provided.

Section 14 reenacts the definitions relating to campaign finance formerly coded in section 10A.01 in chapter 10B, with the following substantive changes:

Subdivision 7, paragraph (b) includes the cost of sham "issue ads" as campaign expenditures.

Paragraph (c) creates a rebuttable presumption that an expenditure in excess of certain limits for a communication close to election day that contains the name or picture of a candidate is a campaign expenditure.

Paragraph (f), clause (3), limits the exemption from the definition of "expenditure" for news items to those published by news media not owned by or affiliated with a candidate.

Paragraph (f), clause (4), adds an exemption for in-house newsletters, as defined in **paragraphs (g) to (k)**.

Subdivision 9 adds a definition of "conduit fund."

Subdivision 16, paragraph (a), omits the sentence that used to say a political party could not make independent expenditures on behalf of its own candidates, which was struck down by U.S. District Judge Ann D. Montgomery in the case of *Republican Party of Minnesota v. Pauly*, 63 F. Supp.2d 1008 (D. Minn. 1999). Rather, **paragraph (b)** creates a rebuttable presumption that various subtle methods of coordinating spending are not "independent."

Section 15 is a reenactment of section 10A.105, requiring a candidate to have a principal campaign committee.

Section 16 is a reenactment of section 10A.11, requiring political committees and party units to have a chair and treasurer.

Section 17 is a reenactment of section 10A.12, requiring political funds to have a treasurer.

Section 18 is new, requiring conduit funds to have a treasurer and not be commingled with other funds.

Section 19 is a reenactment of section 10A.13, requiring regulated committees and funds, to keep certain accounts, but amended to include conduit funds.

Section 20 is a reenactment of section 10A.14, requiring committees and funds to register with the Board when they have received contributions or made expenditures of more than \$100, amended to include conduit funds.

Subdivision 2, clause (4), is amended to require a principal campaign committee to register with the Board the name and address of any individual authorized to accept contributions on behalf of the principal campaign committee.

Section 21 is a reenactment of section 10A.15, imposing record-keeping requirements for contributions received by a committee or fund, amended to include conduit funds.

Section 22 is a reenactment of section 10A.16, prohibiting earmarking of contributions.

Section 23 is a reenactment of section 10A.17, requiring certain records to be kept of expenditures by a committee or fund, amended to include conduit funds.

Section 24 is a reenactment of section 10A.18, requiring bills for materials or services to be submitted to a committee or fund within 60 days after the materials or services were provided.

Section 25 is a reenactment of section 10A.20, requiring committees and funds to file various reports with the Board, amended to include conduit funds and further amended as follows:

Subdivision 2, paragraph (b), requires principal campaign committees to file additional reports on April 30, July 31, and November 30 in a year in which the candidate's name is on the ballot.

Paragraph (c) requires political committees, political funds, conduit funds, and party units to file reports each election year at the same times as principal campaign committees.

Paragraph (d) requires committees and funds that make expenditures related to a special election to file reports seven days before the special primary and special election and ten days after the special election cycle.

Subdivision 3 requires committees that report contributions or expenditures of more than \$5,000 in a year to file electronically. It requires the Board to post all campaign finance reports on its Web site within seven days after they are due.

Subdivision 4, paragraphs (b) and (d), require candidates to report the name and address of each individual who contributes or loans more than \$50 a year.

Paragraph (c) requires every political committee, political fund, principal campaign committee, and party unit to disclose the sum of all contributions received through each conduit fund and through all conduit funds.

Subdivision 5 requires conduit funds to disclose the sum of all contributions received by the fund and the sum of contributions given to each political committee, political fund, principal campaign committee, and party unit and to all of them together during the reporting period.

Subdivision 7 requires a nonparticipating candidate to report to the Board any contributions the candidate has received in excess of the spending limit of the candidate's participating opponent. Additional reports are due each Monday for any excess contributions received during the week ending the previous Friday and within 48 hours during the last three weeks before a primary or general election and the last two weeks before a special primary or special election.

Subdivision 10 requires an individual or association to report to the Board and notify each candidate in the affected race within 48 hours after disseminating a communication paid for by an independent expenditure of more than \$500 during an election cycle. During the last three weeks before the primary or general election and the last two weeks before a special primary or special election, the notice must be filed within 24 hours. The notice must also include a copy or transcript of the advertisement purchased with the independent expenditure.

(The current law requiring reports of independent expenditures of more than \$100 to be filed with the Board within 24 hours was held unconstitutional in *Day v. Holahan*, 34 F.3d 1356 (8th Cir. 1994).)

Subdivision 14 increases the penalty for late filing of a report due January 31 from \$5 to \$10 a day and increases the maximum penalty from \$100 to \$500.

Section 26 is a reenactment of section 10A.27, imposing contribution limits, amended as follows:

Subdivision 1 applies contribution limits to the entire election cycle, instead of the current system of separate limits for election and nonelection years. It makes contribution limits on nonparticipating candidates the same as the election year limits under current law, except that the contribution limit for candidates for secretary of state and state auditor would be doubled, to equal the limit for candidates for attorney general. It prohibits a participating candidate from accepting more than \$50 per election cycle. It also limits the delivery of contributions to a candidate to members of the principal campaign committee registered with the Board for that purpose.

Subdivision 2 prohibits a candidate who does not accept a public subsidy from accepting contributions from a political party in excess of ten times the limit on contributions from an individual.

Subdivision 5 prohibits a candidate who accepts a public subsidy from contributing more than \$500 to the candidate's own campaign.

Subdivision 8 prohibits a political committee or political fund from accepting more than \$1,000 each year in aggregate contributions from an individual and from accepting any contributions from another political committee or political fund. (The previous limit of \$100 on contributions by an individual to a political committee or political fund was held unconstitutional in *Day v. Holahan*, 34 F.3d 1356 (8th Cir. 1994), and stricken by Laws 1999, chapter 220, section 34.)

Subdivision 9, paragraph (a), prohibits political parties from accepting more than \$10,000 each election cycle in aggregate contributions from an individual, or from an association that makes contributions to candidates.

Paragraph (b) prohibits political parties from accepting money from any other party unit in another state or at the national level, unless the transfer is from a separate fund that contains only contributions from individuals and associations that would have been permitted under the law of Minnesota if they had been made directly to the political party unit.

Subdivision 10 prohibits an individual from making more than \$10,000 in aggregate contributions for any purpose to all candidates, and to all political committees, political funds, and party units, in an election cycle.

Section 27 is a reenactment of section 10A.273, prohibiting certain fund-raising during a session of the Legislature.

Section 28 is a reenactment of section 10A.29, prohibiting circumvention of contribution limits by making a contribution through another.

Section 29 is a reenactment of section 290.06, subdivision 23, the political contribution refund program, amended in **subdivision 2** to eliminate the political contribution refund for contributions to candidates and to require a political party to agree not to make independent expenditures if it wants to be eligible for the refund program. A party unit's claim for a refund may not be made before March 4 in each odd-numbered year, since parties will be required to file their agreement not to make independent expenditures before March 1 and allowed until March 4 to rescind their agreement (which they may want to do if an opposing party does not file an agreement).

Section 30 is a reenactment of section 10A.25, providing for voluntary spending limits, amended as follows:

Subdivision 1 applies the prohibition on making independent expenditures to a political party that has signed and not rescinded a spending limit agreement.

Subdivision 2 applies spending limits to the entire election cycle. The dollar amounts for candidates for governor, attorney general, and the legislature would be less than the current limits for an election year. The amount for candidates for secretary of state and state auditor would be more than the current limit for an election year.

	<i>2002 Limit</i>	<i>New Limit/Cycle</i>
Governor and Lieutenant Governor	\$2,188,090	\$1,570,000
Attorney General	\$364,690	\$325,000
Secretary of State, State Auditor	\$182,350	\$325,000
State Senator	\$54,740	\$60,000
State Representative	\$27,380	\$30,000

As part of the spending limit, a candidate is permitted to raise and spend the following amounts during the election cycle before qualifying for public money:

Governor	\$50,000
Attorney General, Secretary of State, State Auditor	\$25,000
Senate	\$8,000
House	\$4,000

A first-time candidate will continue to receive a ten percent increase in spending limit and public subsidy.

Subdivision 3 requires a candidate who runs for more than one statewide office during an election cycle to count expenditures for the several offices against the spending limit for each office.

Subdivision 5 prohibits a candidate from making independent expenditures.

Subdivision 6 permits a participating candidate to be released from a spending limit agreement if the candidate's nonparticipating opponent receives contributions in excess of the amounts the participating candidate has received from contributors and the public subsidy through that part of the election cycle.

Subdivision 7 prohibits political parties from making independent expenditures.

Section 31 is a reenactment of section 10A.275, exempting multicandidate expenditures by political parties from a candidate's contribution and spending limits, amended to omit spending for telephone conversations, fund-raising efforts, and party staff services.

Section 32 is a reenactment of section 10A.322, providing the terms of the spending limit agreement, amended as follows:

Subdivision 2 requires the spending limit agreement to be filed no sooner than January 1 of the election year and no later than one day after the candidate files the affidavit of candidacy for the office.

Subdivision 3 requires a political party to agree not to make independent expenditures as a condition of receiving a public subsidy in the form of a political contribution refund. The agreement must be filed by the first March 1 of a general election cycle and may not be rescinded after the first March 4 of a general election cycle.

Section 33 is a reenactment of section 10A.323, requiring candidates to raise a certain amount in qualifying contributions in order to be eligible to receive a public subsidy, amended as follows: The qualifying contributions count only the first \$5, rather than \$50 under current law; contributors must be eligible to vote in this state, and one-half the contributors to a legislative candidate must be eligible to vote for the candidate. Threshold amounts are changed, as follows:

	<i>Old</i>	<i>New</i>
Governor	\$35,000	\$22,000
Attorney General, Secretary of State, or State Auditor	\$15,000	\$12,500
Senate	\$3,000	\$1,800
House	\$1,500	\$900

A statewide candidate will have to raise at least five percent of the qualifying amount in each congressional district. The dollar amounts for legislative candidates will be adjusted following each decennial census to represent the ideal population of a senate or house district, respectively, times .025, (or \$5 times .05 percent of the population of the ideal district) rounded to the nearest \$100.

Subdivision 2 requires a candidate who intends to participate in the public subsidy program to file with the Board a statement of intent to participate.

Subdivision 3 requires a participating candidate to get a signed receipt from each contributor of a qualifying contribution and to file with the Board a list of the name and home address of each contributor, indicating those who are eligible to vote for the candidate.

Subdivision 4 provides that the deadline for qualifying is the day after the candidate files for office.

Subdivision 5 provides that qualifying amounts for a special election are one-third of those for a general election.

Section 34 is a reenactment of section 10A.30, creating the state elections campaign fund, amended to provide a new method of balancing the amount in the fund with the amount of subsidies paid out to candidates.

Subdivision 2 imposes a spending cap for each calendar year of \$5 times the number of Minnesota residents who filed personal income tax returns during the previous calendar year.

Subdivision 3 requires the commissioner of finance to transfer excess balances in the state elections campaign fund to the general fund. The amount transferred is appropriated to the board of public defense.

Subdivision 4 authorizes the Campaign Finance and Public Disclosure Board to reduce first the public subsidy paid to match excess expenditures and the public subsidy paid to match independent expenditures, and second the percentage of the candidate's spending limit that is paid as a public subsidy, if the Board determines there is not enough money in the state elections campaign fund to pay subsidies at the full rate.

Subdivision 5 provides that, in an emergency, the Board may reduce all public subsidy payments proportionately.

Section 35 is new. It provides for payment of the public subsidy from the state elections campaign fund. Candidates for state office who agree to lower contribution limits will receive a public subsidy from the general fund equal to about 80 percent of their campaign spending limit.

Subdivision 1 provides that, upon determining that the candidate has met all the requirements, the Board must designate the candidate as "participating."

Subdivision 2, paragraph (a), sets forth the dollar amount of each candidate's public subsidy base:

	<i>Base</i>
Governor and Lieutenant Governor	\$1,520,000
Attorney General	\$300,000
Secretary of State, State Auditor	\$300,000
State Senator	\$52,000
State Representative	\$26,000

Subdivision 2, paragraph (b), provides an increase of ten percent for a first-time candidate.

Subdivision 3 provides for adjustment of the dollar amounts by the increase in the Consumer Price Index.

Subdivision 4 requires the Board to pay the candidate a public subsidy equal to 20 percent of the candidate's public subsidy base within one week after designating the candidate as "participating."

Subdivision 5 provides that, within one week after the close of filings for office, a participating candidate with an opponent in either the primary or general election will be sent a check for 20 percent of the public subsidy base.

Subdivision 6 provides that 60 percent of the candidate's public subsidy base will be paid immediately following the primary. A candidate with no general election opponent will receive six percent.

Subdivision 7 provides that, upon receipt of a report that a nonparticipating opponent of a participating candidate has received contributions in excess of the participating candidate's spending limit, the Board must pay to the participating candidate a public subsidy equal to the participating candidate's public subsidy base. The additional public subsidy may be spent only in the amount that the nonparticipating candidate's contributions exceeded the participating candidate's spending limit.

Subdivision 8 provides that a participating candidate will receive an additional public subsidy, and increase in spending limit, to match independent expenditures made to defeat the candidate or elect the participating candidate's opponent. Upon receipt of a notice that an individual or association intends to make independent expenditures of more than \$500, the Board must pay to each participating candidate in the affected race a public subsidy equal to the candidate's public subsidy base. The additional public subsidy may be spent only in the amount of independent expenditures made to defeat the candidate or one-half the amount

of independent expenditures made to elect the participating candidate's opponent, subject to certain additional limits.

Subdivision 9 provides a public subsidy in special elections on the same terms as in the general election, except that the entire subsidy is paid when the candidate qualifies. The candidate may spend the money only 20 percent upon being designated as participating, 20 percent upon filing for office, and 60 percent upon being certified to appear on the ballot in the general election.

Subdivision 10 authorizes the Board to withhold payment of a public subsidy to a candidate who has not filed a required report or who owes money to the Board.

Section 36 reenacts section 10A.324, which requires return of any part of the public subsidy not used for campaign expenditures.

Section 37 reenacts section 10A.257, which restricts the amount a candidate may carry forward from one election cycle to the next.

Section 38 reenacts section 10A.28, which imposes penalties for exceeding contribution or expenditure limits, with several amendments. The criminal penalties are removed and the amount of the civil penalty that may be imposed is increased from four times to ten times the amount of the excess. The Board may bring a court action to vacate the nomination or election of a candidate who has violated contribution or spending limits. If the court finds the candidate has violated the limits, the court may judge the candidate to have forfeited the nomination or election, in the case of a constitutional officer, or may forward a transcript of the judgment to the Senate or House of Representatives for further consideration.

Section 39 reenacts section 10A.242, which requires inactive committees to dissolve.

Section 40 reenacts section 10A.24, which requires committees to settle their debts before they dissolve.

Section 41 reenacts section 10A.241, which allows a candidate to transfer unpaid debts from a dissolving committee to a continuing one.

Section 42 requires public television stations that receive a public subsidy from the State to provide free time to participating candidates. The free time could be broadcast time for candidates, for constitutional officer, and video clip time for legislative candidates. The amount of time would be 30 minutes each election cycle for candidates for constitutional officer and 60 seconds each election cycle for candidates for the Legislature. The broadcast would include only the candidate speaking in the candidate's own voice.

Section 43 applies the same requirements to public radio stations.

Section 44 eliminates filing fees for all candidates eligible to participate in the public subsidy program.

Section 45 requires the Secretary of State to publish a voters guide at least 21 days before the state primary and general election, mail it to every household in the state, and publish it on the Secretary of State's Web site. The cost of the voter's guide must be paid from the state elections campaign fund.

Sections 46 and 47 update cross-references from chapter 10A to chapter 10B.

Section 48 creates a cross-reference in the Fair Campaign Practices Act to the new definition of "conduit fund" in chapter 10B.

Section 49 restricts use of the term "participating candidate" in campaign material to a candidate who has been so designated by the Board.

Section 50 enacts a throwback rule for the corporate franchise tax. If tangible personal property is shipped from this state to another state and the taxpayer is not taxable in the state of delivery, the sale is taxable in this state.

Sections 51 to 53 update cross-references from chapter 10A to chapter 10B.

Section 54 provides for the transition from the old campaign finance law to the new one, starting a new election cycle the day the new limits become effective but permitting contributions and expenditures that were legal when made to remain legal.

Section 55 contains the repealers. The sections in chapter 10A are all those relating to campaign finance. Section 290.06, subdivision 23, is the political contribution refund program.

Section 56 instructs the Revisor of Statutes to note in Minnesota Statutes the sections of chapter 10A that the sections in chapter 10B were derived from.

Section 58 makes the act effective August 1, 2005.

PSW:ph

cc: Kelly Wolfe ✓

Senators Hottinger, Scheid, Murphy and Moua introduced—

S. F. No. 863 Referred to the Committee on Elections

1 A bill for an act

2 relating to elections; providing for fair and clean
 3 elections; increasing disclosure of campaign
 4 contributions to candidates; encouraging candidates to
 5 accept only clean money for their political campaigns;
 6 limiting campaign contributions and expenditures;
 7 increasing public subsidies for state candidates who
 8 agree to limit the sources and amounts of
 9 contributions to their campaigns; providing a
 10 throwback rule for the corporate franchise tax;
 11 appropriating money; amending Minnesota Statutes 2004,
 12 sections 10A.01, subdivision 1; 10A.02, subdivisions
 13 8, 10, 11, 11a, 12, 13; 10A.025, subdivisions 1, 2;
 14 10A.071, subdivision 3; 10A.34; 10A.37; 129D.13, by
 15 adding a subdivision; 129D.14, by adding a
 16 subdivision; 204B.11, subdivision 1; 211A.13; 211B.12;
 17 211B.15, subdivision 16; 290.191, subdivision 5;
 18 340A.404, subdivision 10; 353.03, subdivision 1;
 19 383B.042, subdivision 5; proposing coding for new law
 20 in Minnesota Statutes, chapters 204B; 211B; proposing
 21 coding for new law as Minnesota Statutes, chapter 10B;
 22 repealing Minnesota Statutes 2004, sections 10A.01,
 23 subdivisions 3, 4, 6, 7, 9, 10, 11, 12, 13, 15, 16,
 24 17, 18, 20, 23, 25, 26, 27, 28, 29, 30, 32, 34, 36;
 25 10A.105; 10A.11; 10A.12; 10A.13; 10A.14; 10A.15;
 26 10A.16; 10A.17; 10A.18; 10A.20; 10A.24; 10A.241;
 27 10A.242; 10A.25; 10A.255; 10A.257; 10A.27; 10A.273;
 28 10A.275; 10A.28; 10A.29; 10A.30; 10A.31; 10A.315;
 29 10A.321; 10A.322; 10A.323; 10A.324; 290.06,
 30 subdivision 23.

31 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

32 Section 1. [FAIR AND CLEAN ELECTIONS ACT.]

33 This act may be cited as the Fair and Clean Elections Act.

34 Sec. 2. Minnesota Statutes 2004, section 10A.01,
 35 subdivision 1, is amended to read:

36 Subdivision 1. [APPLICATION.] For the purposes of this
 37 chapter and chapter 10B, the terms defined in this section have
 38 the meanings given them unless the context clearly indicates

1 otherwise.

2 Sec. 3. Minnesota Statutes 2004, section 10A.02,
3 subdivision 8, is amended to read:

4 Subd. 8. [DUTIES.] (a) The board must report at the close
5 of each fiscal year to the legislature, the governor, and the
6 public concerning the action it has taken, the names, salaries,
7 and duties of all individuals in its employ, and the money it
8 has disbursed. The board must include and identify in its
9 report any other reports it has made during the fiscal year. It
10 may indicate apparent abuses and offer legislative
11 recommendations.

12 (b) The board must prescribe forms for statements and
13 reports required to be filed under this chapter or chapter 10B
14 and make the forms available to individuals required to file
15 them.

16 (c) The board must make available to the individuals
17 required to file the reports and statements a manual setting
18 forth the recommended uniform methods of bookkeeping and
19 reporting.

20 (d) The board must develop a filing, coding, and
21 cross-indexing system consistent with the purposes of this
22 chapter and chapter 10B.

23 (e) The board must make the reports and statements filed
24 with it available for public inspection and copying by the end
25 of the second day following the day on which they were
26 received. An individual may copy a report or statement by hand
27 or by duplicating machine and the board must provide duplicating
28 services at cost for this purpose.

29 (f) Notwithstanding section 138.163, the board must
30 preserve reports and statements for a period of five years from
31 the date of receipt.

32 (g) The board must compile and maintain a current list and
33 summary of all statements or parts of statements pertaining to
34 each candidate.

35 (h) The board may prepare and publish reports it considers
36 appropriate.

1 Sec. 4. Minnesota Statutes 2004, section 10A.02,
2 subdivision 10, is amended to read:

3 Subd. 10. [AUDITS AND INVESTIGATIONS.] The board may make
4 audits and investigations with respect to statements and reports
5 that are filed or that should have been filed under this chapter
6 or chapter 10B. In all matters relating to its official duties,
7 the board has the power to issue subpoenas and cause them to be
8 served. If a person does not comply with a subpoena, the board
9 may apply to the District Court of Ramsey County for issuance of
10 an order compelling obedience to the subpoena. A person failing
11 to obey the order is punishable by the court as for contempt.

12 Sec. 5. Minnesota Statutes 2004, section 10A.02,
13 subdivision 11, is amended to read:

14 Subd. 11. [VIOLATIONS; ENFORCEMENT.] (a) The board may
15 investigate any alleged violation of this chapter or chapter
16 10B. The board must investigate any violation that is alleged
17 in a written complaint filed with the board and must within 30
18 days after the filing of the complaint make a public finding of
19 whether there is probable cause to believe a violation has
20 occurred, except that if the complaint alleges a violation of
21 ~~section 10A.25 or 10A.27~~ 10B.13 or 10B.17, the board must either
22 enter a conciliation agreement or make a public finding of
23 whether there is probable cause, within 60 days after the filing
24 of the complaint. The deadline for action on a written
25 complaint may be extended by majority vote of the board.

26 (b) Within a reasonable time after beginning an
27 investigation of an individual or association, the board must
28 notify the individual or association of the fact of the
29 investigation. The board must not make a finding of whether
30 there is probable cause to believe a violation has occurred
31 without notifying the individual or association of the nature of
32 the allegations and affording an opportunity to answer those
33 allegations.

34 (c) A hearing or action of the board concerning a complaint
35 or investigation other than a finding concerning probable cause
36 or a conciliation agreement is confidential. Until the board

1 makes a public finding concerning probable cause or enters a
2 conciliation agreement:

3 (1) a member, employee, or agent of the board must not
4 disclose to an individual information obtained by that member,
5 employee, or agent concerning a complaint or investigation
6 except as required to carry out the investigation or take action
7 in the matter as authorized by this chapter; and

8 (2) an individual who discloses information contrary to
9 this subdivision is subject to a civil penalty imposed by the
10 board of up to \$1,000.

11 Sec. 6. Minnesota Statutes 2004, section 10A.02,
12 subdivision 11a, is amended to read:

13 Subd. 11a. [DATA PRIVACY.] (a) If, after making a public
14 finding concerning probable cause or entering a conciliation
15 agreement, the board determines that the record of the
16 investigation contains statements, documents, or other matter
17 that, if disclosed, would unfairly injure the reputation of an
18 innocent individual, the board may:

19 (1) retain the statement, document, or other matter as a
20 private record, as defined in section 13.02, subdivision 12, for
21 a period of one year, after which it must be destroyed; or

22 (2) return the statement, document, or other matter to the
23 individual who supplied it to the board.

24 (b) When publishing reports or statements on its Web site,
25 the board must not publish the home street address or telephone
26 number of an individual.

27 Sec. 7. Minnesota Statutes 2004, section 10A.02,
28 subdivision 12, is amended to read:

29 Subd. 12. [ADVISORY OPINIONS.] (a) The board may issue and
30 publish advisory opinions on the requirements of this chapter or
31 chapter 10B based upon real or hypothetical situations. An
32 application for an advisory opinion may be made only by an
33 individual or association who wishes to use the opinion to guide
34 the individual's or the association's own conduct. The board
35 must issue written opinions on all such questions submitted to
36 it within 30 days after receipt of written application, unless a

1 majority of the board agrees to extend the time limit.

2 (b) A written advisory opinion issued by the board is
3 binding on the board in a subsequent board proceeding concerning
4 the person making or covered by the request and is a defense in
5 a judicial proceeding that involves the subject matter of the
6 opinion and is brought against the person making or covered by
7 the request unless:

8 (1) the board has amended or revoked the opinion before the
9 initiation of the board or judicial proceeding, has notified the
10 person making or covered by the request of its action, and has
11 allowed at least 30 days for the person to do anything that
12 might be necessary to comply with the amended or revoked
13 opinion;

14 (2) the request has omitted or misstated material facts; or

15 (3) the person making or covered by the request has not
16 acted in good faith in reliance on the opinion.

17 (c) A request for an opinion and the opinion itself are
18 nonpublic data. The board, however, may publish an opinion or a
19 summary of an opinion, but may not include in the publication
20 the name of the requester, the name of a person covered by a
21 request from an agency or political subdivision, or any other
22 information that might identify the requester, unless the person
23 consents to the inclusion.

24 Sec. 8. Minnesota Statutes 2004, section 10A.02,
25 subdivision 13, is amended to read:

26 Subd. 13. [RULES.] Chapter 14 applies to the board. The
27 board may adopt rules to carry out the purposes of this
28 chapter or chapter 10B.

29 Sec. 9. Minnesota Statutes 2004, section 10A.025,
30 subdivision 1, is amended to read:

31 Subdivision 1. [FILING DATE.] If a scheduled filing date
32 under this chapter or chapter 10B falls on a Saturday, Sunday,
33 or legal holiday, the filing date is the next regular business
34 day.

35 Sec. 10. Minnesota Statutes 2004, section 10A.025,
36 subdivision 2, is amended to read:

1 Subd. 2. [PENALTY FOR FALSE STATEMENTS.] (a) A report or
2 statement required to be filed under this chapter must be signed
3 and certified as true by the individual required to file the
4 report. The signature may be an electronic signature consisting
5 of a password assigned by the board. An individual who signs
6 and certifies to be true a report or statement knowing it
7 contains false information or who knowingly omits required
8 information is guilty of a gross misdemeanor and subject to a
9 civil penalty imposed by the board of up to \$3,000.

10 (b) If a report of campaign contributions or expenditures
11 under section 10B.12 is in error, or if a person knowingly fails
12 to file a report of excess contributions under section 10B.12,
13 subdivision 7, or a notice of independent expenditures under
14 section 10B.12, subdivision 10, the board may impose a civil
15 penalty of up to ten times the amount of the error, or up to ten
16 times the amount that should have been reported, respectively.

17 (c) The board may order a candidate to return to the board
18 any public subsidy the candidate has received. The board must
19 deposit the amount returned in the state treasury and credit it
20 to the general fund.

21 (d) After making a public finding that it has probable
22 cause to believe a candidate has violated this subdivision, the
23 board must bring an action, or transmit the finding to a county
24 attorney who must bring an action, in the district court of
25 Ramsey county or, in the case of a legislative candidate, the
26 district court of a county within the legislative district, to
27 collect a civil penalty imposed by the board, to demand the
28 return of any public subsidy paid to the candidate, or to have
29 the nomination or office declared forfeited. If a candidate is
30 judged to have violated this subdivision, the court, after
31 entering the judgment, may enter a supplemental judgment
32 declaring that the candidate has forfeited the nomination or
33 office, except as provided in paragraph (e). If the court
34 enters the supplemental judgment, it must transmit to the filing
35 officer a transcript of the supplemental judgment, the
36 nomination or office becomes vacant, and the vacancy must be

1 filled as provided by law.

2 (e) If the candidate has been elected to the legislature,
3 the court, after entering the judgment that the candidate has
4 violated this subdivision, must transmit a transcript of the
5 judgment to the secretary of the senate or the chief clerk of
6 the house of representatives, as appropriate, for further
7 consideration by the house to which the candidate was elected.

8 Sec. 11. Minnesota Statutes 2004, section 10A.071,
9 subdivision 3, is amended to read:

10 Subd. 3. [EXCEPTIONS.] (a) The prohibitions in this
11 section do not apply if the gift is:

12 (1) a contribution as defined in section ~~10A.017~~
13 subdivision-11 10B.01, subdivision 10;

14 (2) services to assist an official in the performance of
15 official duties, including but not limited to providing advice,
16 consultation, information, and communication in connection with
17 legislation, and services to constituents;

18 (3) services of insignificant monetary value;

19 (4) a plaque or similar memento recognizing individual
20 services in a field of specialty or to a charitable cause;

21 (5) a trinket or memento of insignificant value;

22 (6) informational material of unexceptional value; or

23 (7) food or a beverage given at a reception, meal, or
24 meeting away from the recipient's place of work by an
25 organization before whom the recipient appears to make a speech
26 or answer questions as part of a program.

27 (b) The prohibitions in this section do not apply if the
28 gift is given:

29 (1) because of the recipient's membership in a group, a
30 majority of whose members are not officials, and an equivalent
31 gift is given to the other members of the group; or

32 (2) by a lobbyist or principal who is a member of the
33 family of the recipient, unless the gift is given on behalf of
34 someone who is not a member of that family.

35 Sec. 12. Minnesota Statutes 2004, section 10A.34, is
36 amended to read:

1 10A.34 [REMEDIES.]

2 Subdivision 1. [PERSONAL LIABILITY.] A person charged with
3 a duty under this chapter or chapter 10B is personally liable
4 for the penalty for failing to discharge it.

5 Subd. 1a. [RECOVERING FEES AND PENALTIES.] The board may
6 bring an action in the district court in Ramsey County to
7 recover a fee, late filing fee, or penalty imposed under this
8 chapter or chapter 10B. Money recovered must be deposited in
9 the general fund of the state.

10 Subd. 2. [INJUNCTION.] The board or a county attorney may
11 seek an injunction in the district court to enforce this chapter
12 or chapter 10B.

13 Subd. 3. [NOT A CRIME.] Unless otherwise provided, a
14 violation of this chapter or chapter 10B is not a crime.

15 Subd. 4. [CIVIL PENALTIES.] Unless otherwise provided, a
16 civil penalty imposed by the board under this chapter or chapter
17 10B may not exceed \$1,000. The penalty may be collected by the
18 board in a civil action brought in the district court in Ramsey
19 county or in the county where the defendant resides.

20 Sec. 13. Minnesota Statutes 2004, section 10A.37, is
21 amended to read:

22 10A.37 [FREEDOM TO ASSOCIATE AND COMMUNICATE.]

23 Nothing in this chapter or chapter 10B may be construed to
24 abridge the right of an association to communicate with its
25 members.

26 Sec. 14. [10B.01] [DEFINITIONS.]

27 Subdivision 1. [APPLICATION.] The definitions in this
28 section apply to this chapter and chapter 10A.

29 Subd. 2. [ADVANCE OF CREDIT.] "Advance of credit" means
30 any money owed for goods provided or services rendered.
31 "Advance of credit" does not mean a loan as defined in
32 subdivision 17.

33 Subd. 3. [APPROVED EXPENDITURE.] "Approved expenditure"
34 means an expenditure made on behalf of a candidate by an entity
35 other than the principal campaign committee of the candidate if
36 the expenditure is made with the authorization or expressed or

1 implied consent of, or in cooperation or in concert with, or at
2 the request or suggestion of the candidate, the candidate's
3 principal campaign committee, or the candidate's agent. An
4 approved expenditure is a contribution to that candidate.

5 Subd. 4. [ASSOCIATION.] "Association" means a group of two
6 or more persons, who are not all members of an immediate family,
7 acting in concert.

8 Subd. 5. [BALLOT QUESTION.] "Ballot question" means a
9 question or proposition that is placed on the ballot and that
10 may be voted on by all voters of the state. "Promoting or
11 defeating a ballot question" includes activities related to
12 qualifying the question for placement on the ballot.

13 Subd. 6. [BOARD.] "Board" means the state campaign finance
14 and public disclosure board.

15 Subd. 7. [CAMPAIGN EXPENDITURE OR EXPENDITURE.] (a)
16 "Campaign expenditure" or "expenditure" means a purchase or
17 payment of money or anything of value, or an advance of credit,
18 made or incurred for the purpose of influencing the nomination
19 or election of a candidate or for the purpose of promoting or
20 defeating a ballot question.

21 (b) "Expenditure" includes a cost incurred to design,
22 produce, or disseminate a communication if the communication
23 contains words such as "vote for," "reelect," "(name of
24 candidate) for (office)," "vote against," "defeat," or another
25 phrase or campaign slogan that in context can have no reasonable
26 meaning other than to advocate support for or opposition to the
27 nomination or election of one or more clearly identified
28 candidates.

29 (c) "Expenditure" is presumed to include a cost incurred to
30 design, produce, or disseminate a communication if the
31 communication names or depicts one or more clearly identified
32 candidates; is disseminated during the 45 days before a primary
33 election, during the 60 days before a general election, or
34 during a special election cycle until election day; and the cost
35 exceeds the following amounts for a communication naming or
36 depicting a candidate for the following offices:

1 (1) \$500 for a candidate for governor, lieutenant governor,
2 attorney general, secretary of state, or state auditor; or

3 (2) \$100 for a candidate for state senator or
4 representative.

5 An individual or association presumed under this paragraph
6 to have made an expenditure may rebut the presumption by an
7 affidavit signed by the spender and filed with the board stating
8 that the cost was not incurred with intent to influence the
9 nomination, election, or defeat of any candidate, supported by
10 any additional evidence the spender chooses to submit. The
11 board may consider any additional evidence it deems relevant and
12 material and must determine by a preponderance of the evidence
13 whether the cost was incurred with intent to influence the
14 nomination, election, or defeat of a candidate.

15 (d) An expenditure is considered to be made in the year in
16 which the candidate made the purchase of goods or services or
17 incurred an obligation to pay for goods or services.

18 (e) An expenditure made for the purpose of defeating a
19 candidate is considered made for the purpose of influencing the
20 nomination or election of that candidate or any opponent of that
21 candidate.

22 (f) Except as provided in clause (1), "expenditure"
23 includes the dollar value of a donation in kind.

24 "Expenditure" does not include:

25 (1) noncampaign disbursements as defined in subdivision 20;

26 (2) services provided without compensation by an individual
27 volunteering personal time on behalf of a candidate, ballot
28 question, political committee, political fund, principal
29 campaign committee, or party unit;

30 (3) the publishing or broadcasting of news items or
31 editorial comments by the news media, if the news medium is not
32 owned by or affiliated with any candidate or principal campaign
33 committee; or

34 (4) a cost incurred for a communication by a membership
35 organization, including a labor organization, to its members, or
36 a cost incurred for a communication by a corporation to its

1 executive or administrative personnel.

2 (g) For purposes of paragraph (f), clause (4), "labor
3 organization" means an organization of any kind, or any agency
4 or employee representative committee or plan, in which employees
5 participate and which exists for the purpose, in whole or in
6 part, of dealing with employers concerning grievances, labor
7 disputes, wages, rates of pay, hours of employment, or
8 conditions of work. A local, national, or international union,
9 or a local or state central body of a federation of unions, is
10 each considered a separate labor organization for purposes of
11 paragraph (f), clause (4).

12 (h) For purposes of paragraph (f), clause (4), "executive
13 or administrative personnel" means individuals employed by a
14 corporation who are paid on a salary rather than an hourly basis
15 and who have policymaking, managerial, professional, or
16 supervisory responsibilities.

17 This definition includes individuals who run the
18 corporation's business, such as officers, other executives, and
19 plant, division, and section managers; and individuals following
20 the recognized professions, such as lawyers and engineers.

21 This definition does not include:

22 (1) professionals who are represented by a labor
23 organization;

24 (2) salaried foremen and other salaried lower-level
25 supervisors having direct supervision over hourly employees;

26 (3) former or retired personnel; or

27 (4) individuals who may be paid by the corporation, such as
28 consultants, but who are not employees of the corporation for
29 the purpose of the collection of, and liability for, employee
30 taxes.

31 Individuals on commission may be considered executive or
32 administrative personnel if they have policymaking, managerial,
33 professional, or supervisory responsibility and if the
34 individuals are employees of the corporation for the purpose of
35 the collection of, and liability for, employee taxes.

36 The Fair Labor Standards Act, United States Code, title 29,

1 chapter 8, and the regulations issued under the act may serve as
2 a guideline in determining whether individuals have
3 policymaking, managerial, professional, or supervisory
4 responsibilities.

5 (i) For purposes of paragraph (f), clause (4), "membership
6 organization" means an unincorporated association, trade
7 association, cooperative, corporation without capital stock, or
8 a local, national, or international labor organization that:

9 (1) is composed of members, some or all of whom are vested
10 with the power and authority to operate or administer the
11 organization, under the organization's articles, bylaws,
12 constitution, or other formal organizational documents;

13 (2) expressly states the qualifications and requirements
14 for membership in its articles, bylaws, constitution, or other
15 formal organizational documents;

16 (3) makes its articles, bylaws, constitution, or other
17 formal organizational documents available to its members;

18 (4) expressly solicits persons to become members;

19 (5) expressly acknowledges the acceptance of membership,
20 such as by sending a membership card or including the member's
21 name on a membership newsletter list; and

22 (6) is not organized primarily for the purpose of
23 influencing the nomination for election, or election, of any
24 individual for elected office.

25 (j) For purposes of paragraph (f), clause (4), the term
26 "members" includes all persons who are currently satisfying the
27 requirements for membership in a membership organization,
28 affirmatively accept the membership organization's invitation to
29 become a member, and either:

30 (1) have some significant financial attachment to the
31 membership organization, such as a significant investment or
32 ownership stake;

33 (2) pay membership dues at least annually of a specific
34 amount predetermined by the organization; or

35 (3) have a significant organizational attachment to the
36 membership organization that includes affirmation of membership

1 on at least an annual basis and direct participatory rights in
2 the governance of the organization. For example, the rights
3 could include the right to vote directly or indirectly for at
4 least one individual on the membership organization's highest
5 governing board; the right to vote on policy questions where the
6 highest governing body of the membership organization is
7 obligated to abide by the results; the right to approve the
8 organization's annual budget; or the right to participate
9 directly in similar aspects of the organization's governance.

10 The board may determine, on a case-by-case basis, that
11 persons who do not precisely meet the definition of member but
12 have a relatively enduring and independently significant
13 financial or organizational attachment to the organization may
14 be considered members. For example, student members who pay a
15 lower amount of dues while in school, long-term dues-paying
16 members who qualify for lifetime membership status with little
17 or no dues obligation, and retired members may be considered
18 members of the organization.

19 Members of a local union are considered to be members of
20 any national or international union of which the local union is
21 a part and of any federation with which the local, national, or
22 international union is affiliated.

23 In the case of a membership organization that has a
24 national federation structure or has several levels, including,
25 for example, national, state, regional, or local affiliates, a
26 person who qualifies as a member of any entity within the
27 federation or of any affiliate also qualifies as a member of all
28 affiliates.

29 (k) The status of a membership organization, and of
30 members, for purposes of paragraph (f), clause (4), must be
31 determined under paragraphs (i) and (j) and not by provisions of
32 state law governing unincorporated associations, trade
33 associations, cooperatives, corporations without capital stock,
34 or labor organizations.

35 Subd. 8. [CANDIDATE.] "Candidate" means an individual who
36 seeks nomination or election as a state constitutional officer,

1 legislator, or judge. An individual is deemed to seek
2 nomination or election if the individual has taken the action
3 necessary under the law of this state to qualify for nomination
4 or election, has received contributions or made expenditures in
5 excess of \$100, or has given implicit or explicit consent for
6 any other person to receive contributions or make expenditures
7 in excess of \$100, for the purpose of bringing about the
8 individual's nomination or election. A candidate remains a
9 candidate until the candidate's principal campaign committee is
10 dissolved under section 10B.27.

11 Subd. 9. [CONDUIT FUND.] "Conduit fund" means money, a
12 negotiable instrument, or a donation in kind collected by an
13 association from its employees and contributed to a candidate or
14 political committee only as directed by the employee from whom
15 the money was collected.

16 Subd. 10. [CONTRIBUTION.] (a) "Contribution" means money,
17 a negotiable instrument, or a donation in kind that is given to
18 a political committee, political fund, conduit fund, principal
19 campaign committee, or party unit.

20 (b) "Contribution" includes a loan or advance of credit to
21 a political committee, political fund, principal campaign
22 committee, or party unit, if the loan or advance of credit is:
23 (1) forgiven; or (2) repaid by an individual or an association
24 other than the political committee, political fund, principal
25 campaign committee, or party unit to which the loan or advance
26 of credit was made. If an advance of credit or a loan is
27 forgiven or repaid as provided in this paragraph, it is a
28 contribution in the year in which the loan or advance of credit
29 was made.

30 (c) "Contribution" does not include services provided
31 without compensation by an individual volunteering personal time
32 on behalf of a candidate, ballot question, political committee,
33 political fund, principal campaign committee, or party unit, or
34 the publishing or broadcasting of news items or editorial
35 comments by the news media.

36 Subd. 11. [DEPOSITORY.] "Depository" means a bank, savings

1 association, or credit union organized under federal or state
2 law and transacting business within this state.

3 Subd. 12. [DONATION IN KIND.] "Donation in kind" means
4 anything of value that is given, other than money or negotiable
5 instruments. An approved expenditure is a donation in kind.

6 Subd. 13. [ELECTION.] "Election" means a primary, special
7 primary, general, or special election.

8 Subd. 14. [ELECTION CYCLE.] "Election cycle" means the
9 period from January 1 following a general election for an office
10 to December 31 following the next general election for that
11 office, except that "election cycle" for a special election
12 means the period from the date the special election writ is
13 issued to 60 days after the special election is held.

14 Subd. 15. [FINANCIAL INSTITUTION.] "Financial institution"
15 means a lending institution chartered by an agency of the
16 federal government or regulated by the commissioner of commerce.

17 Subd. 16. [INDEPENDENT EXPENDITURE.] (a) "Independent
18 expenditure" means an expenditure that is made without the
19 express or implied consent, authorization, or cooperation of,
20 and not in concert with or at the request or suggestion of, any
21 candidate or any candidate's principal campaign committee or
22 agent. An independent expenditure is not a contribution to a
23 candidate.

24 (b) An expenditure is presumed to be not independent if,
25 for example:

26 (1) in the same election cycle in which the expenditure
27 occurs, the spender or the spender's agent retains the
28 professional services of an individual or entity that, in a
29 nonministerial capacity, provides or has provided
30 campaign-related service, including polling or other campaign
31 research, media consulting or production, direct mail, or
32 fund-raising, to a candidate supported by the spender for
33 nomination or election to the same office as any candidate whose
34 nomination or election the expenditure is intended to influence
35 or to a political party working in coordination with the
36 supported candidate;

1 (2) the expenditure pays for a communication that
2 disseminates, in whole or in substantial part, a broadcast or
3 written, graphic, or other form of campaign material designed,
4 produced, or distributed by the candidate or the candidate's
5 principal campaign committee or their agents;

6 (3) the expenditure is based on information about the
7 candidate's electoral campaign plans, projects, or needs that is
8 provided by the candidate or the candidate's principal campaign
9 committee or their agents directly or indirectly to the spender
10 or the spender's agent, with an express or tacit understanding
11 that the spender is considering making the expenditure;

12 (4) before the election, the spender or the spender's agent
13 informs a candidate or the principal campaign committee or agent
14 of a candidate for the same office as a candidate clearly
15 identified in a communication paid for by the expenditure about
16 the communication's contents; timing, location, mode, or
17 frequency of dissemination; or intended audience; or

18 (5) in the same election cycle in which the expenditure
19 occurs, the spender or the spender's agent is serving or has
20 served in an executive, policymaking, fund-raising, or advisory
21 position with the candidate's campaign or has participated in
22 strategic or policymaking discussions with the candidate's
23 campaign relating to the candidate's pursuit of nomination or
24 election to office and the candidate is pursuing the same office
25 as a candidate whose nomination or election the expenditure is
26 intended to influence.

27 An individual or association presumed under this paragraph
28 to have made an expenditure that was not independent may rebut
29 the presumption by an affidavit signed by the spender and filed
30 with the board stating that the expenditure was made without the
31 express or implied consent, authorization, or cooperation of,
32 and not in concert with or at the request or suggestion of, any
33 candidate or any candidate's principal campaign committee or
34 agent, supported by any additional evidence the spender chooses
35 to submit. The board may consider any additional evidence it
36 deems relevant and material and must determine by a

1 preponderance of the evidence whether the expenditure was
2 independent.

3 (c) An expenditure by anyone other than a principal
4 campaign committee that does not qualify as an independent
5 expenditure under this subdivision is deemed to be an approved
6 expenditure under subdivision 3.

7 Subd. 17. [LOAN.] "Loan" means an advance of money or
8 anything of value made to a political committee, political fund,
9 principal campaign committee, or party unit.

10 Subd. 18. [MAJOR POLITICAL PARTY.] "Major political party"
11 means a major political party as defined in section 200.02,
12 subdivision 7.

13 Subd. 19. [MINOR POLITICAL PARTY.] "Minor political party"
14 means a minor political party as defined in section 200.02,
15 subdivision 23.

16 Subd. 20. [NONCAMPAIGN DISBURSEMENT.] "Noncampaign
17 disbursement" means a purchase or payment of money or anything
18 of value made, or an advance of credit incurred, or a donation
19 in kind received, by a principal campaign committee for any of
20 the following purposes:

21 (1) payment for accounting and legal services;

22 (2) return of a contribution to the source;

23 (3) repayment of a loan made to the principal campaign
24 committee by that committee;

25 (4) return of a public subsidy;

26 (5) payment for food, beverages, entertainment, and
27 facility rental for a fund-raising event;

28 (6) services for a constituent by a member of the
29 legislature or a constitutional officer in the executive branch,
30 performed from the beginning of the term of office to
31 adjournment sine die of the legislature in the election year for
32 the office held, and one-half the cost of services for a
33 constituent by a member of the legislature or a constitutional
34 officer in the executive branch performed from adjournment sine
35 die to 60 days after adjournment sine die;

36 (7) payment for food and beverages provided to campaign

1 volunteers while they are engaged in campaign activities;

2 (8) payment of expenses incurred by elected or appointed
3 leaders of a legislative caucus in carrying out their leadership
4 responsibilities;

5 (9) payment by a principal campaign committee of the
6 candidate's expenses for serving in public office, other than
7 for personal uses;

8 (10) costs of child care for the candidate's children when
9 campaigning;

10 (11) fees paid to attend a campaign school;

11 (12) costs of a postelection party during the election year
12 when a candidate's name will no longer appear on a ballot or the
13 general election is concluded, whichever occurs first;

14 (13) interest on loans paid by a principal campaign
15 committee on outstanding loans;

16 (14) filing fees;

17 (15) notes or advertisements in the news media expressing
18 gratitude after the general election;

19 (16) the cost of campaign material purchased to replace
20 defective campaign material, if the defective material is
21 destroyed without being used;

22 (17) contributions to a party unit; and

23 (18) other purchases or payments specified in board rules
24 or advisory opinions as being for any purpose other than to
25 influence the nomination or election of a candidate or to
26 promote or defeat a ballot question.

27 The board must determine whether an activity involves a
28 noncampaign disbursement within the meaning of this subdivision.

29 A noncampaign disbursement is considered to be made in the
30 year in which the candidate made the purchase of goods or
31 services or incurred an obligation to pay for goods or services.

32 Subd. 21. [POLITICAL COMMITTEE.] "Political committee"
33 means an association a major purpose of which is to influence
34 the nomination or election of a candidate or to promote or
35 defeat a ballot question, other than a principal campaign
36 committee or a political party unit.

1 Subd. 22. [POLITICAL FUND.] "Political fund" means an
2 accumulation of dues or voluntary contributions by an
3 association other than a political committee, principal campaign
4 committee, or party unit, if the accumulation is collected or
5 expended to influence the nomination or election of a candidate
6 or to promote or defeat a ballot question.

7 Subd. 23. [POLITICAL PARTY.] "Political party" means a
8 major political party or a minor political party. A political
9 party is the aggregate of all its political party units in this
10 state.

11 Subd. 24. [POLITICAL PARTY UNIT OR PARTY UNIT.] "Political
12 party unit" or "party unit" means the state committee or the
13 party organization within a house of the legislature,
14 congressional district, county, legislative district,
15 municipality, or precinct.

16 Subd. 25. [POPULATION.] "Population" means the population
17 established by the most recent federal census, by a special
18 census taken by the United States Bureau of the Census, by an
19 estimate made by the Metropolitan Council, or by an estimate
20 made by the state demographer under section 4A.02, whichever has
21 the latest stated date of count or estimate.

22 Subd. 26. [PRINCIPAL CAMPAIGN COMMITTEE.] "Principal
23 campaign committee" means a principal campaign committee formed
24 under section 10B.02.

25 Subd. 27. [STATE COMMITTEE.] "State committee" means the
26 organization that, by virtue of the bylaws of a political party,
27 is responsible for the day-to-day operation of the political
28 party at the state level.

29 Sec. 15. [10B.02] [PRINCIPAL CAMPAIGN COMMITTEE.]

30 Subdivision 1. [SINGLE COMMITTEE.] A candidate must not
31 accept contributions from a source, other than self, in
32 aggregate in excess of \$100 or accept a public subsidy unless
33 the candidate designates and causes to be formed a single
34 principal campaign committee for each office sought. A
35 candidate may not authorize, designate, or cause to be formed
36 any other political committee bearing the candidate's name or

1 title or otherwise operating under the direct or indirect
2 control of the candidate. However, a candidate may be involved
3 in the direct or indirect control of a party unit.

4 Subd. 2. [REPLACEMENT OF OFFICERS.] A candidate may at any
5 time without cause remove and replace the chair, treasurer,
6 deputy treasurer, or any other officer of the candidate's
7 principal campaign committee.

8 Sec. 16. [10B.03] [ORGANIZATION OF COMMITTEES AND PARTY
9 UNITS.]

10 Subdivision 1. [CHAIR AND TREASURER.] A political
11 committee, principal campaign committee, or party unit must have
12 a chair and a treasurer. The chair and treasurer may be the
13 same individual.

14 Subd. 2. [TREASURER VACANCY.] A political committee,
15 principal campaign committee, or party unit may not accept a
16 contribution or make an expenditure or permit an expenditure to
17 be made on its behalf while the office of treasurer is vacant.

18 Subd. 3. [DEPUTY TREASURERS.] The treasurer of a political
19 committee, principal campaign committee, or party unit may
20 appoint as many deputy treasurers as necessary and is
21 responsible for their accounts.

22 Subd. 4. [DEPOSITORIES.] The treasurer of a political
23 committee, principal campaign committee, or party unit may
24 designate one or two depositories in each county in which a
25 campaign is conducted.

26 Subd. 5. [COMMINGLING PROHIBITED.] A political committee,
27 principal campaign committee, or party unit may not commingle
28 its funds with personal funds of officers, members, or
29 associates of the committee.

30 Subd. 6. [PENALTY.] A person who knowingly violates this
31 section is subject to a civil penalty imposed by the board of up
32 to \$3,000.

33 Sec. 17. [10B.04] [POLITICAL FUNDS.]

34 Subdivision 1. [WHEN REQUIRED.] An association other than
35 a political committee or party unit may not contribute more than
36 \$100 in aggregate in any one year to candidates, political

1 Subdivision 1. [ACCOUNTS; PENALTY.] The treasurer of a
2 political committee, political fund, conduit fund, principal
3 campaign committee, or party unit must keep an account of:

4 (1) the sum of all contributions, except any donation in
5 kind valued at \$20 or less, made to the committee, fund, or
6 party unit;

7 (2) the name and address of each source of a contribution
8 made to the committee, fund, or party unit in excess of \$20,
9 together with the date and amount of each;

10 (3) each expenditure made by the committee, fund, or party
11 unit, together with the date and amount;

12 (4) each approved expenditure made on behalf of the
13 committee, fund, or party unit, together with the date and
14 amount; and

15 (5) the name and address of each political committee,
16 political fund, principal campaign committee, or party unit to
17 which contributions in excess of \$20 have been made, together
18 with the date and amount.

19 A person who knowingly violates this subdivision is subject
20 to a civil penalty imposed by the board of up to \$3,000.

21 Subd. 2. [RECEIPTS.] The treasurer must obtain a receipted
22 bill, stating the particulars, for every expenditure over \$100
23 made by, or approved expenditure over \$100 made on behalf of,
24 the committee, fund, or party unit, and for any expenditure or
25 approved expenditure in a lesser amount if the aggregate amount
26 of lesser expenditures and approved expenditures made to the
27 same individual or association during the same year exceeds \$100.

28 Sec. 20. [10B.07] [REGISTRATION.]

29 Subdivision 1. [FIRST REGISTRATION.] The treasurer of a
30 political committee, political fund, conduit fund, principal
31 campaign committee, or party unit must register with the board
32 by filing a statement of organization no later than 14 days
33 after the committee, fund, or party unit has received
34 contributions or made contributions or expenditures in excess of
35 \$100.

36 Subd. 2. [FORM.] The statement of organization must

1 committees, or party units or make any approved or independent
2 expenditure or expenditure to promote or defeat a ballot
3 question unless the contribution or expenditure is made from a
4 political fund.

5 Subd. 2. [COMMINGLING PROHIBITED.] The contents of a
6 political fund may not be commingled with other funds or with
7 the personal funds of an officer or member of the fund.

8 Subd. 3. [TREASURER.] An association that has a political
9 fund must elect or appoint a treasurer of the political fund.

10 Subd. 4. [TREASURER VACANCY.] A political fund may not
11 accept a contribution or make an expenditure or contribution
12 from the political fund while the office of treasurer of the
13 political fund is vacant.

14 Subd. 5. [DUES OR MEMBERSHIP FEES.] An association may, if
15 not prohibited by other law, deposit in its political fund money
16 derived from dues or membership fees. Under section 10B.12, the
17 treasurer of the fund must disclose the name of any member whose
18 dues, membership fees, and contributions deposited in the
19 political fund together exceed \$100 in a year.

20 Subd. 6. [PENALTY.] A person who knowingly violates this
21 section is subject to a civil penalty imposed by the board of up
22 to \$3,000.

23 Sec. 18. [10B.05] [CONDUIT FUNDS.]

24 Subdivision 1. [COMMINGLING PROHIBITED.] The contents of a
25 conduit fund may not be commingled with other funds or with the
26 personal funds of an officer or member of the fund.

27 Subd. 2. [TREASURER.] An association that has a conduit
28 fund must elect or appoint a treasurer of the fund.

29 Subd. 3. [TREASURER VACANCY.] A conduit fund may not
30 accept a contribution or make an expenditure or contribution
31 from the fund while the office of treasurer of the fund is
32 vacant.

33 Subd. 4. [PENALTY.] A person who knowingly violates this
34 section is subject to a civil penalty imposed by the board of up
35 to \$3,000.

36 Sec. 19. [10B.06] [ACCOUNTS THAT MUST BE KEPT.]

1 include:

2 (1) the name and address of the committee, fund, or party
3 unit;

4 (2) the name and address of the chair of a political
5 committee, principal campaign committee, or party unit;

6 (3) the name and address of any supporting association of a
7 political fund or conduit fund;

8 (4) the name and address of the treasurer and any deputy
9 treasurers and, for a principal campaign committee, any other
10 individual authorized to accept contributions on behalf of the
11 principal campaign committee;

12 (5) a listing of all depositories or safe deposit boxes
13 used; and

14 (6) for the state committee of a political party only, a
15 list of its party units.

16 Subd. 3. [FAILURE TO FILE; PENALTY.] The board must send a
17 notice by certified mail to any individual who fails to file a
18 statement required by this section. If the individual fails to
19 file a statement within ten business days after the notice was
20 sent, the board may impose a late filing fee of \$5 per day, not
21 to exceed \$100, commencing with the 11th day after the notice
22 was sent.

23 The board must send an additional notice by certified mail
24 to any individual who fails to file a statement within 14 days
25 after the first notice was sent by the board that the individual
26 may be subject to a civil penalty for failure to file the
27 report. An individual who fails to file the statement within
28 seven days after the second notice was sent by the board is
29 subject to a civil penalty imposed by the board of up to \$3,000.

30 Sec. 21. [10B.08] [CONTRIBUTIONS.]

31 Subdivision 1. [ANONYMOUS CONTRIBUTIONS.] A political
32 committee, political fund, conduit fund, principal campaign
33 committee, or party unit may not retain an anonymous
34 contribution in excess of \$20, but must forward it to the board
35 for deposit in the general fund.

36 Subd. 2. [SOURCE; AMOUNT; DATE.] An individual who

1 receives a contribution in excess of \$20 for a political
2 committee, political fund, conduit fund, principal campaign
3 committee, or party unit must, on demand of the treasurer,
4 inform the treasurer of the name and, if known, the address of
5 the source of the contribution, the amount of the contribution,
6 and the date it was received.

7 Subd. 3. [DEPOSIT.] All contributions received by or on
8 behalf of a candidate, principal campaign committee, political
9 committee, political fund, conduit fund, or party unit must be
10 deposited in an account designated "Campaign Fund of
11 (name of candidate, committee, fund, or party unit)." All
12 contributions must be deposited promptly upon receipt and,
13 except for contributions received during the last three days of
14 a reporting period as described in section 10B.12, must be
15 deposited during the reporting period in which they were
16 received. A contribution received during the last three days of
17 a reporting period must be deposited within 72 hours after
18 receipt and must be reported as received during the reporting
19 period whether or not it was deposited within that period. A
20 candidate, principal campaign committee, political committee,
21 political fund, conduit fund, or party unit may refuse to accept
22 a contribution. A deposited contribution may be returned to the
23 contributor within 60 days after deposit. A contribution
24 deposited and not returned within 60 days after that deposit
25 must be reported as accepted.

26 Subd. 4. [EXCESS.] A treasurer of a principal campaign
27 committee of a candidate may not deposit a contribution that on
28 its face exceeds the limit on contributions to the candidate
29 prescribed by section 10B.13 unless, at the time of deposit, the
30 treasurer issues a check to the source for the amount of the
31 excess.

32 Subd. 5. [ATTRIBUTABLE CONTRIBUTIONS.] Contributions made
33 to a candidate or principal campaign committee that are directed
34 to the candidate or principal campaign committee by a political
35 fund, committee, or party unit must be reported as attributable
36 to the political fund, committee, or party unit and count toward

1 the contribution limits of that fund, committee, or political
 2 party specified in section 10B.13, if the fund, committee, or
 3 party was organized or is operated primarily to direct
 4 contributions other than from its own money to one or more
 5 candidates or principal campaign committees. The treasurer of
 6 the political fund, committee, or party unit must advise the
 7 candidate or the candidate's principal campaign committee if the
 8 contribution or contributions are not from the money of the
 9 fund, committee, or party unit and the original source of the
 10 money. As used in this subdivision, "direct" includes, but is
 11 not limited to, order, command, control, or instruct. A
 12 violation of this subdivision is a violation of section 10B.15.

13 Subd. 6. [RELATED COMMITTEES.] An individual, association,
 14 political committee, political fund, or party unit may
 15 establish, finance, maintain, or control a political committee,
 16 political fund, or party unit. One who does this is a
 17 "parent." The political committee, fund, or party unit so
 18 established, financed, maintained, or controlled is a
 19 "subsidiary." If the parent is an association, the association
 20 must create a political committee or political fund to serve as
 21 the parent for reporting purposes. A subsidiary must report its
 22 contribution to a candidate or principal campaign committee as
 23 attributable to its parent, and the contribution is counted
 24 toward the contribution limits in section 10B.13 of the parent
 25 as well as of the subsidiary.

26 Subd. 7. [PENALTY.] A person who knowingly violates this
 27 section is subject to a civil penalty imposed by the board of up
 28 to \$3,000.

29 Subd. 8. [REGISTRATION NUMBER ON CHECKS.] A contribution
 30 made to a candidate by a lobbyist, political committee,
 31 political fund, conduit fund, or party unit must show the name
 32 of the lobbyist, political committee, political fund, conduit
 33 fund, or party unit and the number under which it is registered
 34 with the board.

35 Sec. 22. [10B.09] [EARMARKING CONTRIBUTIONS PROHIBITED.]
 36 An individual, political committee, political fund,

1 principal campaign committee, or party unit may not solicit or
2 accept a contribution from any source with the express or
3 implied condition that the contribution or any part of it be
4 directed to a particular candidate other than the initial
5 recipient. A person who knowingly accepts an earmarked
6 contribution is guilty of a gross misdemeanor and subject to a
7 civil penalty imposed by the board of up to \$3,000.

8 Sec. 23. [10B.10] [EXPENDITURES.]

9 Subdivision 1. [AUTHORIZATION.] A political committee,
10 political fund, conduit fund, principal campaign committee, or
11 party unit may not expend money unless the expenditure is
12 authorized by the treasurer or deputy treasurer of that
13 committee, fund, or party unit.

14 Subd. 2. [WRITTEN AUTHORIZATION.] An individual or
15 association may not make an approved expenditure of more than
16 \$20 without receiving written authorization from the treasurer
17 of the principal campaign committee of the candidate who
18 approved the expenditure stating the amount that may be spent
19 and the purpose of the expenditure.

20 Subd. 3. [PETTY CASH.] The treasurer or deputy treasurer
21 of a political committee, principal campaign committee, or party
22 unit may sign vouchers for petty cash of up to \$100 per week for
23 statewide elections or \$20 per week for legislative elections,
24 to be used for miscellaneous expenditures.

25 Subd. 4. [PERSONAL LOANS.] A principal campaign committee,
26 political committee, political fund, or party unit may not lend
27 money it has raised to anyone for purposes not related to the
28 conduct of a campaign.

29 Subd. 5. [INDEPENDENT EXPENDITURES.] An individual,
30 political committee, political fund, principal campaign
31 committee, or party unit that independently solicits or accepts
32 contributions or makes independent expenditures on behalf of a
33 candidate must publicly disclose that the expenditure is an
34 independent expenditure. All written communications with those
35 from whom contributions are independently solicited or accepted
36 or to whom independent expenditures are made on behalf of a

1 candidate must contain a statement in conspicuous type that the
2 activity is an independent expenditure and is not approved by
3 the candidate nor is the candidate responsible for it. Similar
4 language must be included in all oral communications, in
5 conspicuous type on the front page of all literature and
6 advertisements published or posted, and at the end of all
7 broadcast advertisements made by that individual, political
8 committee, political fund, principal campaign committee, or
9 party unit on the candidate's behalf.

10 Subd. 6. [PENALTY.] A person who knowingly violates
11 subdivision 2 is subject to a civil penalty imposed by the board
12 of up to \$3,000.

13 Sec. 24. [10B.11] [TIME FOR RENDERING BILLS, CHARGES, OR
14 CLAIMS; PENALTY.]

15 A person who has a bill, charge, or claim against a
16 political committee, political fund, principal campaign
17 committee, or party unit for an expenditure must render in
18 writing to the treasurer of the committee, fund, or party unit
19 the bill, charge, or claim within 60 days after the material or
20 service is provided. A person who knowingly violates this
21 section is subject to a civil penalty imposed by the board of up
22 to \$3,000.

23 Sec. 25. [10B.12] [CAMPAIGN REPORTS.]

24 Subdivision 1. [FIRST FILING; DURATION.] The treasurer of
25 a political committee, political fund, conduit fund, principal
26 campaign committee, or party unit must begin to file the reports
27 required by this section in the first year it receives
28 contributions or makes contributions or expenditures in excess
29 of \$100 and must continue to file until the committee, fund, or
30 party unit is terminated. If the position of treasurer of a
31 principal campaign committee, political committee, political
32 fund, or party unit is vacant, the candidate, chair of a
33 political committee or party unit, or association officer of a
34 political fund is responsible for filing reports required by
35 this section.

36 Subd. 2. [TIME FOR FILING.] (a) The reports must be filed

1 with the board on or before January 31 of each year and
2 additional reports must be filed as required and in accordance
3 with paragraphs (b) to (d).

4 (b) In each year in which the name of the candidate is on
5 the ballot, the reports of the principal campaign committee must
6 be filed by April 30, July 31, and November 30, and 15 days
7 before a primary and ten days before a general election, seven
8 days before a special primary and a special election, and ten
9 days after a special election cycle.

10 (c) In each general election year, a political committee,
11 political fund, conduit fund, or party unit must file reports by
12 April 30, July 31, and November 30, and 15 days before a primary
13 and ten days before a general election.

14 (d) A political committee, political fund, conduit fund, or
15 party unit that makes contributions or expenditures related to a
16 special election must file reports on the contributions or
17 expenditures seven days before the special primary and special
18 election and ten days after the special election cycle.

19 Subd. 3. [ELECTRONIC FILING; PUBLICATION.] When
20 contributions or expenditures exceed \$5,000 in a year, the
21 report must be filed with the board in an electronic format
22 approved by the board. Regardless of whether the report is
23 filed electronically, the board must publish the report on its
24 Web site within seven days after the date it was due. The
25 publication must be in a form that permits a user of the Web
26 site to search the reports and prepare comparisons and
27 cross-tabulations among the various candidates, contributors,
28 vendors, and committees.

29 Subd. 4. [CONTENTS OF REPORT; POLITICAL COMMITTEES AND
30 POLITICAL FUNDS.] (a) The report by a political committee or
31 political fund must disclose the amount of liquid assets on hand
32 at the beginning of the reporting period.

33 (b) The report must disclose the name, address, and
34 employer, or occupation if self-employed, of each individual or
35 association that has made one or more contributions to the
36 reporting entity, including the purchase of tickets for a

1 fund-raising effort, that in aggregate within the year exceed
2 \$50, together with the amount and date of each contribution, and
3 the aggregate amount of contributions within the year from each
4 source so disclosed. A donation in kind must be disclosed at
5 its fair market value. An approved expenditure must be listed
6 as a donation in kind. A donation in kind is considered
7 consumed in the reporting period in which it is received. The
8 names of contributors must be listed in alphabetical order.
9 Contributions from the same contributor must be listed under the
10 same name. When a contribution received from a contributor in a
11 reporting period is added to previously reported unitemized
12 contributions from the same contributor and the aggregate
13 exceeds the disclosure threshold of this paragraph, the name,
14 address, and employer, or occupation if self-employed, of the
15 contributor must then be listed on the report.

16 (c) The report must disclose the sum of contributions to
17 the reporting entity and the sum of all contributions received
18 through each conduit fund and through all conduit funds during
19 the reporting period. The report must include the name and
20 registration number of each conduit fund from which a
21 contribution was received.

22 (d) The report must disclose each loan made or received by
23 the reporting entity within the year in aggregate in excess of
24 \$50, continuously reported until repaid or forgiven, together
25 with the name, address, occupation, and principal place of
26 business, if any, of the lender and any endorser, and the date
27 and amount of the loan. If a loan made to the principal
28 campaign committee of a candidate is forgiven or is repaid by an
29 entity other than that principal campaign committee, it must be
30 reported as a contribution for the year in which the loan was
31 made.

32 (e) The report must disclose each receipt over \$50 during
33 the reporting period not otherwise listed under paragraphs (b)
34 to (d).

35 (f) The report must disclose the sum of all receipts of the
36 reporting entity during the reporting period.

1 (g) The report must disclose the name and address of each
2 individual or association to whom aggregate expenditures,
3 including approved expenditures, have been made by or on behalf
4 of the reporting entity within the year in excess of \$100,
5 together with the amount, date, and purpose of each expenditure
6 and the name and address of, and office sought by, each
7 candidate on whose behalf the expenditure was made,
8 identification of the ballot question that the expenditure was
9 intended to promote or defeat, and in the case of independent
10 expenditures made in opposition to a candidate, the candidate's
11 name, address, and office sought. A reporting entity making an
12 expenditure on behalf of more than one candidate for state or
13 legislative office must allocate the expenditure among the
14 candidates on a reasonable cost basis and report the allocation
15 for each candidate.

16 (h) The report must disclose the sum of all expenditures
17 made by or on behalf of the reporting entity during the
18 reporting period.

19 (i) The report must disclose the amount and nature of an
20 advance of credit incurred by the reporting entity, continuously
21 reported until paid or forgiven. If an advance of credit
22 incurred by the principal campaign committee of a candidate is
23 forgiven by the creditor or paid by an entity other than that
24 principal campaign committee, it must be reported as a donation
25 in kind for the year in which the advance of credit was made.

26 (j) The report must disclose the name and address of each
27 political committee, political fund, principal campaign
28 committee, or party unit to which contributions have been made
29 that aggregate in excess of \$100 within the year and the amount
30 and date of each contribution.

31 (k) The report must disclose the sum of all contributions
32 made by the reporting entity during the reporting period.

33 (l) The report must disclose the name and address of each
34 individual or association to whom noncampaign disbursements have
35 been made that aggregate in excess of \$100 within the year by or
36 on behalf of the reporting entity and the amount, date, and

1 purpose of each noncampaign disbursement.

2 (m) The report must disclose the sum of all noncampaign
3 disbursements made within the year by or on behalf of the
4 reporting entity.

5 (n) The report must disclose the name and address of a
6 nonprofit corporation that provides administrative assistance to
7 a political committee or political fund as authorized by section
8 211B.15, subdivision 17, the type of administrative assistance
9 provided, and the aggregate fair market value of each type of
10 assistance provided to the political committee or political fund
11 during the reporting period.

12 Subd. 5. [CONTENTS OF REPORT; CONDUIT FUNDS.] A report by
13 a conduit fund under this section must disclose the sum of all
14 contributions received by the fund and the sum of all
15 contributions made to each political committee, political fund,
16 principal campaign committee, or party unit and to all of them
17 together during the reporting period. The report must include
18 the registration number of each recipient of contributions from
19 the conduit fund.

20 Subd. 6. [PERIOD OF REPORT.] A report must cover the
21 period from the last day covered by the previous report to seven
22 days before the filing date, except that the report due on
23 January 31 must cover the period from the last day covered by
24 the previous report to December 31.

25 Subd. 7. [REPORT OF EXCESS CONTRIBUTIONS.] (a) The
26 treasurer of the principal campaign committee of a candidate who
27 has not signed a spending limit agreement under section 10B.20
28 must file with the board within seven days after the committee
29 has received aggregate contributions in excess of the
30 expenditure limit for any participating opponent of the
31 candidate a report disclosing the sum of the excess
32 contributions. The treasurer must file an additional report
33 each Monday if the committee received additional contributions
34 during the week ending the previous Friday.

35 (b) During the last three weeks before the primary or
36 general election, and during the last two weeks before a special

1 primary or special election, the treasurer must file the report
2 within 48 hours after the aggregate contributions received since
3 the last report exceed the limit for a single contribution to
4 the candidate.

5 Subd. 8. [REPORT WHEN NO COMMITTEE.] A candidate who does
6 not designate and cause to be formed a principal campaign
7 committee and an individual who makes independent expenditures
8 or expenditures expressly advocating the approval or defeat of a
9 ballot question in aggregate in excess of \$100 in a year must
10 file with the board a report containing the information required
11 by subdivision 4. Reports required by this subdivision must be
12 filed on the dates on which reports by committees, funds, and
13 party units are filed.

14 Subd. 9. [AFFIDAVIT OF INDEPENDENCE.] An individual,
15 political committee, political fund, or party unit filing a
16 report or statement disclosing an independent expenditure under
17 subdivision 4, 8, or 10 must file with the report an affidavit
18 naming the candidate whose nomination, election, or defeat the
19 independent expenditure was intended to advocate and stating
20 that the disclosed expenditures were not made with the
21 authorization or expressed or implied consent of, or in
22 cooperation or in concert with, or at the request or suggestion
23 of any candidate or any candidate's principal campaign committee
24 or agent.

25 Subd. 10. [INDEPENDENT EXPENDITURES; NOTICE; REPORT.] (a)
26 Within 48 hours after an individual, political committee,
27 political fund, or party unit causes to be disseminated a
28 communication that has been or will be paid for in whole or in
29 part by one or more independent expenditures that in aggregate
30 within the election cycle exceed \$500, the individual, political
31 committee, political fund, or party unit must file with the
32 board a notice of the intent to make the independent expenditure.

33 (b) The notice must contain the information with respect to
34 the expenditures that is required to be reported under
35 subdivision 4, paragraph (g), except that if an expenditure is
36 reported before it is made, the notice must include a reasonable

1 estimate of the anticipated amount. Each additional expenditure
2 requires a new notice.

3 (c) The notice must also include a description of the
4 content of the communication for which the expenditure was or
5 will be made, including a copy of any printed advertisement or a
6 transcript of any broadcast advertisement. If the advertisement
7 was printed or broadcast more than once in the same form, the
8 description must include a list of the date, time, and location
9 of each printing or broadcast. If the advertisement was printed
10 or broadcast in substantially the same form for more than one
11 candidate, the description need include only a copy of the
12 standard form, a description of the content that was different
13 for different candidates, and a list of the candidates on whose
14 behalf it was printed or broadcast. A complaint alleging a
15 violation of this paragraph must be brought no later than three
16 months after the notice was due.

17 (d) During the last three weeks before the primary or
18 general election, and during the last two weeks before a special
19 primary or special election, the notice must be filed within 24
20 hours after the communication is disseminated.

21 (e) An individual or association may file a complaint with
22 the board that a required notice was not filed or that a notice
23 filed under this subdivision was false. The board must
24 determine the complaint promptly. If the board determines that
25 a notice was false and the board has distributed a public
26 subsidy to a candidate based on the false notice, the candidate
27 must return the subsidy to the board.

28 Subd. 11. [STATEMENT OF INACTIVITY.] If a reporting entity
29 has no receipts or expenditures during a reporting period, the
30 treasurer must file with the board at the time required by this
31 section a statement to that effect.

32 Subd. 12. [EXEMPTION FROM DISCLOSURE.] The board must
33 exempt a member of or contributor to an association, or any
34 other individual, from the requirements of this section if the
35 member, contributor, or other individual demonstrates by clear
36 and convincing evidence that disclosure would expose the member

1 or contributor to economic reprisals, loss of employment, or
2 threat of physical coercion.

3 An association may seek an exemption for all of its members
4 or contributors if it demonstrates by clear and convincing
5 evidence that a substantial number of its members or
6 contributors would suffer a restrictive effect on their freedom
7 of association if members were required to seek exemptions
8 individually.

9 Subd. 13. [EXEMPTION PROCEDURE.] An individual or
10 association seeking an exemption under subdivision 12 must
11 submit a written application for exemption to the board. The
12 board, without hearing, must grant or deny the exemption within
13 30 days after receiving the application and must issue a written
14 order stating the reasons for its action. The board must
15 publish its order in the State Register and give notice to all
16 parties known to the board to have an interest in the matter.
17 If the board receives a written objection to its action from any
18 party within 20 days after publication of its order and
19 notification of interested parties, the board must hold a
20 contested case hearing on the matter. Upon the filing of a
21 timely objection from the applicant, an order denying an
22 exemption is suspended pending the outcome of the contested
23 case. If no timely objection is received, the exemption
24 continues in effect until a written objection is filed with the
25 board in a succeeding election year. The board must adopt rules
26 establishing a procedure so that an individual seeking an
27 exemption may proceed anonymously if the individual would be
28 exposed to the reprisals listed in subdivision 12 if the
29 individual's identity were to be revealed for the purposes of
30 the notice or a hearing.

31 Subd. 14. [FAILURE TO FILE; PENALTY.] The board must send
32 a notice by certified mail to any individual who fails to file a
33 report required by this section. If an individual fails to file
34 a report due January 31 within ten business days after the
35 notice was sent, the board may impose a late filing fee of \$10
36 per day, not to exceed \$500, commencing on the 11th day after

1 the notice was sent. If an individual fails to file any other
2 report due during an election year within three days after the
3 date due, regardless of whether the individual has received any
4 notice, the board may impose a late filing fee of \$50 per day,
5 not to exceed \$500, commencing on the fourth day after the date
6 the report was due.

7 The board must send an additional notice by certified mail
8 to an individual who fails to file a statement within 14 days
9 after the first notice was sent by the board that the individual
10 may be subject to a civil penalty for failure to file a
11 statement. An individual who fails to file the statement within
12 seven days after the second notice was sent by the board is
13 subject to a civil penalty imposed by the board of up to \$3,000.

14 Subd. 15. [THIRD-PARTY REIMBURSEMENT.] An individual or
15 association filing a report disclosing an expenditure or
16 noncampaign disbursement that must be reported and itemized
17 under subdivision 4, paragraph (g) or (l), that is a
18 reimbursement to a third party must report the purpose of each
19 expenditure or disbursement for which the third party is being
20 reimbursed. An expenditure or disbursement is a reimbursement
21 to a third party if it is for goods or services that were not
22 directly provided by the individual or association to whom the
23 expenditure or disbursement is made. Third-party reimbursements
24 include payments to credit card companies and reimbursement of
25 individuals for expenses they have incurred.

26 Subd. 16. [REPORTS BY SOLICITORS.] An individual or
27 association, other than a candidate or the members of a
28 candidate's principal campaign committee, that directly solicits
29 and causes others to make contributions to candidates or a party
30 unit in a house of the legislature, that aggregate more than
31 \$5,000 between January 1 of a general election year and the end
32 of the reporting period must file with the board a report
33 disclosing the amount of each contribution, the names of the
34 contributors, and to whom the contributions were given. The
35 report must be filed 15 days before a primary and ten days
36 before a general election. The report for each calendar year

1 must be filed with the board by January 31 of the following year.

2 Subd. 17. [EQUITABLE RELIEF.] A candidate whose opponent
3 does not timely file the report due 15 days before the primary,
4 the report due ten days before the general election, or the
5 notice required under section 10B.17, subdivision 6, may
6 petition the district court for immediate equitable relief to
7 enforce the filing requirement. A prevailing party under this
8 subdivision may be awarded attorney fees and costs by the court.

9 Sec. 26. [10B.13] [CONTRIBUTION LIMITS.]

10 Subdivision 1. [CONTRIBUTION LIMITS.] (a) Except as
11 provided in paragraph (b), a candidate must not permit the
12 candidate's principal campaign committee to accept aggregate
13 contributions made or delivered by an individual, political
14 committee, or political fund in excess of the following:

15 (1) to candidates for governor and lieutenant governor
16 running together, \$2,000 in an election cycle;

17 (2) to a candidate for attorney general, secretary of
18 state, or state auditor, \$1,000 in an election cycle;

19 (3) to a candidate for state senator, \$500 in an election
20 cycle; and

21 (4) to a candidate for state representative, \$500 in an
22 election cycle.

23 (b) A candidate who accepts a public subsidy must not
24 permit the candidate's principal campaign committee to accept
25 aggregate contributions made or delivered by an individual,
26 political committee, or political fund in excess of \$50 in an
27 election cycle.

28 (c) The following deliveries are not subject to the
29 bundling limitation in this subdivision:

30 (1) delivery of contributions collected by a member of the
31 candidate's principal campaign committee who was registered with
32 the board to accept contributions on behalf of the committee
33 before the contributions were accepted; and

34 (2) a delivery made by an individual on behalf of the
35 individual's spouse.

36 (d) A political committee or political fund must not make a

1 contribution a candidate is prohibited from accepting.

2 Subd. 2. [POLITICAL PARTY AND DISSOLVING PRINCIPAL
3 CAMPAIGN COMMITTEE LIMIT.] A nonparticipating candidate must not
4 permit the candidate's principal campaign committee to accept
5 contributions, including approved expenditures, from any
6 political party units in aggregate in excess of ten times the
7 amount that may be contributed to that candidate under
8 subdivision 1.

9 Subd. 3. [EXCESS LOANS PROHIBITED.] A candidate must not
10 permit the candidate's principal campaign committee to accept a
11 loan from other than a financial institution for an amount in
12 excess of the contribution limits imposed by this section. A
13 candidate must not permit the candidate's principal campaign
14 committee to accept a loan from a financial institution for
15 which the financial institution may hold an endorser of the loan
16 liable to pay an amount in excess of the amount that the
17 endorser may contribute to that candidate.

18 Subd. 4. [CONTRIBUTIONS TO AND FROM OTHER CANDIDATES.] (a)
19 A candidate or the treasurer of a candidate's principal campaign
20 committee must not accept a contribution from another
21 candidate's principal campaign committee or from any other
22 committee bearing the contributing candidate's name or title or
23 otherwise authorized by the contributing candidate, unless the
24 contributing candidate's principal campaign committee is being
25 dissolved. A candidate's principal campaign committee must not
26 make a contribution to another candidate's principal campaign
27 committee, except when the contributing committee is being
28 dissolved.

29 (b) A principal campaign committee that makes a
30 contribution to another principal campaign committee must
31 provide with the contribution a written statement of the
32 committee's intent to dissolve and terminate its registration
33 within 12 months after the contribution was made. If the
34 committee fails to dissolve and terminate its registration by
35 that time, the board may levy a civil penalty up to four times
36 the size of the contribution against the contributing

1 committee. A contribution from a terminating principal campaign
2 committee that is not accepted by another principal campaign
3 committee must be forwarded to the board for deposit in the
4 state treasury and credit to the general fund.

5 (c) A candidate's principal campaign committee must not
6 accept a contribution from, or make a contribution to, a
7 committee associated with a person who seeks nomination or
8 election to the office of president, senator, or representative
9 in Congress of the United States.

10 (d) A candidate or the treasurer of a candidate's principal
11 campaign committee must not accept a contribution from a
12 candidate for political subdivision office in any state, unless
13 the contribution is from the personal funds of the candidate for
14 political subdivision office. A candidate or the treasurer of a
15 candidate's principal campaign committee must not make a
16 contribution from the principal campaign committee to a
17 candidate for political subdivision office in any state.

18 Subd. 5. [LIMITED PERSONAL CONTRIBUTIONS.] A participating
19 candidate may not contribute to the candidate's own campaign
20 more than \$500 in an election cycle.

21 Subd. 6. [CONTRIBUTIONS FROM CERTAIN TYPES OF
22 CONTRIBUTORS.] A candidate must not permit the candidate's
23 principal campaign committee to accept a contribution from a
24 political committee, political fund, lobbyist, or large
25 contributor, if the contribution will cause the aggregate
26 contributions from those types of contributors to exceed an
27 amount equal to 20 percent of the expenditure limits for the
28 office sought by the candidate, provided that the 20 percent
29 limit must be rounded to the nearest \$100. For purposes of this
30 subdivision, "large contributor" means an individual, other than
31 the candidate, who contributes an amount that is more than \$100
32 and more than one-half the amount an individual may contribute.

33 Subd. 7. [UNREGISTERED ASSOCIATION LIMIT; STATEMENT;
34 PENALTY.] (a) The treasurer of a political committee, political
35 fund, principal campaign committee, or party unit must not
36 accept a contribution of more than \$100 from an association not

1 registered under this chapter unless the contribution is
2 accompanied by a written statement that meets the disclosure and
3 reporting period requirements imposed by section 10B.12. This
4 statement must be certified as true and correct by an officer of
5 the contributing association. The committee, fund, or party
6 unit that accepts the contribution must include a copy of the
7 statement with the report that discloses the contribution to the
8 board.

9 (b) An unregistered association may provide the written
10 statement required by this subdivision to no more than three
11 committees, funds, or party units in a calendar year. Each
12 statement must cover at least the 30 days immediately preceding
13 and including the date on which the contribution was made. An
14 unregistered association or an officer of it is subject to a
15 civil penalty imposed by the board of up to \$3,000 if the
16 association or its officer:

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

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

22 (c) The treasurer of a political committee, political fund,
23 principal campaign committee, or party unit who accepts a
24 contribution in excess of \$100 from an unregistered association
25 without the required written disclosure statement is subject to
26 a civil penalty up to four times the amount in excess of \$100.

27 Subd. 8. [CONTRIBUTIONS TO POLITICAL COMMITTEES OR FUNDS.]
28 The treasurer of a political committee or political fund must
29 not permit the political committee or political fund to accept
30 aggregate contributions from an individual in an amount more
31 than \$1,000 in a calendar year or from another political
32 committee or political fund in any amount.

33 Subd. 9. [CONTRIBUTIONS TO POLITICAL PARTIES.] (a) An
34 individual or association must not give and the treasurer of the
35 state committee of a political party must not permit the
36 political party to accept aggregate contributions for any

1 purpose from an individual, or from an association that makes
2 contributions to candidates, in an amount more than \$10,000 in
3 an election cycle.

4 (b) A political party unit may not accept a transfer from
5 its national party organization, nor from a party unit in any
6 other state, unless the transfer is from a separate and
7 segregated fund that contains only contributions from
8 individuals and associations that would have been permitted
9 under the law of this state if they had been made directly to
10 the political party unit.

11 Subd. 10. [AGGREGATE LIMIT ON INDIVIDUALS.] An individual
12 may not contribute more than \$10,000 in aggregate contributions
13 for any purpose to all candidates, political parties, political
14 committees, and political funds in an election cycle.

15 Sec. 27. [10B.14] [CONTRIBUTIONS AND SOLICITATIONS DURING
16 LEGISLATIVE SESSION.]

17 Subdivision 1. [CONTRIBUTIONS DURING LEGISLATIVE SESSION.]

18 (a) A candidate for the legislature or for constitutional
19 office, the candidate's principal campaign committee, or a
20 political committee or party unit established by all or a part
21 of the party organization within a house of the legislature,
22 must not solicit or accept a contribution from a registered
23 lobbyist, political committee, political fund, or dissolving
24 principal campaign committee, or from a party unit established
25 by the party organization within a house of the legislature,
26 during a regular session of the legislature.

27 (b) A registered lobbyist, political committee, political
28 fund, or dissolving principal campaign committee, or a party
29 unit established by the party organization within a house of the
30 legislature, must not make a contribution to a candidate for the
31 legislature or for constitutional office, the candidate's
32 principal campaign committee, or a political committee or party
33 unit established by all or a part of the party organization
34 within a house of the legislature during a regular session of
35 the legislature.

36 Subd. 2. [PARTY UNIT SOLICITATIONS.] A political party

1 unit must not solicit or receive at an event hosted by a
2 candidate for the legislature or by a candidate for
3 constitutional office a contribution from a lobbyist, political
4 committee, political fund, or party unit during a regular
5 session of the legislature.

6 Subd. 3. [DEFINITION.] For purposes of this section,
7 "regular session" does not include a special session or the
8 interim between the two annual sessions of a biennium.

9 Subd. 4. [CIVIL PENALTY.] A candidate, political
10 committee, party unit, political fund, principal campaign
11 committee, or registered lobbyist that violates this section is
12 subject to a civil penalty imposed by the board of up to
13 \$3,000. If the board makes a public finding that there is
14 probable cause to believe a violation of this section has
15 occurred, the board must bring an action, or transmit the
16 finding to a county attorney who must bring an action, in the
17 district court of Ramsey county, to collect the civil penalty as
18 imposed by the board. Penalties paid under this section must be
19 deposited in the general fund in the state treasury.

20 Subd. 5. [SPECIAL ELECTION.] This section does not apply
21 in a legislative special election during the period beginning
22 when the person becomes a candidate in the special election and
23 ending on the day of the special election.

24 Sec. 28. [10B.15] [CIRCUMVENTION PROHIBITED.]

25 An individual or association that attempts to circumvent
26 this chapter by redirecting a contribution through, or making a
27 contribution on behalf of, another individual or association is
28 guilty of a gross misdemeanor and subject to a civil penalty
29 imposed by the board of up to \$3,000.

30 Sec. 29. [10B.16] [POLITICAL CONTRIBUTION REFUND.]

31 Subdivision 1. [DEFINITION.] (a) The definition in this
32 subdivision applies to this section.

33 (b) "Contribution" means a gift of money.

34 Subd. 2. [CLAIM; RECEIPT FORM.] (a) A taxpayer may claim a
35 refund equal to the amount of the taxpayer's contributions made
36 in the calendar year to a political party or party unit, if the

1 state chair of the political party has signed and filed with the
2 board an agreement not to make independent expenditures as
3 provided in section 10B.19, and the agreement has not been
4 rescinded. The refund for an individual must not exceed \$50 and
5 for a married couple, filing jointly, must not exceed \$100.

6 (b) A refund of a contribution is allowed only if the
7 taxpayer files a form required by the commissioner of revenue
8 and attaches to the form a copy of an official refund receipt
9 form issued by the party and signed by the party chair, after
10 the contribution was received. For a taxpayer who files a claim
11 for refund via the Internet or other electronic means, the
12 commissioner may accept the number on the official receipt as
13 documentation that a contribution was made rather than the
14 actual receipt. The board must make available to a political
15 party, on request, a supply of official refund receipt forms
16 that state in boldface type that a contributor who is given a
17 receipt form is eligible to claim a refund as provided in this
18 section and that the political party has signed an agreement not
19 to make independent expenditures. The forms must provide
20 duplicate copies of the receipt to be attached to the
21 contributor's claim. The receipt forms must be numbered, and
22 the data on the receipt that are not public must be made
23 available to the board upon its request. A party unit must
24 return to the board with its termination report or destroy any
25 official receipt forms that have not been issued.

26 (c) If the state chair of a political party has not signed
27 an agreement under section 10B.19, or has rescinded the
28 agreement, and the chair or treasurer of a party unit willfully
29 issues an official refund receipt form or a facsimile of one to
30 any of the party's contributors, the issuer of the receipt is
31 guilty of a misdemeanor.

32 (d) A claim must be filed with the commissioner of revenue
33 no sooner than March 4 of each odd-numbered year in which the
34 contribution was made and no sooner than January 1 of each
35 even-numbered year in which the contribution was made and no
36 later than April 15 of the calendar year following the calendar

1 year in which the contribution was made. A taxpayer may file
2 only one claim per calendar year. Amounts paid by the
3 commissioner after June 15 of the calendar year following the
4 calendar year in which the contribution was made must include
5 interest at the rate specified in section 270.76.

6 Subd. 3. [COPIES OF FORM.] The commissioner shall make
7 copies of the form available to political party units upon
8 request.

9 Subd. 4. [DATA PRIVACY.] The following data collected or
10 maintained by the commissioner under this subdivision are
11 private: the identities of individuals claiming a refund and
12 the amount of each contribution.

13 Subd. 5. [REPORT.] The commissioner shall report to the
14 campaign finance and public disclosure board by each August 1 a
15 summary showing the total number and aggregate amount of
16 political contribution refunds made on behalf of each political
17 party. These data are public.

18 Subd. 6. [APPROPRIATION.] The amount necessary to pay
19 claims for the refund provided in this section is appropriated
20 from the general fund to the commissioner of revenue.

21 Sec. 30. [10B.17] [SPENDING LIMITS.]

22 Subdivision 1. [LIMITS ARE VOLUNTARY.] The expenditure
23 limits imposed by this section on a candidate apply only to a
24 candidate who has signed an agreement under section 10B.19 to be
25 bound by them as a condition of receiving a public subsidy for
26 the candidate's campaign. The prohibition imposed by this
27 section on a political party applies only to a political party
28 that has signed and not rescinded an agreement under section
29 10B.19 to be bound by it as a condition of receiving a public
30 subsidy for the party's activities.

31 Subd. 2. [AMOUNTS.] (a) The principal campaign committee
32 of a candidate must not make campaign expenditures nor permit
33 approved expenditures to be made on behalf of the candidate
34 during an election cycle that result in aggregate expenditures
35 in excess of the sums authorized in this subdivision.

36 (b) The principal campaign committee of a candidate may

1 make expenditures or permit approved expenditures to be made on
2 behalf of the candidate during an election cycle and before the
3 candidate files an affidavit of qualifying contributions under
4 section 10B.20 in the following amounts:

5 (1) for governor and lieutenant governor, running together,
6 \$50,000;

7 (2) for attorney general, secretary of state, and state
8 auditor, separately, \$25,000;

9 (3) for state senator, \$8,000; and

10 (4) for state representative, \$4,000.

11 (c) The principal campaign committee of a candidate may
12 spend the public subsidy as authorized under section 10B.24.

13 (d) If a special election cycle occurs during a general
14 election cycle, expenditures by or on behalf of a candidate in
15 the special election do not count as expenditures by or on
16 behalf of the candidate in the general election.

17 Subd. 3. [AGGREGATED EXPENDITURES.] If a candidate makes
18 expenditures from more than one principal campaign committee for
19 nomination or election to statewide office in the same election
20 cycle, the amount of expenditures from all of the candidate's
21 principal campaign committees for statewide office for that
22 election cycle must be aggregated for purposes of applying the
23 limits on expenditures under subdivision 2.

24 Subd. 4. [GOVERNOR AND LIEUTENANT GOVERNOR AS A SINGLE
25 CANDIDATE.] For the purposes of this chapter, a candidate for
26 governor and a candidate for lieutenant governor, running
27 together, are considered a single candidate. All expenditures
28 made by or all approved expenditures made on behalf of the
29 candidate for lieutenant governor are considered to be
30 expenditures by or approved expenditures on behalf of the
31 candidate for governor.

32 Subd. 5. [INDEPENDENT EXPENDITURES.] The principal
33 campaign committee of a candidate must not make independent
34 expenditures.

35 Subd. 6. [RELEASE FROM EXPENDITURE LIMITS.] (a) After the
36 deadline for filing a spending limit agreement under section

1 10B.19, a candidate who has agreed to be bound by the
2 expenditure limits imposed by this section as a condition of
3 receiving a public subsidy for the candidate's campaign may
4 choose to be released from the expenditure limits but remain
5 eligible to receive a public subsidy if the candidate has an
6 opponent who has not agreed to be bound by the limits and who
7 has received contributions during that election cycle in excess
8 of the sum of:

9 (1) the amounts listed in subdivision 2, paragraph (b),
10 that the candidate is allowed to spend before filing an
11 affidavit of contributions;

12 (2) the limit set in section 10B.13, subdivision 2,
13 paragraph (a), for contributions from political party units to
14 the candidate; and

15 (3) the public subsidy the participating candidate has
16 received through that part of the election cycle.

17 Before the primary election, a candidate's "opponents" are
18 only those who will appear on the ballot of the same party in
19 the primary election.

20 (b) A candidate who has not agreed to be bound by
21 expenditure limits, or the candidate's principal campaign
22 committee, must file written notice with the board and provide
23 written notice to any opponent of the candidate for the same
24 office within seven days after exceeding the limit in paragraph
25 (a). The notice must state only that the candidate or
26 candidate's principal campaign committee has received
27 contributions in excess of the limit in paragraph (a).

28 (c) Upon receipt of the notice, the candidate who had
29 agreed to be bound by the limits may file with the board a
30 notice that the candidate chooses to be no longer bound by the
31 expenditure limits. A notice of a candidate's choice not to be
32 bound by the expenditure limits that is based on the conduct of
33 an opponent in the state primary election may not be filed more
34 than one day after the state canvassing board has declared the
35 results of the state primary.

36 (d) A candidate who has agreed to be bound by the

1 expenditure limits imposed by this section and whose opponent in
2 the general election has chosen, as provided in paragraph (c),
3 not to be bound by the expenditure limits because of the conduct
4 of an opponent in the primary election is no longer bound by the
5 limits but remains eligible to receive a public subsidy.

6 Subd. 7. [INDEPENDENT EXPENDITURES BY POLITICAL
7 PARTIES.] A political party or party unit must not make an
8 independent expenditure.

9 Sec. 31. [10B.18] [MULTICANDIDATE POLITICAL PARTY
10 EXPENDITURES.]

11 Notwithstanding other provisions of this chapter, the
12 following expenditures by a party unit, or two or more party
13 units acting together, with at least one party unit being either
14 the state committee or the party organization within a
15 congressional district, county, or legislative district, are not
16 considered contributions to or expenditures on behalf of a
17 candidate for the purposes of section 10B.13 or 10B.17 and must
18 not be allocated to candidates under section 10B.12, subdivision
19 4, paragraph (g):

20 (1) expenditures not on behalf of any candidate;

21 (2) expenditures on behalf of candidates of that party
22 generally without referring to any of them specifically by name
23 or image in a published, posted, or broadcast advertisement; or

24 (3) expenditures for the preparation, display, mailing, or
25 other distribution of an official party sample ballot listing
26 the names of three or more individuals whose names are to appear
27 on the ballot.

28 Sec. 32. [10B.19] [SPENDING LIMIT AGREEMENT.]

29 Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a
30 condition of receiving a public subsidy, a candidate must sign
31 and file with the board a written agreement in which the
32 candidate agrees that the candidate will comply with sections
33 10B.13, subdivisions 1, 2, and 5; 10B.17; and 10B.23.

34 (b) Before the first day of filing for office, the board
35 must forward agreement forms to all filing officers. The board
36 must also provide agreement forms to candidates on request at

1 any time. The candidate must file the agreement with the board
2 no sooner than January 1 in the general election year and no
3 later than the day after the candidate files the affidavit of
4 candidacy for the office. An agreement may not be filed with
5 the board after that date. An agreement once filed may not be
6 rescinded.

7 (c) The board must notify the commissioner of revenue of
8 any agreement filed under this subdivision.

9 Subd. 2. [HOW LONG AGREEMENT IS EFFECTIVE.] The agreement,
10 insofar as it relates to the expenditure limits in section
11 10B.17 and the contribution limit in section 10B.13, subdivision
12 5, remains effective for candidates until the dissolution of the
13 principal campaign committee of the candidate or the end of the
14 first election cycle completed after the agreement was filed,
15 whichever occurs first.

16 Subd. 3. [AGREEMENT BY POLITICAL PARTY.] (a) As a
17 condition of receiving a public subsidy, the chair of the state
18 committee of a political party must sign and file with the board
19 before the first March 1 of a general election cycle a written
20 agreement in which the state committee agrees that the political
21 party and all its party units will comply with section 10B.17.
22 An agreement once filed may not be rescinded after the first
23 March 4 of a general election cycle.

24 (b) The board must provide agreement forms to political
25 parties on request at any time.

26 (c) The agreement not to make independent expenditures
27 remains in effect until it is rescinded, or the end of the first
28 general election cycle completed after the agreement was filed,
29 or the dissolution of the political party, whichever occurs
30 first.

31 (d) The board must notify the commissioner of revenue of
32 any agreement filed or rescinded under this subdivision.

33 Sec. 33. [10B.20] [QUALIFYING CONTRIBUTIONS.]

34 Subdivision 1. [AMOUNTS.] In addition to the requirements
35 of section 10B.19, to be eligible to receive a public subsidy
36 under section 10B.24, a candidate must receive qualifying

1 contributions from individuals eligible to vote in this state
2 and, in the case of a legislative candidate, at least one-half
3 from individuals eligible to vote for the candidate, in the
4 amount indicated for the office sought, counting only the first
5 \$5 received from each contributor:

6 (1) candidates for governor and lieutenant governor,
7 running together, \$22,000;

8 (2) candidates for attorney general, secretary of state,
9 and state auditor, separately, \$12,500;

10 (3) candidates for the senate, \$1,800; and

11 (4) candidates for the house of representatives, \$900.

12 A candidate for statewide office must receive at least five
13 percent of the qualifying amount from residents of each
14 congressional district.

15 The amounts in clauses (3) and (4) must be adjusted
16 following each decennial federal census to represent the ideal
17 population of a senate or house district, respectively, times
18 .025, rounded to the nearest \$100.

19 Subd. 2. [STATEMENT OF INTENT TO PARTICIPATE.] A candidate
20 who intends to participate in the public subsidy program must
21 file with the board, in a form approved by the board, a
22 statement of intent to participate. The statement may not be
23 filed before the beginning of the election cycle.

24 Subd. 3. [RECEIPT.] The board must make available to each
25 candidate who has filed a statement of intent to participate in
26 the public subsidy program copies of the official contribution
27 receipt form designed by the board. The receipt must state that
28 the contributor understands that the purpose of the contribution
29 is to help the candidate qualify for a public subsidy. The form
30 must include space for the contributor's printed name,
31 signature, and home address, and the name of the candidate on
32 whose behalf the contribution was made. The candidate or the
33 treasurer of the candidate's principal campaign committee must
34 provide to the contributor a receipt, which must be properly
35 completed and signed by the contributor and returned to the
36 candidate. The candidate must keep one copy of the receipt and

1 file a second copy with the board, along with the affidavit of
2 contributions required by subdivision 4 and a list, in an
3 electronic format approved by the board, of the names and home
4 addresses of the contributors and indicating whether the
5 contributor is eligible to vote for the candidate.

6 Subd. 4. [AFFIDAVIT.] No sooner than January 1 in the
7 general election year and no later than the day after the
8 candidate files the affidavit of candidacy for the office, a
9 candidate who intends to participate in the public subsidy
10 program, or the treasurer of the candidate's principal campaign
11 committee, must file with the board an affidavit stating that,
12 since January 1 in the year before the general election year,
13 the candidate's principal campaign committee has received
14 qualifying contributions in the amount specified in subdivision
15 1.

16 Subd. 5. [SPECIAL ELECTIONS.] A candidate for a vacancy to
17 be filled at a special election must receive qualifying
18 contributions in one-third the amounts specified in subdivision
19 1. If the filing period for the special election does not
20 coincide with the filing period for the general election, the
21 candidate must submit the affidavit required by this section to
22 the board within five days after filing the affidavit of
23 candidacy.

24 Sec. 34. [10B.21] [STATE ELECTIONS CAMPAIGN FUND.]

25 Subdivision 1. [ESTABLISHED.] An account is established in
26 the special revenue fund of the state known as the "state
27 elections campaign fund."

28 Subd. 2. [SPENDING CAP.] The board must not spend from the
29 state elections campaign fund during a calendar year more than
30 \$5 times the number of Minnesota residents who filed personal
31 income tax returns during the previous calendar year. The board
32 may exceed this limit during a calendar year, provided it is
33 offset by an equal reduction of the limit during another
34 calendar year during the same gubernatorial election cycle.

35 Subd. 3. [EXCESS MONEY.] At least once each year the
36 commissioner of finance must forecast the amount of revenue the

1 state elections campaign fund will collect over the next four
 2 years and the time the revenue will be available. Whenever the
 3 commissioner determines that the balance in the fund is greater
 4 than will be needed to meet current debts plus anticipated
 5 expenses, taking into account the revenue forecast, the
 6 commissioner must transfer the excess balance to the general
 7 fund. The amount transferred is appropriated from the general
 8 fund to the Board of Public Defense.

9 Subd. 4. [DEFICIENCY.] At least once each year, the board
 10 must forecast the amount of public subsidy from the state
 11 elections campaign fund for which all candidates will qualify
 12 for the following calendar year. By the end of each year, the
 13 board must announce whether the amount that will be needed the
 14 following year for public subsidies from the state elections
 15 campaign fund will exceed the amount that will be available. If
 16 the board determines that the fund will be deficient, the board
 17 may include in the announcement decreases in the amounts of
 18 public subsidies that will be paid, in the following order:

19 (1) first, the board may announce a decrease in the rate at
 20 which a public subsidy will be paid to match excess
 21 contributions under section 10B.24, subdivision 7, and
 22 independent expenditures under section 10B.24, subdivision 8;
 23 and

24 (2) second, the board may announce a reduction in the
 25 percentage of a candidate's spending limit that will be paid as
 26 a public subsidy under section 10B.24, subdivisions 4 to 6.

27 Subd. 5. [EMERGENCY.] If a deficiency arises in the state
 28 elections campaign fund that cannot be met by reductions under
 29 subdivision 4, the board must declare an emergency and reduce
 30 public subsidy payments proportionately among all candidates
 31 entitled to them.

32 Sec. 35. [10B.22] [PUBLIC SUBSIDY.]

33 Subdivision 1. [PAYMENT TO PARTICIPATING CANDIDATES.] Upon
 34 determining that a candidate has met all the requirements for
 35 receiving a public subsidy, the board must designate the
 36 candidate as "participating." The board must pay each

1 participating candidate a public subsidy as provided in this
2 section. The payment must be in the form of a check made
3 "payable to the campaign fund of (name of candidate)."
4 An amount sufficient to make the payment is appropriated to the
5 board from the state elections campaign fund.

6 Subd. 2. [PUBLIC SUBSIDY BASE.] (a) The public subsidy
7 base for each candidate is as follows:

8 (1) for governor and lieutenant governor, running together,
9 \$1,520,000;

10 (2) for attorney general, secretary of state, and state
11 auditor, separately, \$300,000;

12 (3) for state senator, \$52,000; and

13 (4) for state representative, \$26,000.

14 (b) The public subsidy base in paragraph (a) is increased
15 by ten percent for a candidate who is running for that office
16 for the first time and who has not run previously for any other
17 office whose territory now includes a population that is more
18 than one-third of the population in the territory of the new
19 office.

20 Subd. 3. [ADJUSTMENT BY CONSUMER PRICE INDEX.] (a) The
21 dollar amounts in subdivision 2 must be adjusted for general
22 election years as provided in this subdivision. In the year
23 before each general election year, the executive director of the
24 board must determine the percentage increase in the Consumer
25 Price Index from December of the second preceding general
26 election year to December of the last general election year.
27 The dollar amounts used for the preceding general election year
28 must be multiplied by that percentage. The product of the
29 calculation, rounded up to the next highest \$100 increment, must
30 be added to each dollar amount to produce the dollar limitations
31 to be in effect for the next general election. The index used
32 must be the revised Consumer Price Index for all urban consumers
33 for the St. Paul-Minneapolis metropolitan area prepared by the
34 United States Department of Labor.

35 (b) By April 1 of the year before each election year, the
36 board must publish in the State Register the public subsidy base

1 for each office for that calendar year under subdivision 2 as
2 adjusted by this subdivision. The revisor of statutes must code
3 the adjusted amounts of the public subsidy base in the next
4 edition of Minnesota Statutes.

5 Subd. 4. [PAYMENT UPON QUALIFYING.] Within one week after
6 it has designated a candidate as participating, the board must
7 pay to the participating candidate an amount equal to 20 percent
8 of the participating candidate's public subsidy base.

9 Subd. 5. [PAYMENT UPON FILING FOR OFFICE.] Within one week
10 after the close of filings for office, the board must pay a
11 participating candidate who has an opponent in either the
12 primary or the general election an amount equal to 20 percent of
13 the candidate's public subsidy base.

14 Subd. 6. [PAYMENT FOR GENERAL ELECTION.] As soon as the
15 board has obtained from the secretary of state the results of
16 the primary election, but no later than one week after the state
17 canvassing board has certified the results of the primary, the
18 board must pay to each participating candidate whose name will
19 appear on the ballot in the general election an amount equal to
20 60 percent of the candidate's public subsidy base, except that a
21 candidate who has no opponent in the general election must be
22 paid an amount equal to six percent of the candidate's public
23 subsidy base.

24 Subd. 7. [PAYMENT TO MATCH EXCESS CONTRIBUTIONS.] Upon
25 receipt of a report of excess contributions under section
26 10B.12, subdivision 7, the board must notify any participating
27 opponent of the nonparticipating candidate of the amount of the
28 excess. Upon receipt of the first report, the board must pay
29 the participating candidate an additional public subsidy equal
30 to the participating candidate's public subsidy base. The
31 additional subsidy may only be spent in an amount equal to the
32 excess contributions reported for that election cycle.

33 Subd. 8. [PAYMENT TO MATCH INDEPENDENT EXPENDITURES.] (a)
34 Within 24 hours after receipt of a notice of independent
35 expenditures under section 10B.12, subdivision 10, the board
36 must notify each participating candidate in the affected race of

1 the amount of the independent expenditure. Along with the first
2 notice under this subdivision, the board must pay to each
3 participating candidate who is adversely affected by the
4 independent expenditure an additional public subsidy in an
5 amount equal to the participating candidate's public subsidy
6 base, to be spent only as provided in this subdivision. A
7 candidate is "adversely affected" if the independent expenditure
8 is made to defeat the candidate or to nominate or elect an
9 opponent of the candidate. Before the primary election, an
10 "opponent" includes the candidates whose names are on the ballot
11 for the primary of the same major party or, if there is none,
12 the candidates whose names will be on the ballot for the general
13 election.

14 (b) If the independent expenditure is made to defeat a
15 participating candidate, the additional subsidy may be spent in
16 an amount equal to the independent expenditures made to defeat
17 the participating candidate reported for that election cycle.

18 (c) If the independent expenditure is made to nominate or
19 elect a candidate and the sum of assets carried forward,
20 contributions received as of the last reporting date, public
21 subsidy received, and independent expenditures made to elect the
22 candidate exceeds 120 percent of the spending limit for a
23 participating opponent candidate for the legislature or 110
24 percent of the spending limit for a participating opponent
25 candidate for constitutional officer, the participating opponent
26 may spend the additional public subsidy in an amount equal to
27 one-half the excess independent expenditures to nominate or
28 elect the candidate reported for that election cycle.

29 (d) If an individual, political committee, political fund,
30 or party unit has made expenditures to nominate or elect a
31 candidate, any expenditure by the spender during the same
32 election cycle to defeat the candidate or to nominate or elect
33 an opponent of the candidate does not authorize the candidate to
34 spend matching money under paragraph (b) or (c).

35 Subd. 9. [PAYMENT FOR SPECIAL ELECTION.] The board must
36 pay each participating candidate for legislative office in a

1 special election an amount equal to the candidate's public
2 subsidy base within 48 hours after the candidate has been
3 designated as participating, but the candidate may spend only an
4 amount equal to 20 percent of the candidate's public subsidy
5 base upon being designated as participating. A candidate who
6 has an opponent in either the primary or general election may
7 spend an additional amount equal to 20 percent of the
8 participating candidate's public subsidy base upon filing for
9 office, and a candidate whose name has been certified to appear
10 on the ballot for the general election may spend an additional
11 amount equal to 60 percent of the candidate's public subsidy
12 base. Any amount not spent by the candidate must be returned to
13 the board under section 10B.23.

14 Subd. 10. [PAYMENT WITHHELD.] If a candidate has not yet
15 filed a campaign finance report required by section 10B.12, or
16 the candidate owes money to the board, the board must withhold
17 the candidate's public subsidy until the report has been filed
18 or the debt has been paid, whichever applies. If the report has
19 not been filed or the debt has not been paid to the board by the
20 end of the fiscal year, the subsidy must be applied to the debts
21 owed by the candidate to the board and any remaining amount must
22 be canceled to the general fund.

23 Sec. 36. [10B.23] [RETURN OF PUBLIC SUBSIDY.]

24 Subdivision 1. [WHEN RETURN REQUIRED.] A candidate must
25 return all or a portion of the public subsidy received under
26 section 10B.22 under the circumstances in this section or
27 section 10B.24, subdivision 1.

28 To the extent that the amount of public subsidy received
29 exceeds the actual expenditures made by the principal campaign
30 committee of the candidate, the treasurer of the candidate's
31 principal campaign committee must return an amount equal to the
32 difference to the board. The cost of postage that was not used
33 during an election cycle and payments that created credit
34 balances at vendors at the close of an election cycle are not
35 considered expenditures for purposes of determining the amount
36 to be returned. Expenditures in excess of the candidate's

1 spending limit do not count in determining aggregate
2 expenditures under this paragraph.

3 Subd. 2. [HOW RETURN DETERMINED.] Whether or not a
4 candidate is required under subdivision 1 to return all or a
5 portion of the public subsidy must be determined from the report
6 required to be filed with the board by that candidate by January
7 31 of the year following an election. An amount required to be
8 returned must be submitted in the form of a check or money order
9 and must accompany the report filed with the board. The board
10 must deposit the check or money order in the state treasury for
11 credit to the general fund. The amount returned must not exceed
12 the amount of public subsidy received by the candidate.

13 Sec. 37. [10B.24] [CARRYFORWARD.]

14 Subdivision 1. [UNUSED FUNDS.] After all campaign
15 expenditures and noncampaign disbursements for an election cycle
16 have been made, a principal campaign committee may carry forward
17 assets equal to the amount that the candidate may spend in the
18 next election cycle before being designated a participating
19 candidate for the same office, as set forth in section 10B.17,
20 subdivision 2, paragraph (b). Any remaining assets up to the
21 total amount of the public subsidy received under section 10B.22
22 must be returned to the state treasury for credit to the general
23 fund under section 10B.23. Any remaining assets in excess of
24 the total public subsidy must be contributed to the general
25 fund, a public school, or a charity, or to a political party.

26 Subd. 2. [UNUSED POSTAGE AND CREDIT BALANCES CARRIED
27 FORWARD.] Postage that is purchased but not used during an
28 election cycle and credit balances at vendors that exceed a
29 combined total of \$500 must be carried forward and counted as
30 expenditures during the election cycle during which they are
31 used.

32 Sec. 38. [10B.25] [PENALTY FOR EXCEEDING LIMITS.]

33 Subdivision 1. [EXCEEDING CONTRIBUTION LIMITS.] (a) A
34 candidate who permits the candidate's principal campaign
35 committee, or the treasurer of a political committee, political
36 fund, or party unit who permits the committee, fund, or party

1 unit to accept contributions in excess of the limits imposed by
2 section 10B.13, is subject to a civil penalty of up to ten times
3 the amount by which the contribution exceeds the limits.

4 (b) The board may order a candidate who has permitted the
5 candidate's principal campaign committee to accept contributions
6 in excess of the limits imposed by section 10B.13 to return any
7 public subsidy the candidate has received. The board must
8 deposit the amount returned in the state treasury and credit it
9 to the general fund.

10 (c) The board may recommend that a candidate who was
11 nominated or elected to office after violating section 10B.13
12 should forfeit the nomination or office.

13 (d) A political committee, political fund, or principal
14 campaign committee that makes a contribution in excess of the
15 limits imposed by section 10B.13 is subject to a civil penalty
16 of up to ten times the amount by which the contribution exceeds
17 the limits.

18 Subd. 2. [EXCEEDING EXPENDITURE LIMITS.] (a) A candidate
19 subject to the expenditure limits in section 10B.17 who permits
20 the candidate's principal campaign committee to make
21 expenditures or permits approved expenditures to be made on the
22 candidate's behalf in excess of the limits imposed by section
23 10B.17 is subject to a civil penalty imposed by the board of up
24 to ten times the amount by which the expenditures exceed the
25 limit.

26 (b) The board may order a candidate subject to the
27 expenditure limits in section 10B.17 who has permitted the
28 candidate's principal campaign committee to make expenditures or
29 has permitted approved expenditures to be made on the
30 candidate's behalf in excess of the limits imposed by section
31 10B.17 to return to the board any public subsidy the candidate
32 has received. The board must deposit the amount returned in the
33 state treasury and credit it to the general fund.

34 (c) The board may recommend that a candidate who was
35 nominated or elected after violating the limits in section
36 10B.17 should forfeit the nomination or office.

1 (d) The chair of a political party or party unit subject to
2 the prohibition in section 10B.17 that makes expenditures in
3 violation of section 10B.17 is subject to a civil fine of up to
4 ten times the amount of the expenditures.

5 Subd. 3. [CONCILIATION AGREEMENT.] If the board finds that
6 there is reason to believe that excess contributions have been
7 accepted contrary to section 10B.13 or excess expenditures made
8 contrary to section 10B.17, the board must make every effort for
9 a period of at least 14 days after its finding to correct the
10 matter by informal methods of conference and conciliation and to
11 enter a conciliation agreement with the person involved. A
12 conciliation agreement under this subdivision is a matter of
13 public record. Unless violated, a conciliation agreement is a
14 bar to any civil proceeding under subdivision 4.

15 Subd. 4. [CIVIL ACTION.] (a) If the board is unable after
16 a reasonable time to correct by informal methods a matter that
17 constitutes probable cause to believe that excess contributions
18 have been accepted contrary to section 10B.13 or excess
19 expenditures made contrary to section 10B.17, the board must
20 make a public finding of probable cause in the matter. After
21 making a public finding, the board must bring an action, or
22 transmit the finding to a county attorney who must bring an
23 action, in the district court of Ramsey county or, in the case
24 of a legislative candidate, the district court of a county
25 within the legislative district, to collect a civil penalty
26 imposed by the board, to demand the return of any public subsidy
27 paid to the candidate, or to have the nomination or office
28 declared forfeited. All money recovered under this section must
29 be deposited in the state treasury and credited to the general
30 fund.

31 (b) If a candidate is judged to have violated section
32 10B.13 or 10B.17, the court, after entering the judgment, may
33 enter a supplemental judgment declaring that the candidate has
34 forfeited the nomination or office, except as provided in
35 paragraph (c). If the court enters the supplemental judgment,
36 it must transmit to the filing officer a transcript of the

1 supplemental judgment, the nomination or office becomes vacant,
2 and the vacancy must be filled as provided by law.

3 (c) If the candidate has been elected to the legislature,
4 the court, after entering the judgment that the candidate has
5 violated section 10B.13 or 10B.17, must transmit a transcript of
6 the judgment to the secretary of the senate or the chief clerk
7 of the house of representatives, as appropriate, for further
8 consideration by the house to which the candidate was elected.

9 Sec. 39. [10B.26] [DISSOLUTION OF INACTIVE COMMITTEES AND
10 FUNDS.]

11 Subdivision 1. [DISSOLUTION REQUIRED.] A political
12 committee, political fund, or principal campaign committee must
13 be dissolved within 60 days after receiving notice from the
14 board that the committee or fund has become inactive. The
15 assets of the committee or fund must be spent for the purposes
16 authorized by section 211B.12 and other applicable law or
17 liquidated and deposited in the general fund within 60 days
18 after the board notifies the committee or fund that it has
19 become inactive.

20 Subd. 2. [INACTIVITY DEFINED.] (a) A principal campaign
21 committee becomes inactive on the later of the following dates:

22 (1) when six years have elapsed since the last election in
23 which the person was a candidate for the office sought or held
24 at the time the principal campaign committee registered with the
25 board; or

26 (2) when six years have elapsed since the last day on which
27 the individual for whom it exists served in an elective office
28 subject to this chapter.

29 (b) A political committee or fund becomes inactive when two
30 years have elapsed since the end of a reporting period during
31 which the political committee or fund made an expenditure or
32 disbursement requiring disclosure under this chapter.

33 Subd. 3. [REMAINING DEBTS.] If a committee or fund becomes
34 inactive when it still has unpaid debts, the committee or fund
35 must liquidate available assets to pay the debts. If
36 insufficient assets exist to pay the debts, the board may set up

1 a payment schedule and allow the committee or fund to defer
2 dissolution until all debts are paid. This section does not
3 extinguish debts incurred by the committee or fund.

4 Sec. 40. [10B.27] [DISSOLUTION OR TERMINATION.]

5 Subdivision 1. [TERMINATION REPORT.] A political
6 committee, political fund, principal campaign committee, or
7 party unit may not dissolve until it has settled all of its
8 debts and disposed of all its assets in excess of \$100 and filed
9 a termination report. "Assets" include credit balances at
10 vendors and physical assets such as computers and postage
11 stamps. Physical assets must be listed at their fair market
12 value. The termination report may be made at any time and must
13 include all information required in periodic reports.

14 Subd. 2. [TERMINATION ALLOWED.] Notwithstanding
15 subdivision 1, a committee, fund, or party unit that has debts
16 incurred more than six years previously, has disposed of all its
17 assets, and has met the requirements of section 10B.12,
18 subdivision 11, may notify any remaining creditors by certified
19 mail and then file a termination report.

20 Sec. 41. [10B.28] [TRANSFER OF DEBTS.]

21 Notwithstanding section 10B.27, a candidate may terminate
22 the candidate's principal campaign committee for one state
23 office by transferring any debts of that committee to the
24 candidate's principal campaign committee for another state
25 office if all outstanding unpaid bills or loans from the
26 committee being terminated are assumed and continuously reported
27 by the committee to which the transfer is being made until paid
28 or forgiven. A loan that is forgiven is covered by section
29 10B.12 and, for purposes of section 10B.23, is a contribution to
30 the principal campaign committee from which the debt was
31 transferred under this section.

32 Sec. 42. Minnesota Statutes 2004, section 129D.13, is
33 amended by adding a subdivision to read:

34 Subd. 5. [FREE TIME FOR POLITICAL CANDIDATES.] A station
35 that receives a grant under this section must make available
36 free time to each political candidate who has been designated by

1 the campaign finance and public disclosure board as
2 participating in the public subsidy program under section
3 10B.22. The amount of free time is 30 minutes each election
4 cycle for a candidate for state constitutional officer and 60
5 seconds each election cycle for a candidate for the
6 legislature. The free time for a candidate for state
7 constitutional officer or video clip must be broadcast time.
8 The free time for a candidate for the legislature may be either
9 broadcast time or an archived video clip on the station's Web
10 site. The broadcast or video clip must include only the
11 candidate speaking in the candidate's own voice.

12 Sec. 43. Minnesota Statutes 2004, section 129D.14, is
13 amended by adding a subdivision to read:

14 Subd. 7. [FREE TIME FOR POLITICAL CANDIDATES.] A station
15 that receives a grant under this section must make available
16 free time to each political candidate who has been designated by
17 the campaign finance and public disclosure board as
18 participating in the public subsidy program under section
19 10B.22. The amount of free time is 30 minutes each election
20 cycle for a candidate for state constitutional officer and 60
21 seconds each election cycle for a candidate for the
22 legislature. The free time for a candidate for state
23 constitutional officer or audio clip must be broadcast time.
24 The free time for a candidate for the legislature may be either
25 broadcast time or an archived audio clip on the station's Web
26 site. The broadcast or audio clip must include only the
27 candidate speaking in the candidate's own voice.

28 Sec. 44. Minnesota Statutes 2004, section 204B.11,
29 subdivision 1, is amended to read:

30 Subdivision 1. [AMOUNT; DISHONORED CHECKS; CONSEQUENCES.]
31 Except as provided by subdivision 2, a filing fee shall be paid
32 by each candidate who files an affidavit of candidacy. The fee
33 shall be paid at the time the affidavit is filed. The amount of
34 the filing fee shall vary with the office sought as follows:

35 (a) for the office of governor, lieutenant governor,
36 attorney general, state auditor, secretary of state,

1 representative in Congress, judge of the Supreme Court, judge of
2 the Court of Appeals, or judge of the district court, \$300;

3 (b) for the office of senator in Congress, \$400;

4 (c) for office of senator or representative in the
5 legislature, \$100;

6 (d) for a county office, \$50; and

7 (e) for the office of soil and water conservation district
8 supervisor, \$20.

9 For a candidate who has raised the necessary qualifying
10 contributions and been designated by the campaign finance and
11 public disclosure board under section 10B.22 as participating in
12 the public subsidy program, no filing fee is required.

13 For the office of presidential elector, and for those
14 offices for which no compensation is provided, no filing fee is
15 required.

16 The filing fees received by the county auditor shall
17 immediately be paid to the county treasurer. The filing fees
18 received by the secretary of state shall immediately be paid to
19 the commissioner of finance.

20 When an affidavit of candidacy has been filed with the
21 appropriate filing officer and the requisite filing fee has been
22 paid, the filing fee shall not be refunded. If a candidate's
23 filing fee is paid with a check, draft, or similar negotiable
24 instrument for which sufficient funds are not available or that
25 is dishonored, notice to the candidate of the worthless
26 instrument must be sent by the filing officer via registered
27 mail no later than immediately upon the closing of the filing
28 deadline with return receipt requested. The candidate will have
29 five days from the time the filing officer receives proof of
30 receipt to issue a check or other instrument for which
31 sufficient funds are available. The candidate issuing the
32 worthless instrument is liable for a service charge pursuant to
33 section 604.113. If adequate payment is not made, the name of
34 the candidate must not appear on any official ballot and the
35 candidate is liable for all costs incurred by election officials
36 in removing the name from the ballot.

1 Sec. 45. [204B.275] [VOTER'S GUIDE.]

2 Subdivision 1. [GUIDE REQUIRED.] At least 21 days before
3 the state primary and the state general election, the secretary
4 of state shall publish a voter's guide. The secretary of state
5 shall mail the voter's guide to every household in the state and
6 then publish the guide on the secretary of state's Web site.

7 Subd. 2. [GENERAL INFORMATION.] The voter's guide must
8 include general voter information, including: requirements for
9 voter eligibility; procedures for voter registration; day and
10 date of election and hours to vote; information on how to find
11 the location of the voter's correct polling place; information
12 on procedures for obtaining application forms for voting by
13 absentee ballot; information on assistance available to persons
14 with disabilities and the right to time off from work to vote;
15 maps of election districts and telephone numbers of state and
16 county election officials; information about the political
17 contribution refund program; and street address, telephone
18 number, and Web site for the campaign finance and public
19 disclosure board.

20 Subd. 3. [POLITICAL PARTY INFORMATION.] The voter's guide
21 must include political party information, including: the name
22 of each political party that has a candidate on the ballot in
23 any partisan state or federal race; a summary of each party's
24 basic purpose, written and authorized by the party in 250 words
25 or less; and mailing address, telephone number, and Web site of
26 each state party headquarters.

27 Subd. 4. [ELECTED OFFICE INFORMATION.] The voter's guide
28 must include elected office information, including: each state
29 and federal office to which candidates are to be nominated or
30 elected at the current election; requirements and procedures to
31 get on the ballot for each office; eligibility requirements and
32 salary for each office; duties and responsibilities of each
33 office; length of term for each office and number of terms
34 allowed; street address, telephone number, and Web site of the
35 office (if available); and name of current office holder and
36 number of terms served.

1 Subd. 5. [CANDIDATE INFORMATION.] The voter's guide must
2 include candidate information for all state and federal offices
3 to which candidates are to be nominated or elected, including
4 the following:

5 (1) candidates listed in alphabetical order after the
6 description of the office they are seeking;

7 (2) biographical information on each candidate provided by
8 the candidate, not to exceed 50 words, and including political
9 party affiliation (if running for partisan office), date of
10 birth, number of years living in this state, current city or
11 town of residence, current occupation, occupational background,
12 educational background, experience with civic organizations,
13 awards, and prior government experience;

14 (3) a candidate photo if provided by the candidate;

15 (4) a candidate statement for partisan offices only, if
16 provided by the candidate and not to exceed 250 words; and

17 (5) address, telephone number, and Web site for the
18 candidate's campaign.

19 Subd. 6. [CONSTITUTIONAL AMENDMENTS.] The voter's guide
20 must include proposed constitutional amendment information,
21 including: requirements and procedures to get an amendment on
22 the ballot; a summary of each proposed amendment written by the
23 chief house and senate authors of the legislation proposing the
24 amendment and not to exceed 100 words; the estimated cost of the
25 proposed amendment determined by an independent financial
26 analyst secured by the secretary of state; one statement in
27 favor of and one statement against the amendment, not to exceed
28 250 words each, and names of individuals or organizations
29 writing or supporting those arguments; and the full text of the
30 proposed amendment. To obtain arguments for and against an
31 amendment, the secretary of state shall request the arguments
32 from the public 120 days before the general election. The
33 amendment's legislative authors may write a statement in support
34 of their amendment, or may select from those submitted to the
35 secretary of state. The secretary of state shall select the
36 most persuasive statement against the amendment.

1 Subd. 7. [FORMS.] The secretary of state or county auditor
2 shall provide each person filing an affidavit of candidacy for
3 state or federal office with blank forms and instructions to be
4 used by the candidates to submit information for the voter's
5 guide. Candidates must submit information for the voter's guide
6 to the secretary of state no later than six weeks before the
7 state primary election. The secretary of state shall not edit
8 any of the material submitted by a candidate. The secretary of
9 state shall provide the candidates an opportunity to review
10 their own submitted material before publication.

11 Subd. 8. [REJECTION OF STATEMENT.] The secretary of state
12 must reject and immediately return to the candidate any
13 statement that exceeds the word limit provided in this section
14 or that contains obscene or defamatory language, or contains any
15 language that may not be legally circulated through the mail.
16 No later than five business days after the rejection of any
17 material submitted by a candidate, an appeal of the decision of
18 the secretary of state may be made to the board of review. The
19 board of review consists of one member appointed by each of the
20 following: the governor, speaker of the house, house minority
21 leader, senate majority leader, and senate minority leader. The
22 decision of the board in any appeal made as provided in this
23 subdivision is final. Nothing in this section exempts the
24 author of the material submitted to the secretary of state from
25 any civil or criminal action for defamation or fraud. The
26 person writing, signing, or offering a statement to the
27 secretary of state is deemed its author and publisher.

28 Subd. 9. [COST.] The cost of producing the voter's guide
29 must be paid from appropriations made to the secretary of state
30 from the state elections campaign fund.

31 Sec. 46. Minnesota Statutes 2004, section 211A.13, is
32 amended to read:

33 211A.13 [PROHIBITED TRANSFERS.]

34 A candidate for political subdivision office must not
35 accept contributions from the principal campaign committee of a
36 candidate as defined in section ~~10A.01~~ 10B.01, subdivision 34

1 8. A candidate for political subdivision office must not make
2 contributions to a principal campaign committee, unless the
3 contribution is made from the personal funds of the candidate
4 for political subdivision office.

5 Sec. 47. Minnesota Statutes 2004, section 211B.12, is
6 amended to read:

7 211B.12 [LEGAL EXPENDITURES.]

8 Use of money collected for political purposes is prohibited
9 unless the use is reasonably related to the conduct of election
10 campaigns, or is a noncampaign disbursement as defined in
11 section ~~10A.01~~ 10B.01, subdivision ~~26~~ 20. The following are
12 permitted expenditures when made for political purposes:

- 13 (1) salaries, wages, and fees;
 - 14 (2) communications, mailing, transportation, and travel;
 - 15 (3) campaign advertising;
 - 16 (4) printing;
 - 17 (5) office and other space and necessary equipment,
18 furnishings, and incidental supplies;
 - 19 (6) charitable contributions of not more than \$50 to any
20 charity annually; and
 - 21 (7) other expenses, not included in clauses (1) to (6),
22 that are reasonably related to the conduct of election campaigns.
- 23 In addition, expenditures made for the purpose of providing
24 information to constituents, whether or not related to the
25 conduct of an election, are permitted expenses. Money collected
26 for political purposes and assets of a political committee or
27 political fund may not be converted to personal use.

28 Sec. 48. Minnesota Statutes 2004, section 211B.15,
29 subdivision 16, is amended to read:

30 Subd. 16. [EMPLOYEE POLITICAL FUND SOLICITATION.] Any
31 solicitation of political contributions by an employee must be
32 in writing, informational and nonpartisan in nature, and not
33 promotional for any particular candidate or group of
34 candidates. The solicitation must consist only of a general
35 request on behalf of ~~an independent political committee (a~~
36 conduit fund), and as defined in section 10B.01, subdivision 9,

1 and must state that there is no minimum contribution, that a
2 contribution or lack thereof will in no way impact the
3 employee's employment, that the employee must direct the
4 contribution to candidates of the employee's choice, and that
5 any response by the employee shall remain confidential and shall
6 not be directed to the employee's supervisors or managers.
7 Questions from an employee regarding a solicitation may be
8 answered orally or in writing consistent with the above
9 requirements. Nothing in this subdivision authorizes a
10 corporate donation of an employee's time prohibited under
11 subdivision 2.

12 Sec. 49. [211B.22] [PARTICIPATING CANDIDATE CAMPAIGN
13 MATERIAL.]

14 A candidate may not claim in any campaign material or
15 communication to be a "participating candidate" unless the
16 candidate has been designated a participating candidate by the
17 campaign finance and public disclosure board under section
18 10B.22 for participating in the public subsidy program.

19 Sec. 50. Minnesota Statutes 2004, section 290.191,
20 subdivision 5, is amended to read:

21 Subd. 5. [DETERMINATION OF SALES FACTOR.] For purposes of
22 this section, the following rules apply in determining the sales
23 factor.

24 (a) The sales factor includes all sales, gross earnings, or
25 receipts received in the ordinary course of the business, except
26 that the following types of income are not included in the sales
27 factor:

28 (1) interest;

29 (2) dividends;

30 (3) sales of capital assets as defined in section 1221 of
31 the Internal Revenue Code;

32 (4) sales of property used in the trade or business, except
33 sales of leased property of a type which is regularly sold as
34 well as leased;

35 (5) sales of debt instruments as defined in section
36 1275(a)(1) of the Internal Revenue Code or sales of stock; and

1 (6) royalties, fees, or other like income of a type which
2 qualify for a subtraction from federal taxable income under
3 section 290.01, subdivision 19d(10).

4 (b) Sales of tangible personal property are made within
5 this state if the property is received by a purchaser at a point
6 within this state, and the taxpayer is taxable in this state,
7 regardless of the f.o.b. point, other conditions of the sale, or
8 the ultimate destination of the property.

9 (c) Tangible personal property delivered to a common or
10 contract carrier or foreign vessel for delivery to a purchaser
11 in another state or nation is a sale in that state or nation,
12 regardless of f.o.b. point or other conditions of the sale. If
13 the taxpayer is not taxable in the state of the delivery and the
14 property is shipped from an office, factory, warehouse, or other
15 place of storage in this state, sales of tangible personal
16 property outside this state are attributed to this state
17 regardless of the terms of shipping, delivery, or other
18 conditions of sale.

19 (d) Notwithstanding paragraphs (b) and (c), when
20 intoxicating liquor, wine, fermented malt beverages, cigarettes,
21 or tobacco products are sold to a purchaser who is licensed by a
22 state or political subdivision to resell this property only
23 within the state of ultimate destination, the sale is made in
24 that state.

25 (e) Sales made by or through a corporation that is
26 qualified as a domestic international sales corporation under
27 section 992 of the Internal Revenue Code are not considered to
28 have been made within this state.

29 (f) Sales, rents, royalties, and other income in connection
30 with real property is attributed to the state in which the
31 property is located.

32 (g) Receipts from the lease or rental of tangible personal
33 property, including finance leases and true leases, must be
34 attributed to this state if the property is located in this
35 state and to other states if the property is not located in this
36 state. Receipts from the lease or rental of moving property

1 including, but not limited to, motor vehicles, rolling stock,
2 aircraft, vessels, or mobile equipment are included in the
3 numerator of the receipts factor to the extent that the property
4 is used in this state. The extent of the use of moving property
5 is determined as follows:

6 (1) A motor vehicle is used wholly in the state in which it
7 is registered.

8 (2) The extent that rolling stock is used in this state is
9 determined by multiplying the receipts from the lease or rental
10 of the rolling stock by a fraction, the numerator of which is
11 the miles traveled within this state by the leased or rented
12 rolling stock and the denominator of which is the total miles
13 traveled by the leased or rented rolling stock.

14 (3) The extent that an aircraft is used in this state is
15 determined by multiplying the receipts from the lease or rental
16 of the aircraft by a fraction, the numerator of which is the
17 number of landings of the aircraft in this state and the
18 denominator of which is the total number of landings of the
19 aircraft.

20 (4) The extent that a vessel, mobile equipment, or other
21 mobile property is used in the state is determined by
22 multiplying the receipts from the lease or rental of the
23 property by a fraction, the numerator of which is the number of
24 days during the taxable year the property was in this state and
25 the denominator of which is the total days in the taxable year.

26 (h) Royalties and other income not described in paragraph
27 (a), clause (6), received for the use of or for the privilege of
28 using intangible property, including patents, know-how,
29 formulas, designs, processes, patterns, copyrights, trade names,
30 service names, franchises, licenses, contracts, customer lists,
31 or similar items, must be attributed to the state in which the
32 property is used by the purchaser. If the property is used in
33 more than one state, the royalties or other income must be
34 apportioned to this state pro rata according to the portion of
35 use in this state. If the portion of use in this state cannot
36 be determined, the royalties or other income must be excluded

1 from both the numerator and the denominator. Intangible
2 property is used in this state if the purchaser uses the
3 intangible property or the rights therein in the regular course
4 of its business operations in this state, regardless of the
5 location of the purchaser's customers.

6 (i) Sales of intangible property are made within the state
7 in which the property is used by the purchaser. If the property
8 is used in more than one state, the sales must be apportioned to
9 this state pro rata according to the portion of use in this
10 state. If the portion of use in this state cannot be
11 determined, the sale must be excluded from both the numerator
12 and the denominator of the sales factor. Intangible property is
13 used in this state if the purchaser used the intangible property
14 in the regular course of its business operations in this state.

15 (j) Receipts from the performance of services must be
16 attributed to the state where the services are received. For
17 the purposes of this section, receipts from the performance of
18 services provided to a corporation, partnership, or trust may
19 only be attributed to a state where it has a fixed place of
20 doing business. If the state where the services are received is
21 not readily determinable or is a state where the corporation,
22 partnership, or trust receiving the service does not have a
23 fixed place of doing business, the services shall be deemed to
24 be received at the location of the office of the customer from
25 which the services were ordered in the regular course of the
26 customer's trade or business. If the ordering office cannot be
27 determined, the services shall be deemed to be received at the
28 office of the customer to which the services are billed. If the
29 taxpayer is not taxable in the state of the purchaser, the sale
30 is attributed to this state if the greater proportion of the
31 service is performed in this state.

32 [EFFECTIVE DATE.] This section is effective for taxable
33 years beginning after December 31, 2004.

34 Sec. 51. Minnesota Statutes 2004, section 340A.404,
35 subdivision 10, is amended to read:

36 Subd. 10. [TEMPORARY ON-SALE LICENSES.] The governing body

1 of a municipality may issue to (1) a club or charitable,
2 religious, or other nonprofit organization in existence for at
3 least three years, (2) a political committee registered under
4 section ~~10A.14~~ 10B.07, or (3) a state university, a temporary
5 license for the on-sale of intoxicating liquor in connection
6 with a social event within the municipality sponsored by the
7 licensee. The license may authorize the on-sale of intoxicating
8 liquor for not more than four consecutive days, and may
9 authorize on-sales on premises other than premises the licensee
10 owns or permanently occupies. The license may provide that the
11 licensee may contract for intoxicating liquor catering services
12 with the holder of a full-year on-sale intoxicating liquor
13 license issued by any municipality. The licenses are subject to
14 the terms, including a license fee, imposed by the issuing
15 municipality. Licenses issued under this subdivision are
16 subject to all laws and ordinances governing the sale of
17 intoxicating liquor except sections 340A.409 and 340A.504,
18 subdivision 3, paragraph (d), and those laws and ordinances
19 which by their nature are not applicable. Licenses under this
20 subdivision are not valid unless first approved by the
21 commissioner of public safety.

22 A county under this section may issue a temporary license
23 only to a premises located in the unincorporated or unorganized
24 territory of the county.

25 Sec. 52. Minnesota Statutes 2004, section 353.03,
26 subdivision 1, is amended to read:

27 Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] The
28 management of the public employees retirement fund is vested in
29 an 11-member board of trustees consisting of ten members and the
30 state auditor who may designate a deputy auditor with expertise
31 in pension matters as the auditor's representative on the
32 board. The governor shall appoint five trustees to four-year
33 terms, one of whom shall be designated to represent school
34 boards, one to represent cities, one to represent counties, one
35 who is a retired annuitant, and one who is a public member
36 knowledgeable in pension matters. The membership of the

1 association, including recipients of retirement annuities and
2 disability and survivor benefits, shall elect five trustees, one
3 of whom must be a member of the police and fire fund and one of
4 whom must be a former member who met the definition of public
5 employee under section 353.01, subdivisions 2 and 2a, for at
6 least five years prior to terminating membership or a member who
7 receives a disability benefit, for terms of four years. Except
8 as provided in this subdivision, trustees elected by the
9 membership of the association must be public employees and
10 members of the association. For seven days beginning October 1
11 of each year preceding a year in which an election is held, the
12 association shall accept at its office filings in person or by
13 mail of candidates for the board of trustees. A candidate shall
14 submit at the time of filing a nominating petition signed by 25
15 or more members of the fund. No name may be withdrawn from
16 nomination by the nominee after October 15. At the request of a
17 candidate for an elected position on the board of trustees, the
18 board shall mail a statement of up to 300 words prepared by the
19 candidate to all persons eligible to vote in the election of the
20 candidate. The board may adopt policies to govern form and
21 length of these statements, timing of mailings, and deadlines
22 for submitting materials to be mailed. These policies must be
23 approved by the secretary of state. The secretary of state
24 shall resolve disputes between the board and a candidate
25 concerning application of these policies to a particular
26 statement. A candidate who:

27 (1) receives contributions or makes expenditures in excess
28 of \$100; or

29 (2) has given implicit or explicit consent for any other
30 person to receive contributions or make expenditures in excess
31 of \$100 for the purpose of bringing about the candidate's
32 election, shall file a report with the campaign finance and
33 public disclosure board disclosing the source and amount of all
34 contributions to the candidate's campaign. The campaign finance
35 and public disclosure board shall prescribe forms governing
36 these disclosures. Expenditures and contributions have the

1 meaning defined in section ~~10A.01~~ 10B.01. These terms do not
2 include the mailing made by the association board on behalf of
3 the candidate. A candidate shall file a report within 30 days
4 from the day that the results of the election are announced.
5 The Campaign Finance and Public Disclosure Board shall maintain
6 these reports and make them available for public inspection in
7 the same manner as the board maintains and makes available other
8 reports filed with it. By January 10 of each year in which
9 elections are to be held the board shall distribute by mail to
10 the members ballots listing the candidates. No member may vote
11 for more than one candidate for each board position to be
12 filled. A ballot indicating a vote for more than one person for
13 any position is void. No special marking may be used on the
14 ballot to indicate incumbents. The last day for mailing ballots
15 to the fund is January 31. Terms expire on January 31 of the
16 fourth year, and positions are vacant until newly elected
17 members are qualified. The ballot envelopes must be so designed
18 and the ballots counted in a manner that ensures that each vote
19 is secret.

20 The secretary of state shall supervise the elections. The
21 board of trustees and the executive director shall undertake
22 their activities consistent with chapter 356A.

23 Sec. 53. Minnesota Statutes 2004, section 383B.042,
24 subdivision 5, is amended to read:

25 Subd. 5. "Candidate" means an individual, not within the
26 definition of candidate of section ~~10A.01~~ 10B.01, subdivision ~~10~~
27 8, who seeks nomination or election to any county office in
28 Hennepin County, to any city office in any home rule charter
29 city or statutory city located wholly within Hennepin County and
30 having a population of 75,000 or more or to the school board of
31 Special School District No. 1, Minneapolis.

32 Sec. 54. [TRANSITION.]

33 Subdivision 1. [ELECTION CYCLE.] Notwithstanding Minnesota
34 Statutes, section 10B.01, subdivision 14, the first election
35 cycle begins on the effective date of Minnesota Statutes,
36 section 10B.13, and concludes on December 31 following the next

1 general election for the office.

2 Subd. 2. [CONTRIBUTION LIMITS.] Contributions to a
3 candidate that were made before the effective date of Minnesota
4 Statutes, section 10B.13, and were lawful when made need not be
5 refunded, even though they exceed the new limits on
6 contributions in Minnesota Statutes, section 10B.13.

7 Subd. 3. [EXPENDITURE LIMITS.] All spending limit
8 agreements filed with the campaign finance and public disclosure
9 board before the effective date of Minnesota Statutes, section
10 10B.19, become void on that date and all eligibility for
11 continued public subsidies under Minnesota Statutes, chapter 10A
12 or 290, is ended on that date. The new expenditure limits and
13 eligibility for a public subsidy under this act apply to
14 candidates who sign and file with the campaign finance and
15 public disclosure board a new spending limit agreement under
16 Minnesota Statutes, section 10B.19, on or after its effective
17 date.

18 Subd. 4. [CARRYFORWARD.] The carryforward limitations in
19 Minnesota Statutes, section 10B.24, apply to assets on hand on
20 the effective date of that section, except that capital assets
21 of a principal campaign committee acquired more than 90 days
22 before the effective date of Minnesota Statutes, section 10B.24,
23 may be carried forward to the first election cycle under this
24 act without limit on their value.

25 Sec. 55. [REPEALER.]

26 Minnesota Statutes 2004, sections 10A.01, subdivisions 3,
27 4, 6, 7, 9, 10, 11, 12, 13, 15, 16, 17, 18, 20, 23, 25, 26, 27,
28 28, 29, 30, 32, 34, and 36; 10A.105; 10A.11; 10A.12; 10A.13;
29 10A.14; 10A.15; 10A.16; 10A.17; 10A.18; 10A.20; 10A.24; 10A.241;
30 10A.242; 10A.25; 10A.255; 10A.257; 10A.27; 10A.273; 10A.275;
31 10A.28; 10A.29; 10A.30; 10A.31; 10A.315; 10A.321; 10A.322;
32 10A.323; 10A.324; and 290.06, subdivision 23, are repealed.

33 Sec. 56. [INSTRUCTION TO REVISOR.]

34 In the next edition of Minnesota Statutes, the revisor of
35 statutes must note that the sections of Minnesota Statutes
36 listed in column A have been reenacted, as amended, as the

1 sections of Minnesota Statutes listed in column B, as follows:

2	<u>Column A</u>	<u>Column B</u>
3	<u>10A.01, subd. 3</u>	<u>10B.01, subd. 2</u>
4	subd. 4	subd. 3
5	subd. 6	subd. 4
6	subd. 7	subd. 5
7	subd. 9	subd. 7
8	subd. 10	subd. 8
9	subd. 10a	subd. 9
10	subd. 11	subd. 10
11	subd. 12	subd. 11
12	subd. 13	subd. 12
13	subd. 15	subd. 13
14	subd. 16	subd. 14
15	subd. 17	subd. 15
16	subd. 18	subd. 16
17	subd. 20	subd. 17
18	subd. 23	subd. 18
19	subd. 25	subd. 19
20	subd. 26	subd. 20
21	subd. 27	subd. 21
22	subd. 28	subd. 22
23	subd. 29	subd. 23
24	subd. 30	subd. 24
25	subd. 32	subd. 25
26	subd. 34	subd. 26
27	subd. 36	subd. 27
28	<u>10A.105</u>	<u>10B.02</u>
29	<u>10A.11</u>	<u>10B.03</u>
30	<u>10A.12</u>	<u>10B.04</u>
31	<u>10A.13</u>	<u>10B.06</u>
32	<u>10A.14</u>	<u>10B.07</u>
33	<u>10A.15</u>	<u>10B.08</u>
34	<u>10A.16</u>	<u>10B.09</u>
35	<u>10A.17</u>	<u>10B.10</u>
36	<u>10A.18</u>	<u>10B.11</u>

1	<u>10A.20</u>	<u>10B.12</u>
2	<u>10A.24</u>	<u>10B.27</u>
3	<u>10A.241</u>	<u>10B.28</u>
4	<u>10A.242</u>	<u>10B.26</u>
5	<u>10A.25</u>	<u>10B.17</u>
6	<u>10A.255</u>	<u>10B.22, subd. 3</u>
7	<u>10A.257</u>	<u>10B.24</u>
8	<u>10A.27</u>	<u>10B.13</u>
9	<u>10A.273</u>	<u>10B.14</u>
10	<u>10A.275</u>	<u>10B.19</u>
11	<u>10A.28, subd. 1</u>	<u>10B.25, subd. 2</u>
12	<u>subd. 2</u>	<u>subd. 1</u>
13	<u>subd. 3</u>	<u>subd. 3</u>
14	<u>subd. 4</u>	<u>subd. 4</u>
15	<u>10A.29</u>	<u>10B.15</u>
16	<u>10A.315</u>	<u>10B.22, subd. 6</u>
17	<u>10A.322</u>	<u>10B.19</u>
18	<u>10A.323</u>	<u>10B.20</u>
19	<u>10A.324</u>	<u>10B.23</u>
20	<u>290.06, subd. 23</u>	<u>10B.16</u>
21	Sec. 57. [EFFECTIVE DATE.]	
22	<u>Except as otherwise provided, this act is effective August</u>	
23	<u>1, 2005.</u>	

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10A.01 DEFINITIONS.

Subd. 3. **Advance of credit.** "Advance of credit" means any money owed for goods provided or services rendered. "Advance of credit" does not mean a loan as defined in subdivision 21.

Subd. 4. **Approved expenditure.** "Approved expenditure" means an expenditure made on behalf of a candidate by an entity other than the principal campaign committee of the candidate, if the expenditure is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of the candidate, the candidate's principal campaign committee, or the candidate's agent. An approved expenditure is a contribution to that candidate.

Subd. 6. **Association.** "Association" means a group of two or more persons, who are not all members of an immediate family, acting in concert.

Subd. 7. **Ballot question.** "Ballot question" means a question or proposition that is placed on the ballot and that may be voted on by all voters of the state. "Promoting or defeating a ballot question" includes activities related to qualifying the question for placement on the ballot.

Subd. 9. **Campaign expenditure.** "Campaign expenditure" or "expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question.

An expenditure is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Except as provided in clause (1), "expenditure" includes the dollar value of a donation in kind.

"Expenditure" does not include:

- (1) noncampaign disbursements as defined in subdivision 26;
- (2) services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee, political fund, principal campaign committee, or party unit; or
- (3) the publishing or broadcasting of news items or editorial comments by the news media.

Subd. 10. **Candidate.** "Candidate" means an individual who seeks nomination or election as a state constitutional officer, legislator, or judge. An individual is deemed to seek nomination or election if the individual has taken the action necessary under the law of this state to qualify for nomination or election, has received contributions or made expenditures in excess of \$100, or has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100, for the purpose of bringing about the individual's nomination or election. A candidate remains a candidate until the candidate's principal campaign committee is dissolved as provided in section 10A.24.

Subd. 11. **Contribution.** (a) "Contribution" means money, a negotiable instrument, or a donation in kind that is given to a political committee, political fund, principal

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campaign committee, or party unit.

(b) "Contribution" includes a loan or advance of credit to a political committee, political fund, principal campaign committee, or party unit, if the loan or advance of credit is: (1) forgiven; or (2) repaid by an individual or an association other than the political committee, political fund, principal campaign committee, or party unit to which the loan or advance of credit was made. If an advance of credit or a loan is forgiven or repaid as provided in this paragraph, it is a contribution in the year in which the loan or advance of credit was made.

(c) "Contribution" does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee, political fund, principal campaign committee, or party unit, or the publishing or broadcasting of news items or editorial comments by the news media.

Subd. 12. Depository. "Depository" means a bank, savings association, or credit union organized under federal or state law and transacting business within this state.

Subd. 13. Donation in kind. "Donation in kind" means anything of value that is given, other than money or negotiable instruments. An approved expenditure is a donation in kind.

Subd. 15. Election. "Election" means a primary, special primary, general, or special election.

Subd. 16. Election cycle. "Election cycle" means the period from January 1 following a general election for an office to December 31 following the next general election for that office, except that "election cycle" for a special election means the period from the date the special election writ is issued to 60 days after the special election is held.

Subd. 17. Financial institution. "Financial institution" means a lending institution chartered by an agency of the federal government or regulated by the commissioner of commerce.

Subd. 18. Independent expenditure. "Independent expenditure" means an expenditure expressly advocating the election or defeat of a clearly identified candidate, if the expenditure is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution to that candidate. An expenditure by a political party or political party unit in a race where the political party has a candidate on the ballot is not an independent expenditure.

Subd. 20. Loan. "Loan" means an advance of money or anything of value made to a political committee, political fund, principal campaign committee, or party unit.

Subd. 23. Major political party. "Major political party" means a major political party as defined in section 200.02, subdivision 7.

Subd. 25. Minor political party. "Minor political party" means a minor political party as defined in section 200.02, subdivision 23.

Subd. 26. Noncampaign disbursement. "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, or a donation in kind received, by a principal campaign committee for any of

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the following purposes:

- (1) payment for accounting and legal services;
- (2) return of a contribution to the source;
- (3) repayment of a loan made to the principal campaign committee by that committee;
- (4) return of a public subsidy;
- (5) payment for food, beverages, entertainment, and facility rental for a fund-raising event;
- (6) services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;
- (7) payment for food and beverages provided to campaign volunteers while they are engaged in campaign activities;
- (8) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;
- (9) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;
- (10) costs of child care for the candidate's children when campaigning;
- (11) fees paid to attend a campaign school;
- (12) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;
- (13) interest on loans paid by a principal campaign committee on outstanding loans;
- (14) filing fees;
- (15) post-general election thank-you notes or advertisements in the news media;
- (16) the cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used;
- (17) contributions to a party unit; and
- (18) other purchases or payments specified in board rules or advisory opinions as being for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question.

The board must determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

A noncampaign disbursement is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

Subd. 27. Political committee. "Political committee" means an association whose major purpose is to influence the nomination or election of a candidate or to promote or defeat a ballot question, other than a principal campaign committee or a political party unit.

Subd. 28. Political fund. "Political fund" means an accumulation of dues or voluntary contributions by an association other than a political committee, principal campaign committee, or party unit, if the accumulation is collected or expended to influence the nomination or election of a candidate or to promote or defeat a ballot question.

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Subd. 29. Political party. "Political party" means a major political party or a minor political party. A political party is the aggregate of all its political party units in this state.

Subd. 30. Political party unit or party unit. "Political party unit" or "party unit" means the state committee or the party organization within a house of the legislature, congressional district, county, legislative district, municipality, or precinct.

Subd. 32. Population. "Population" means the population established by the most recent federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the Metropolitan Council, or by an estimate made by the state demographer under section 4A.02, whichever has the latest stated date of count or estimate.

Subd. 34. Principal campaign committee. "Principal campaign committee" means a principal campaign committee formed under section 10A.105.

Subd. 36. State committee. "State committee" means the organization that, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of the political party at the state level.

10A.105 PRINCIPAL CAMPAIGN COMMITTEE.

Subdivision 1. Single committee. A candidate must not accept contributions from a source, other than self, in aggregate in excess of \$100 or accept a public subsidy unless the candidate designates and causes to be formed a single principal campaign committee for each office sought. A candidate may not authorize, designate, or cause to be formed any other political committee bearing the candidate's name or title or otherwise operating under the direct or indirect control of the candidate. However, a candidate may be involved in the direct or indirect control of a party unit.

Subd. 2. Replacement of officers. A candidate may at any time without cause remove and replace the chair, treasurer, deputy treasurer, or any other officer of the candidate's principal campaign committee.

10A.11 ORGANIZATION OF COMMITTEES AND PARTY UNITS.

Subdivision 1. Chair and treasurer. A political committee, principal campaign committee, or party unit must have a chair and a treasurer. The chair and treasurer may be the same individual.

Subd. 2. Treasurer vacancy. A political committee, principal campaign committee, or party unit may not accept a contribution or make an expenditure or permit an expenditure to be made on its behalf while the office of treasurer is vacant.

Subd. 3. Deputy treasurers. The treasurer of a political committee, principal campaign committee, or party unit may appoint as many deputy treasurers as necessary and is responsible for their accounts.

Subd. 4. Depositories. The treasurer of a political committee, principal campaign committee, or party unit may designate one or two depositories in each county in which a campaign is conducted.

Subd. 5. Commingling prohibited. A political committee, principal campaign committee, or party unit may not commingle its funds with personal funds of officers, members, or associates of the committee.

Subd. 7. Penalty. A person who knowingly violates

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this section is subject to a civil penalty imposed by the board of up to \$1,000.

10A.12 POLITICAL FUNDS.

Subdivision 1. **When required.** An association other than a political committee or party unit may not contribute more than \$100 in aggregate in any one year to candidates, political committees, or party units or make any approved or independent expenditure or expenditure to promote or defeat a ballot question unless the contribution or expenditure is made from a political fund.

Subd. 2. **Commingling prohibited.** The contents of a political fund may not be commingled with other funds or with the personal funds of an officer or member of the fund.

Subd. 3. **Treasurer.** An association that has a political fund must elect or appoint a treasurer of the political fund.

Subd. 4. **Treasurer vacancy.** A political fund may not accept a contribution or make an expenditure or contribution from the political fund while the office of treasurer of the political fund is vacant.

Subd. 5. **Dues or membership fees.** An association may, if not prohibited by other law, deposit in its political fund money derived from dues or membership fees. Under section 10A.20, the treasurer of the fund must disclose the name of any member whose dues, membership fees, and contributions deposited in the political fund together exceed \$100 in a year.

Subd. 6. **Penalty.** A person who knowingly violates this section is subject to a civil penalty imposed by the board of up to \$1,000.

10A.13 ACCOUNTS THAT MUST BE KEPT.

Subdivision 1. **Accounts; penalty.** The treasurer of a political committee, political fund, principal campaign committee, or party unit must keep an account of:

(1) the sum of all contributions, except any donation in kind valued at \$20 or less, made to the committee, fund, or party unit;

(2) the name and address of each source of a contribution made to the committee, fund, or party unit in excess of \$20, together with the date and amount of each;

(3) each expenditure made by the committee, fund, or party unit, together with the date and amount;

(4) each approved expenditure made on behalf of the committee, fund, or party unit, together with the date and amount; and

(5) the name and address of each political committee, political fund, principal campaign committee, or party unit to which contributions in excess of \$20 have been made, together with the date and amount.

Any individual who knowingly violates this subdivision is subject to a civil penalty imposed by the board of up to \$1,000.

Subd. 2. **Receipts.** The treasurer must obtain a receipted bill, stating the particulars, for every expenditure over \$100 made by, or approved expenditure over \$100 made on behalf of, the committee, fund, or party unit, and for any expenditure or approved expenditure in a lesser amount if the aggregate amount of lesser expenditures and approved expenditures made to the same individual or association during the same year exceeds \$100.

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10A.14 REGISTRATION.

Subdivision 1. **First registration.** The treasurer of a political committee, political fund, principal campaign committee, or party unit must register with the board by filing a statement of organization no later than 14 days after the committee, fund, or party unit has made a contribution, received contributions, or made expenditures in excess of \$100.

Subd. 2. **Form.** The statement of organization must include:

(1) the name and address of the committee, fund, or party unit;

(2) the name and address of the chair of a political committee, principal campaign committee, or party unit;

(3) the name and address of any supporting association of a political fund;

(4) the name and address of the treasurer and any deputy treasurers;

(5) a listing of all depositories or safety deposit boxes used; and

(6) for the state committee of a political party only, a list of its party units.

Subd. 4. **Failure to file; penalty.** The board must send a notice by certified mail to any individual who fails to file a statement required by this section. If the individual fails to file a statement within ten business days after the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with the 11th day after the notice was sent.

The board must send an additional notice by certified mail to any individual who fails to file a statement within 14 days after the first notice was sent by the board that the individual may be subject to a civil penalty for failure to file the report. An individual who fails to file the statement within seven days after the second notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

10A.15 CONTRIBUTIONS.

Subdivision 1. **Anonymous contributions.** A political committee, political fund, principal campaign committee, or party unit may not retain an anonymous contribution in excess of \$20, but must forward it to the board for deposit in the general account of the state elections campaign fund.

Subd. 2. **Source; amount; date.** An individual who receives a contribution in excess of \$20 for a political committee, political fund, principal campaign committee, or party unit must, on demand of the treasurer, inform the treasurer of the name and, if known, the address of the source of the contribution, the amount of the contribution, and the date it was received.

Subd. 3. **Deposit.** All contributions received by or on behalf of a candidate, principal campaign committee, political committee, political fund, or party unit must be deposited in an account designated "Campaign Fund of (name of candidate, committee, fund, or party unit)." All contributions must be deposited promptly upon receipt and, except for contributions received during the last three days of a reporting period as described in section 10A.20, must be deposited during the reporting period in which they were received. A contribution received during the last three days of a reporting period must be deposited within 72 hours after

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receipt and must be reported as received during the reporting period whether or not deposited within that period. A candidate, principal campaign committee, political committee, political fund, or party unit may refuse to accept a contribution. A deposited contribution may be returned to the contributor within 60 days after deposit. A contribution deposited and not returned within 60 days after that deposit must be reported as accepted.

Subd. 3a. **Excess.** A treasurer of a principal campaign committee of a candidate may not deposit a contribution that on its face exceeds the limit on contributions to the candidate prescribed by section 10A.27 unless, at the time of deposit, the treasurer issues a check to the source for the amount of the excess.

Subd. 3b. **Attributable contributions.** Contributions made to a candidate or principal campaign committee that are directed to the candidate or principal campaign committee by a political fund, committee, or party unit must be reported as attributable to the political fund, committee, or party unit and count toward the contribution limits of that fund, committee, or party unit specified in section 10A.27, if the fund, committee, or party unit was organized or is operated primarily to direct contributions other than from its own money to one or more candidates or principal campaign committees. The treasurer of the political fund, committee, or party unit must advise the candidate or the candidate's principal campaign committee if the contribution or contributions are not from the money of the fund, committee, or party unit and the original source of the money. As used in this subdivision, the term "direct" includes, but is not limited to, order, command, control, or instruct. A violation of this subdivision is a violation of section 10A.29.

Subd. 3c. **Related committees.** An individual, association, political committee, political fund, or party unit may establish, finance, maintain, or control a political committee, political fund, or party unit. One who does this is a "parent." The political committee, fund, or party unit so established, financed, maintained, or controlled is a "subsidiary." If the parent is an association, the association must create a political committee or political fund to serve as the parent for reporting purposes. A subsidiary must report its contribution to a candidate or principal campaign committee as attributable to its parent, and the contribution is counted toward the contribution limits in section 10A.27 of the parent as well as of the subsidiary.

Subd. 4. **Penalty.** An individual violating this section is subject to a civil penalty imposed by the board of up to \$1,000.

Subd. 5. **Registration number on checks.** A contribution made to a candidate by a lobbyist, political committee, political fund, or party unit must show the name of the lobbyist, political committee, political fund, or party unit and the number under which it is registered with the board.

10A.16 EARMARKING CONTRIBUTIONS PROHIBITED.

An individual, political committee, political fund, principal campaign committee, or party unit may not solicit or accept a contribution from any source with the express or implied condition that the contribution or any part of it be directed to a particular candidate other than the initial recipient. An individual, political committee, political fund,

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principal campaign committee, or party unit that knowingly accepts any earmarked contribution is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

10A.17 EXPENDITURES.

Subdivision 1. Authorization. A political committee, political fund, principal campaign committee, or party unit may not expend money unless the expenditure is authorized by the treasurer or deputy treasurer of that committee, fund, or party unit.

Subd. 2. Written authorization. An individual or association may not make an approved expenditure of more than \$20 without receiving written authorization from the treasurer of the principal campaign committee of the candidate who approved the expenditure stating the amount that may be spent and the purpose of the expenditure.

Subd. 3. Petty cash. The treasurer or deputy treasurer of a political committee, principal campaign committee, or party unit may sign vouchers for petty cash of up to \$100 per week for statewide elections or \$20 per week for legislative elections, to be used for miscellaneous expenditures.

Subd. 3a. Personal loans. A principal campaign committee, political committee, political fund, or party unit may not lend money it has raised to anyone for purposes not related to the conduct of a campaign.

Subd. 4. Independent expenditures. An individual, political committee, political fund, principal campaign committee, or party unit that independently solicits or accepts contributions or makes independent expenditures on behalf of a candidate must publicly disclose that the expenditure is an independent expenditure. All written communications with those from whom contributions are independently solicited or accepted or to whom independent expenditures are made on behalf of a candidate must contain a statement in conspicuous type that the activity is an independent expenditure and is not approved by the candidate nor is the candidate responsible for it. Similar language must be included in all oral communications, in conspicuous type on the front page of all literature and advertisements published or posted, and at the end of all broadcast advertisements made by that individual, political committee, political fund, principal campaign committee, or party unit on the candidate's behalf.

Subd. 5. Penalty. A person who violates subdivision 2 is subject to a civil penalty imposed by the board of up to \$1,000. A person who knowingly violates subdivision 3a or 4 or falsely claims that an expenditure was an independent expenditure is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

10A.18 TIME FOR RENDERING BILLS, CHARGES, OR CLAIMS; PENALTY.

A person who has a bill, charge, or claim against a political committee, political fund, principal campaign committee, or party unit for an expenditure must render in writing to the treasurer of the committee, fund, or party unit the bill, charge, or claim within 60 days after the material or service is provided. A person who violates this section is subject to a civil penalty imposed by the board of up to \$1,000.

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10A.20 CAMPAIGN REPORTS.

Subdivision 1. **First filing; duration.** The treasurer of a political committee, political fund, principal campaign committee, or party unit must begin to file the reports required by this section in the first year it receives contributions or makes expenditures in excess of \$100 and must continue to file until the committee, fund, or party unit is terminated.

Subd. 1a. **If treasurer position is vacant.** If the position of treasurer of a principal campaign committee, political committee, political fund, or party unit is vacant, the candidate, chair of a political committee or party unit, or association officer of a political fund is responsible for filing reports required by this section.

Subd. 2. **Time for filing.** (a) The reports must be filed with the board on or before January 31 of each year and additional reports must be filed as required and in accordance with paragraphs (b) and (c).

(b) In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee must be filed 15 days before a primary and ten days before a general election, seven days before a special primary and a special election, and ten days after a special election cycle.

(c) In each general election year, a political committee, political fund, or party unit must file reports 15 days before a primary and ten days before a general election.

Subd. 3. **Contents of report.** (a) The report must disclose the amount of liquid assets on hand at the beginning of the reporting period.

(b) The report must disclose the name, address, and employer, or occupation if self-employed, of each individual or association that has made one or more contributions to the reporting entity, including the purchase of tickets for a fund-raising effort, that in aggregate within the year exceed \$100 for legislative or statewide candidates or ballot questions, together with the amount and date of each contribution, and the aggregate amount of contributions within the year from each source so disclosed. A donation in kind must be disclosed at its fair market value. An approved expenditure must be listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors must be listed in alphabetical order. Contributions from the same contributor must be listed under the same name. When a contribution received from a contributor in a reporting period is added to previously reported unitemized contributions from the same contributor and the aggregate exceeds the disclosure threshold of this paragraph, the name, address, and employer, or occupation if self-employed, of the contributor must then be listed on the report.

(c) The report must disclose the sum of contributions to the reporting entity during the reporting period.

(d) The report must disclose each loan made or received by the reporting entity within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name, address, occupation, and principal place of business, if any, of the lender and any endorser and the date and amount of the loan. If a loan made to the principal campaign committee of a candidate is forgiven or is repaid by an entity other than that principal campaign committee, it must be

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reported as a contribution for the year in which the loan was made.

(e) The report must disclose each receipt over \$100 during the reporting period not otherwise listed under paragraphs (b) to (d).

(f) The report must disclose the sum of all receipts of the reporting entity during the reporting period.

(g) The report must disclose the name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the reporting entity within the year in excess of \$100, together with the amount, date, and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question that the expenditure was intended to promote or defeat, and in the case of independent expenditures made in opposition to a candidate, the candidate's name, address, and office sought. A reporting entity making an expenditure on behalf of more than one candidate for state or legislative office must allocate the expenditure among the candidates on a reasonable cost basis and report the allocation for each candidate.

(h) The report must disclose the sum of all expenditures made by or on behalf of the reporting entity during the reporting period.

(i) The report must disclose the amount and nature of an advance of credit incurred by the reporting entity, continuously reported until paid or forgiven. If an advance of credit incurred by the principal campaign committee of a candidate is forgiven by the creditor or paid by an entity other than that principal campaign committee, it must be reported as a donation in kind for the year in which the advance of credit was made.

(j) The report must disclose the name and address of each political committee, political fund, principal campaign committee, or party unit to which contributions have been made that aggregate in excess of \$100 within the year and the amount and date of each contribution.

(k) The report must disclose the sum of all contributions made by the reporting entity during the reporting period.

(l) The report must disclose the name and address of each individual or association to whom noncampaign disbursements have been made that aggregate in excess of \$100 within the year by or on behalf of the reporting entity and the amount, date, and purpose of each noncampaign disbursement.

(m) The report must disclose the sum of all noncampaign disbursements made within the year by or on behalf of the reporting entity.

(n) The report must disclose the name and address of a nonprofit corporation that provides administrative assistance to a political committee or political fund as authorized by section 211B.15, subdivision 17, the type of administrative assistance provided, and the aggregate fair market value of each type of assistance provided to the political committee or political fund during the reporting period.

Subd. 4. Period of report. A report must cover the period from the last day covered by the previous report to seven days before the filing date, except that the report due on January 31 must cover the period from the last day covered by the previous report to December 31.

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Subd. 5. Preelection reports. In a statewide election any loan, contribution, or contributions from any one source totaling \$2,000 or more, or in any judicial district or legislative election totaling more than \$400, received between the last day covered in the last report before an election and the election must be reported to the board in one of the following ways:

- (1) in person within 48 hours after its receipt;
- (2) by telegram or mailgram within 48 hours after its receipt; or
- (3) by certified mail sent within 48 hours after its receipt.

These loans and contributions must also be reported in the next required report.

The 48-hour notice requirement does not apply with respect to a primary in which the statewide or legislative candidate is unopposed.

Subd. 6. Report when no committee. A candidate who does not designate and cause to be formed a principal campaign committee and an individual who makes independent expenditures or expenditures expressly advocating the approval or defeat of a ballot question in aggregate in excess of \$100 in a year must file with the board a report containing the information required by subdivision 3. Reports required by this subdivision must be filed on the dates on which reports by committees, funds, and party units are filed.

Subd. 6a. Statement of independence. An individual, political committee, political fund, or party unit filing a report or statement disclosing an independent expenditure under subdivision 3 or 6 must file with the report a sworn statement that the disclosed expenditures were not made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of any candidate or any candidate's principal campaign committee or agent.

Subd. 6b. Independent expenditures; notice. (a) Within 24 hours after an individual, political committee, or political fund makes or becomes obligated by oral or written agreement to make an independent expenditure in excess of \$100, other than an expenditure by an association targeted to inform solely its own dues-paying members of the association's position on a candidate, the individual, political committee, or political fund must file with the board an affidavit notifying the board of the intent to make the independent expenditure and serve a copy of the affidavit on each candidate in the affected race and on the treasurer of the candidate's principal campaign committee. The affidavit must contain the information with respect to the expenditure that is required to be reported under subdivision 3, paragraph (g); except that if an expenditure is reported before it is made, the notice must include a reasonable estimate of the anticipated amount. Each new expenditure requires a new notice.

(b) An individual or the treasurer of a political committee or political fund who fails to give notice as required by this subdivision, or who files a false affidavit of notice, is guilty of a gross misdemeanor and is subject to a civil fine of up to four times the amount of the independent expenditure stated in the notice or of which notice was required, whichever is greater.

Subd. 7. Statement of inactivity. If a reporting

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entity has no receipts or expenditures during a reporting period, the treasurer must file with the board at the time required by this section a statement to that effect.

Subd. 8. **Exemption from disclosure.** The board must exempt a member of or contributor to an association or any other individual, from the requirements of this section if the member, contributor, or other individual demonstrates by clear and convincing evidence that disclosure would expose the member or contributor to economic reprisals, loss of employment, or threat of physical coercion.

An association may seek an exemption for all of its members or contributors if it demonstrates by clear and convincing evidence that a substantial number of its members or contributors would suffer a restrictive effect on their freedom of association if members were required to seek exemptions individually.

Subd. 10. **Exemption procedure.** An individual or association seeking an exemption under subdivision 8 must submit a written application for exemption to the board. The board, without hearing, must grant or deny the exemption within 30 days after receiving the application and must issue a written order stating the reasons for its action. The board must publish its order in the State Register and give notice to all parties known to the board to have an interest in the matter. If the board receives a written objection to its action from any party within 20 days after publication of its order and notification of interested parties, the board must hold a contested case hearing on the matter. Upon the filing of a timely objection from the applicant, an order denying an exemption is suspended pending the outcome of the contested case. If no timely objection is received, the exemption continues in effect until a written objection is filed with the board in a succeeding election year. The board by rule must establish a procedure so that an individual seeking an exemption may proceed anonymously if the individual would be exposed to the reprisals listed in subdivision 8 if the individual's identity were to be revealed for the purposes of a hearing.

Subd. 12. **Failure to file; penalty.** The board must send a notice by certified mail to any individual who fails to file a statement required by this section. If an individual fails to file a statement due January 31 within ten business days after the notice was sent, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with the 11th day after the notice was sent.

If an individual fails to file a statement due before a primary or election within three days after the date due, regardless of whether the individual has received any notice, the board may impose a late filing fee of \$50 per day, not to exceed \$500, commencing on the fourth day after the date the statement was due.

The board must send an additional notice by certified mail to an individual who fails to file a statement within 14 days after the first notice was sent by the board that the individual may be subject to a civil penalty for failure to file a statement. An individual who fails to file the statement within seven days after the second notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

Subd. 13. **Third-party reimbursement.** An individual or association filing a report disclosing an expenditure or

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noncampaign disbursement that must be reported and itemized under subdivision 3, paragraph (g) or (l), that is a reimbursement to a third party must report the purpose of each expenditure or disbursement for which the third party is being reimbursed. An expenditure or disbursement is a reimbursement to a third party if it is for goods or services that were not directly provided by the individual or association to whom the expenditure or disbursement is made. Third-party reimbursements include payments to credit card companies and reimbursement of individuals for expenses they have incurred.

Subd. 14. **Reports by solicitors.** An individual or association, other than a candidate or the members of a candidate's principal campaign committee, that directly solicits and causes others to make contributions to candidates or a party unit in a house of the legislature, that aggregate more than \$5,000 between January 1 of a general election year and the end of the reporting period must file with the board a report disclosing the amount of each contribution, the names of the contributors, and to whom the contributions were given. The report must be filed 15 days before a primary and ten days before a general election. The report for each calendar year must be filed with the board by January 31 of the following year.

Subd. 15. **Equitable relief.** A candidate whose opponent does not timely file the report due 15 days before the primary, the report due ten days before the general election, or the notice required under section 10A.25, subdivision 10, may petition the district court for immediate equitable relief to enforce the filing requirement. A prevailing party under this subdivision may be awarded attorney fees and costs by the court.

10A.24 DISSOLUTION OR TERMINATION.

Subdivision 1. **Termination report.** A political committee, political fund, principal campaign committee, or party unit may not dissolve until it has settled all of its debts and disposed of all its assets in excess of \$100 and filed a termination report. "Assets" include credit balances at vendors and physical assets such as computers and postage stamps. Physical assets must be listed at their fair market value. The termination report may be made at any time and must include all information required in periodic reports.

Subd. 2. **Termination allowed.** Notwithstanding subdivision 1, a committee, fund, or party unit that has debts incurred more than six years previously, has disposed of all its assets, and has met the requirements of section 10A.20, subdivision 7, may notify any remaining creditors by certified mail and then file a termination report.

10A.241 TRANSFER OF DEBTS.

Notwithstanding section 10A.24, a candidate may terminate the candidate's principal campaign committee for one state office by transferring any debts of that committee to the candidate's principal campaign committee for another state office if all outstanding unpaid bills or loans from the committee being terminated are assumed and continuously reported by the committee to which the transfer is being made until paid or forgiven. A loan that is forgiven is covered by section 10A.20 and, for purposes of section 10A.324, is a contribution to the principal campaign committee from which the debt was transferred under this section.

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10A.242 DISSOLUTION OF INACTIVE COMMITTEES AND FUNDS.

Subdivision 1. **Dissolution required.** A political committee, political fund, or principal campaign committee must be dissolved within 60 days after receiving notice from the board that the committee or fund has become inactive. The assets of the committee or fund must be spent for the purposes authorized by section 211B.12 and other applicable law or liquidated and deposited in the general account of the state elections campaign fund within 60 days after the board notifies the committee or fund that it has become inactive.

Subd. 2. **Inactivity defined.** (a) A principal campaign committee becomes inactive on the later of the following dates:

(1) when six years have elapsed since the last election in which the person was a candidate for the office sought or held at the time the principal campaign committee registered with the board; or

(2) when six years have elapsed since the last day on which the individual for whom it exists served in an elective office subject to this chapter.

(b) A political committee or fund becomes inactive when two years have elapsed since the end of a reporting period during which the political committee or fund made an expenditure or disbursement requiring disclosure under this chapter.

Subd. 3. **Remaining debts.** If a committee or fund becomes inactive when it still has unpaid debts, the committee or fund must liquidate available assets to pay the debts. If insufficient assets exist to pay the debts, the board may set up a payment schedule and allow the committee or fund to defer dissolution until all debts are paid. This section does not extinguish debts incurred by the committee or fund.

10A.25 SPENDING LIMITS.

Subdivision 1. **Limits are voluntary.** The expenditure limits imposed by this section apply only to a candidate who has signed an agreement under section 10A.322 to be bound by them as a condition of receiving a public subsidy for the candidate's campaign.

Subd. 2. **Amounts.** (a) In a year in which an election is held for an office sought by a candidate, the principal campaign committee of the candidate must not make campaign expenditures nor permit approved expenditures to be made on behalf of the candidate that result in aggregate expenditures in excess of the following:

(1) for governor and lieutenant governor, running together, \$2,188,090;

(2) for attorney general, \$364,690;

(3) for secretary of state and state auditor, separately, \$182,350;

(4) for state senator, \$54,740;

(5) for state representative, \$28,400.

(b) In addition to the amount in paragraph (a), clause (1), a candidate for endorsement for the office of lieutenant governor at the convention of a political party may make campaign expenditures and approved expenditures of five percent of that amount to seek endorsement.

(c) If a special election cycle occurs during a general election cycle, expenditures by or on behalf of a candidate in the special election do not count as expenditures by or on behalf of the candidate in the general election.

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(d) The expenditure limits in this subdivision for an office are increased by ten percent for a candidate who is running for that office for the first time and who has not run previously for any other office whose territory now includes a population that is more than one-third of the population in the territory of the new office.

Subd. 2a. **Aggregated expenditures.** If a candidate makes expenditures from more than one principal campaign committee for nomination or election to statewide office in the same election year, the amount of expenditures from all of the candidate's principal campaign committees for statewide office for that election year must be aggregated for purposes of applying the limits on expenditures under subdivision 2.

Subd. 3. **Governor and lieutenant governor a single candidate.** For the purposes of sections 10A.11 to 10A.34, a candidate for governor and a candidate for lieutenant governor, running together, are considered a single candidate. Except as provided in subdivision 2, paragraph (b), all expenditures made by or all approved expenditures made on behalf of the candidate for lieutenant governor are considered to be expenditures by or approved expenditures on behalf of the candidate for governor.

Subd. 3a. **Independent expenditures.** The principal campaign committee of a candidate must not make independent expenditures.

Subd. 5. **Contested primary races.** Notwithstanding the limits imposed by subdivision 2, the winning candidate in a contested race in a primary who received fewer than twice as many votes as any one of the candidate's opponents in that primary may make expenditures and permit approved expenditures to be made on behalf of the candidate equal to 120 percent of the applicable limit as set forth in subdivision 2, but no more than 100 percent of the limit until after the primary.

Subd. 6. **Limit in nonelection year.** During an election cycle, in any year before the election year for the office held or sought by the candidate, a candidate must not make campaign expenditures nor permit approved expenditures to be made on behalf of the candidate that exceed 20 percent of the expenditure limit set forth in subdivision 2.

Subd. 10. **Effect of opponent's conduct.** (a) After the deadline for filing a spending limit agreement under section 10A.322, a candidate who has agreed to be bound by the expenditure limits imposed by this section as a condition of receiving a public subsidy for the candidate's campaign may choose to be released from the expenditure limits but remain eligible to receive a public subsidy if the candidate has an opponent who has not agreed to be bound by the limits and has received contributions or made or become obligated to make expenditures during that election cycle in excess of the following limits:

(1) up to the close of the reporting period before the primary election, receipts or expenditures equal to 20 percent of the expenditure limit for that office as set forth in subdivision 2; or

(2) after the close of the reporting period before the primary election, cumulative receipts or expenditures during that election cycle equal to 50 percent of the expenditure limit for that office as set forth in subdivision 2.

Before the primary election, a candidate's "opponents" are only those who will appear on the ballot of the same party in

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the primary election.

(b) A candidate who has not agreed to be bound by expenditure limits, or the candidate's principal campaign committee, must file written notice with the board and provide written notice to any opponent of the candidate for the same office within 24 hours of exceeding the limits in paragraph (a). The notice must state only that the candidate or candidate's principal campaign committee has received contributions or made or become obligated to make campaign expenditures in excess of the limits in paragraph (a).

(c) Upon receipt of the notice, a candidate who had agreed to be bound by the limits may file with the board a notice that the candidate chooses to be no longer bound by the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure limits that is based on the conduct of an opponent in the state primary election may not be filed more than one day after the State Canvassing Board has declared the results of the state primary.

(d) A candidate who has agreed to be bound by the expenditure limits imposed by this section and whose opponent in the general election has chosen, as provided in paragraph (c), not to be bound by the expenditure limits because of the conduct of an opponent in the primary election is no longer bound by the limits but remains eligible to receive a public subsidy.

10A.255 ADJUSTMENT BY CONSUMER PRICE INDEX.

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.

Subd. 3. Publication of expenditure limit. By April 15 of each election year the board must publish in the State Register the expenditure limit for each office for that calendar year under section 10A.25 as adjusted by this section. The revisor of statutes must code the adjusted amounts in the next edition of Minnesota Statutes, section 10A.25, subdivision 2.

10A.257 CARRYFORWARD.

Subdivision 1. Unused funds. After all campaign expenditures and noncampaign disbursements for an election cycle have been made, an amount up to 50 percent of the election year expenditure limit for the office may be carried forward. Any remaining amount up to the total amount of the public subsidy from the state elections campaign fund must be returned to the state treasury for credit to the general fund under section 10A.324. Any remaining amount in excess of the total public subsidy must be contributed to the state elections campaign fund or a political party for multicandidate expenditures as defined in section 10A.275.

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Subd. 2. Unused postage and credit balances carried forward. Postage that is purchased but not used during an election cycle and credit balances at vendors that exceed a combined total of \$500 must be carried forward and counted as expenditures during the election cycle during which they are used.

10A.27 CONTRIBUTION LIMITS.

Subdivision 1. Contribution limits. (a) Except as provided in subdivision 2, a candidate must not permit the candidate's principal campaign committee to accept aggregate contributions made or delivered by any individual, political committee, or political fund in excess of the following:

(1) to candidates for governor and lieutenant governor running together, \$2,000 in an election year for the office sought and \$500 in other years;

(2) to a candidate for attorney general, \$1,000 in an election year for the office sought and \$200 in other years;

(3) to a candidate for the office of secretary of state or state auditor, \$500 in an election year for the office sought and \$100 in other years;

(4) to a candidate for state senator, \$500 in an election year for the office sought and \$100 in other years; and

(5) to a candidate for state representative, \$500 in an election year for the office sought and \$100 in the other year.

(b) The following deliveries are not subject to the bundling limitation in this subdivision:

(1) delivery of contributions collected by a member of the candidate's principal campaign committee, such as a block worker or a volunteer who hosts a fund-raising event, to the committee's treasurer; and

(2) a delivery made by an individual on behalf of the individual's spouse.

(c) A political committee or political fund must not make a contribution a candidate is prohibited from accepting.

Subd. 2. Political party and dissolving principal campaign committee limit. A candidate must not permit the candidate's principal campaign committee to accept contributions from any political party units or dissolving principal campaign committees in aggregate in excess of ten times the amount that may be contributed to that candidate as set forth in subdivision 1. The limitation in this subdivision does not apply to a contribution from a dissolving principal campaign committee of a candidate for the legislature to another principal campaign committee of the same candidate.

Subd. 8. Excess loans prohibited. A candidate must not permit the candidate's principal campaign committee to accept a loan from other than a financial institution for an amount in excess of the contribution limits imposed by this section. A candidate must not permit the candidate's principal campaign committee to accept a loan from a financial institution for which the financial institution may hold an endorser of the loan liable to pay an amount in excess of the amount that the endorser may contribute to that candidate.

Subd. 9. Contributions to and from other candidates.

(a) A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from another candidate's principal campaign committee or from any other committee bearing the contributing candidate's name or title or otherwise authorized by the contributing candidate, unless the

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contributing candidate's principal campaign committee is being dissolved. A candidate's principal campaign committee must not make a contribution to another candidate's principal campaign committee, except when the contributing committee is being dissolved.

(b) A principal campaign committee that makes a contribution to another principal campaign committee must provide with the contribution a written statement of the committee's intent to dissolve and terminate its registration within 12 months after the contribution was made. If the committee fails to dissolve and terminate its registration by that time, the board may levy a civil penalty up to four times the size of the contribution against the contributing committee. A contribution from a terminating principal campaign committee that is not accepted by another principal campaign committee must be forwarded to the board for deposit in the general account of the state elections campaign fund.

(c) A candidate's principal campaign committee must not accept a contribution from, or make a contribution to, a committee associated with a person who seeks nomination or election to the office of president, senator, or representative in Congress of the United States.

(d) A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from a candidate for political subdivision office in any state, unless the contribution is from the personal funds of the candidate for political subdivision office. A candidate or the treasurer of a candidate's principal campaign committee must not make a contribution from the principal campaign committee to a candidate for political subdivision office in any state.

Subd. 10. **Limited personal contributions.** A candidate who accepts a public subsidy may not contribute to the candidate's own campaign during a year more than ten times the candidate's election year contribution limit under subdivision 1.

Subd. 11. **Contributions from certain types of contributors.** A candidate must not permit the candidate's principal campaign committee to accept a contribution from a political committee, political fund, lobbyist, or large contributor, if the contribution will cause the aggregate contributions from those types of contributors to exceed an amount equal to 20 percent of the expenditure limits for the office sought by the candidate, provided that the 20 percent limit must be rounded to the nearest \$100. For purposes of this subdivision, "large contributor" means an individual, other than the candidate, who contributes an amount that is more than \$100 and more than one-half the amount an individual may contribute.

Subd. 13. **Unregistered association limit; statement; penalty.** (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must not accept a contribution of more than \$100 from an association not registered under this chapter unless the contribution is accompanied by a written statement that meets the disclosure and reporting period requirements imposed by section 10A.20. This statement must be certified as true and correct by an officer of the contributing association. The committee, fund, or party unit that accepts the contribution must include a copy of the statement with the report that discloses the contribution to the board. This subdivision does not apply when a national political party contributes money to its affiliate in this state.

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

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

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

(c) The treasurer of a political committee, political fund, principal campaign committee, or party unit who accepts a contribution in excess of \$100 from an unregistered association without the required written disclosure statement is subject to a civil penalty up to four times the amount in excess of \$100.

10A.273 CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.

Subdivision 1. Contributions during legislative session. (a) A candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature, must not solicit or accept a contribution from a registered lobbyist, political committee, political fund, or dissolving principal campaign committee, or from a party unit established by the party organization within a house of the legislature, during a regular session of the legislature.

(b) A registered lobbyist, political committee, political fund, or dissolving principal campaign committee, or a party unit established by the party organization within a house of the legislature, must not make a contribution to a candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature during a regular session of the legislature.

Subd. 2. Party unit solicitations. A political party unit must not solicit or receive at an event hosted by a candidate for the legislature or by a candidate for constitutional office a contribution from a lobbyist, political committee, political fund, or party unit during a regular session of the legislature.

Subd. 3. Definition. For purposes of this section, "regular session" does not include a special session or the interim between the two annual sessions of a biennium.

Subd. 4. Civil penalty. A candidate, political committee, party unit, political fund, principal campaign committee, or registered lobbyist that violates this section is subject to a civil penalty imposed by the board of up to \$1,000. If the board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the District Court of Ramsey County, to collect a civil penalty as imposed by the board. Penalties paid under this section must be deposited in the general fund in the state treasury.

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Subd. 5. **Special election.** This section does not apply in a legislative special election during the period beginning when the person becomes a candidate in the special election and ending on the day of the special election.

10A.275 MULTICANDIDATE POLITICAL PARTY EXPENDITURES.

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

- (1) expenditures on behalf of candidates of that party generally without referring to any of them specifically in a published, posted, or broadcast advertisement;
- (2) expenditures for the preparation, display, mailing, or other distribution of an official party sample ballot listing the names of three or more individuals whose names are to appear on the ballot;
- (3) expenditures for a telephone conversation including the names of three or more individuals whose names are to appear on the ballot;
- (4) expenditures for a political party fund-raising effort on behalf of three or more candidates; or
- (5) expenditures for party committee staff services that benefit three or more candidates.

10A.28 PENALTY FOR EXCEEDING LIMITS.

Subdivision 1. **Exceeding expenditure limits.** A candidate subject to the expenditure limits in section 10A.25 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25, as adjusted by section 10A.255, is subject to a civil penalty up to four times the amount by which the expenditures exceeded the limit.

Subd. 2. **Exceeding contribution limits.** A political committee, political fund, or principal campaign committee that makes a contribution, or a candidate who permits the candidate's principal campaign committee to accept contributions, in excess of the limits imposed by section 10A.27 is subject to a civil penalty of up to four times the amount by which the contribution exceeded the limits.

Subd. 3. **Conciliation agreement.** If the board finds that there is reason to believe that excess expenditures have been made or excess contributions accepted contrary to subdivision 1 or 2, the board must make every effort for a period of at least 14 days after its finding to correct the matter by informal methods of conference and conciliation and to enter a conciliation agreement with the person involved. A conciliation agreement under this subdivision is a matter of public record. Unless violated, a conciliation agreement is a bar to any civil proceeding under subdivision 4.

Subd. 4. **Civil action.** If the board is unable after a reasonable time to correct by informal methods a matter that constitutes probable cause to believe that excess expenditures have been made or excess contributions accepted contrary to subdivision 1 or 2, the board must make a public finding of

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probable cause in the matter. After making a public finding, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the District Court of Ramsey County or, in the case of a legislative candidate, the district court of a county within the legislative district, to collect a civil penalty as imposed by the board under subdivision 1 or 2. All money recovered under this section must be deposited in the general fund of the state treasury.

10A.29 CIRCUMVENTION PROHIBITED.

An individual or association that attempts to circumvent this chapter by redirecting a contribution through, or making a contribution on behalf of, another individual or association is guilty of a gross misdemeanor and subject to a civil penalty imposed by the board of up to \$3,000.

10A.30 STATE ELECTIONS CAMPAIGN FUND.

Subdivision 1. Establishment. An account is established in the special revenue fund of the state known as the "state elections campaign fund."

Subd. 2. Separate account. Within the state elections campaign fund account there must be maintained a separate political party account for the state committee and the candidates of each political party and a general account.

10A.31 DESIGNATION OF INCOME TAX PAYMENTS.

Subdivision 1. Designation. An individual resident of this state who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that \$5 be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that \$5 be paid. No individual is allowed to designate \$5 more than once in any year. The taxpayer may designate that the amount be paid into the account of a political party or into the general account.

Subd. 3. Form. The commissioner of revenue must provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the individual to indicate a wish to pay \$5 (\$10 if filing a joint return) from the general fund of the state to finance election campaigns. The form must also contain language prepared by the commissioner that permits the individual to direct the state to pay the \$5 (or \$10 if filing a joint return) to: (1) one of the major political parties; (2) any minor political party that qualifies under subdivision 3a; or (3) all qualifying candidates as provided by subdivision 7. The renter and homeowner property tax refund return must include instructions that the individual filing the return may designate \$5 on the return only if the individual has not designated \$5 on the income tax return.

Subd. 3a. Qualification of political parties. (a) A major political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a major political party by July 1 of the taxable year.

(b) A minor political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a minor party statewide by July 1 of the taxable year.

(c) The secretary of state shall notify each major and minor political party by the first Monday in January of each odd-numbered year of the conditions necessary for the party to

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participate in income tax form and property tax refund return programs.

(d) The secretary of state shall notify each political party, the commissioner of revenue, and the Campaign Finance and Public Disclosure Board by July 1 of each year and following certification of the results of each general election of the political parties that qualify for inclusion on the income tax form and property tax refund return as provided in subdivision 3.

Subd. 4. Appropriation. (a) The amounts designated by individuals for the state elections campaign fund, less three percent, are appropriated from the general fund, must be transferred and credited to the appropriate account in the state elections campaign fund, and are annually appropriated for distribution as set forth in subdivisions 5, 5a, 6, and 7. The remaining three percent must be kept in the general fund for administrative costs.

(b) In addition to the amounts in paragraph (a), \$1,500,000 for each general election is appropriated from the general fund for transfer to the general account of the state elections campaign fund.

Of this appropriation, \$65,000 each fiscal year must be set aside to pay assessments made by the Office of Administrative Hearings under section 211B.37. Amounts remaining after all assessments have been paid must be canceled to the general account.

Subd. 5. Allocation. (a) General account. In each calendar year the money in the general account must be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 4.2 percent for the office of attorney general;
- (3) 2.4 percent each for the offices of secretary of state and state auditor;
- (4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative; and
- (5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative.

(b) Party account. In each calendar year the money in each party account must be allocated as follows:

- (1) 14 percent for the offices of governor and lieutenant governor together;
- (2) 2.8 percent for the office of attorney general;
- (3) 1.6 percent each for the offices of secretary of state and state auditor;
- (4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative;
- (5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative; and
- (6) ten percent for the state committee of a political party.

Money allocated to each state committee under clause (6) must be deposited in a separate account and must be spent for only those items enumerated in section 10A.275. Money allocated

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to a state committee under clause (6) must be paid to the committee by the board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the returns were processed by the Department of Revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the Department of Revenue's weekly unedited reports of income tax returns and property tax refund returns processed in the month, as notified by the Department of Revenue to the board. The amounts paid to each state committee are subject to biennial adjustment and settlement at the time of each certification required of the commissioner of revenue under subdivisions 7 and 10. If the total amount of payments received by a state committee for the period reflected on a certification by the Department of Revenue is different from the amount that should have been received during the period according to the certification, each subsequent monthly payment must be increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.

Subd. 5a. Party account for legislative candidates.

To ensure that money will be returned to the counties from which it was collected and to ensure that the distribution of money rationally relates to the support for particular parties or for particular candidates within legislative districts, money from the party accounts for legislative candidates must be distributed as provided in this subdivision.

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election must receive money from the candidate's party account allocated to candidates for the state senate or state house of representatives, whichever applies, according to the following formula:

For each county within the candidate's district, the candidate's share of the dollars designated by taxpayers who resided in that county and credited to the candidate's party account and allocated to that office must be:

- (1) the sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, divided by
- (2) the sum of the votes cast in the entire county in the last general election for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, multiplied by
- (3) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For a party under whose name no candidate's name appeared on the ballot statewide in the last general election, amounts in the party's account must be allocated based on (i) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (ii) the number

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of the people voting in the entire county in the last general election, multiplied by (iii) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

In the first general election after the legislature is redistricted, "the candidate's district" means the newly drawn district and voting data from the last general election must be applied to the area encompassing the newly drawn district, notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party is the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (1) and (2). The average vote must be added to the sums in clauses (1) and (2) before the calculation is made for all districts in the county.

Subd. 6. Distribution of party accounts. As soon as the board has obtained from the secretary of state the results of the primary election, but no later than one week after certification by the State Canvassing Board of the results of the primary, the board must distribute the available money in each party account, as certified by the commissioner of revenue on September 1, to the candidates of that party who have signed a spending limit agreement under section 10A.322 and filed the affidavit of contributions required by section 10A.323, who were opposed in either the primary election or the general election, and whose names are to appear on the ballot in the general election, according to the allocations set forth in subdivisions 5 and 5a. The public subsidy from the party account may not be paid in an amount greater than the expenditure limit of the candidate or the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. If a candidate files the affidavit required by section 10A.323 after September 1 of the general election year, the board must pay the candidate's allocation to the candidate at the next regular payment date for public subsidies for that election cycle that occurs at least 15 days after the candidate files the affidavit.

Subd. 6a. Party account money not distributed. Money from a party account not distributed to candidates for state senator or representative in any election year must be returned to the general fund of the state, except that the subsidy from the party account an unopposed candidate would otherwise have been eligible to receive must be paid to the state committee of the candidate's political party to be deposited in a special account under subdivision 5, paragraph (b), clause (6), and used for only those items permitted under section 10A.275. Money from a party account not distributed to candidates for other offices in an election year must be returned to the party account for reallocation to candidates as provided in subdivision 5, paragraph (b), in the following year.

Subd. 7. Distribution of general account. (a) As soon as the board has obtained the results of the primary election from the secretary of state, but no later than one week after certification of the primary results by the State Canvassing Board, the board must distribute the available money

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in the general account, as certified by the commissioner of revenue on September 1 and according to allocations set forth in subdivision 5, in equal amounts to all candidates of a major political party whose names are to appear on the ballot in the general election and who:

(1) have signed a spending limit agreement under section 10A.322;

(2) have filed the affidavit of contributions required by section 10A.323; and

(3) were opposed in either the primary election or the general election.

(b) The public subsidy under this subdivision may not be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account to exceed 50 percent of the expenditure limit for the candidate or 50 percent of the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.

(c) A candidate must expend or become obligated to expend at least an amount equal to 50 percent of the money distributed by the board under this subdivision no later than the end of the final reporting period preceding the general election. Otherwise, the candidate must repay to the board the difference between the amount the candidate spent or became obligated to spend by the deadline and the amount distributed to the candidate under this subdivision. The candidate must make the repayment no later than six months following the general election. The candidate must reimburse the board for all reasonable costs, including litigation costs, incurred in collecting any amount due.

If the board determines that a candidate has failed to repay money as required by this paragraph, the board may not distribute any additional money to the candidate until the entirety of the repayment has been made.

Subd. 10. **December distribution.** In the event that on the date of either certification by the commissioner of revenue as provided in subdivision 6 or 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue must certify to the board by December 1 the amount accumulated in each account since the previous certification. By December 15, the board must distribute to each candidate according to the allocations in subdivisions 5 and 5a the amounts to which the candidates are entitled.

Subd. 10a. **Form of distribution.** A distribution to a candidate must be in the form of a check made "payable to the campaign fund of(name of candidate)....."

Subd. 10b. **Remainder.** Money accumulated after the final certification must be kept in the respective accounts for distribution in the next general election year.

Subd. 11. **Write-in candidate.** For the purposes of this section, a write-in candidate is a candidate only upon complying with sections 10A.322 and 10A.323.

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10A.315 SPECIAL ELECTION SUBSIDY.

(a) Each eligible candidate for a legislative office in a special election must be paid a public subsidy equal to the sum of:

(1) the party account money at the last general election for the candidate's party for the office the candidate is seeking; and

(2) the general account money paid to a candidate for the same office at the last general election.

(b) A candidate who wishes to receive this public subsidy must submit a signed agreement under section 10A.322 to the board and must meet the contribution requirements of section 10A.323. The special election subsidy must be distributed in the same manner as money in the party and general accounts is distributed to legislative candidates in a general election.

(c) The amount necessary to make the payments required by this section is appropriated from the general fund to the board.

10A.321 ESTIMATES OF MINIMUM AMOUNTS TO BE RECEIVED.

Subdivision 1. Calculation and certification of estimates. The commissioner of revenue must calculate and certify to the board before July 1 in each election year an estimate of the total amount in the state general account of the state elections campaign fund and the amount of money each candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7, may receive from the candidate's party account in the state elections campaign fund. This estimate must be based upon the allocations and formulas in section 10A.31, subdivisions 5 and 5a, any necessary vote totals provided by the secretary of state to apply the formulas in section 10A.31, subdivisions 5 and 5a, and the amount of money expected to be available after 100 percent of the tax returns have been processed.

Subd. 2. Publication, certification, and notification procedures. Before the first day of filing for office, the board must publish and forward to all filing officers the estimates calculated and certified under subdivision 1 along with a copy of section 10A.25, subdivision 10. Within seven days after the last day for filing for office, the secretary of state must certify to the board the name, address, office sought, and party affiliation of each candidate who has filed with that office an affidavit of candidacy or petition to appear on the ballot. The auditor of each county must certify to the board the same information for each candidate who has filed with that county an affidavit of candidacy or petition to appear on the ballot. By August 15, the board must notify all candidates of their estimated minimum amount. The board must include with the notice a form for the agreement provided in section 10A.322 along with a copy of section 10A.25, subdivision 10.

10A.322 SPENDING LIMIT AGREEMENTS.

Subdivision 1. Agreement by candidate. (a) As a condition of receiving a public subsidy, a candidate must sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27, subdivision 10; 10A.31, subdivision 7, paragraph (c); and 10A.324.

(b) Before the first day of filing for office, the board must forward agreement forms to all filing officers. The board must also provide agreement forms to candidates on request at any time. The candidate must file the agreement with the board

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by September 1 preceding the candidate's general election or a special election held at the general election. An agreement may not be filed after that date. An agreement once filed may not be rescinded.

(c) The board must notify the commissioner of revenue of any agreement signed under this subdivision.

(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement not later than the day after the candidate files the affidavit of candidacy or nominating petition for the office.

Subd. 2. How long agreement is effective. The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, and the contribution limit in section 10A.27, subdivision 10, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the end of the first election cycle completed after the agreement was filed, whichever occurs first.

Subd. 4. Refund receipt forms; penalty. The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that (1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23, and (2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section. The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. A candidate who does not sign an agreement under this section and who willfully issues an official refund receipt form or a facsimile of one to any of the candidate's contributors is guilty of a misdemeanor.

10A.323 AFFIDAVIT OF CONTRIBUTIONS.

In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must file an affidavit with the board stating that during that calendar year the candidate has accumulated contributions from persons eligible to vote in this state in at least the amount indicated for the office sought, counting only the first \$50 received from each contributor:

(1) candidates for governor and lieutenant governor running together, \$35,000;

(2) candidates for attorney general, \$15,000;

(3) candidates for secretary of state and state auditor, separately, \$6,000;

(4) candidates for the senate, \$3,000; and

(5) candidates for the house of representatives, \$1,500.

The affidavit must state the total amount of contributions that have been received from persons eligible to vote in this state, disregarding the portion of any contribution in excess of \$50.

The candidate or the candidate's treasurer must submit the affidavit required by this section to the board in writing by September 1 of the general election year.

A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the

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filing period for the general election must submit the affidavit required by this section to the board within five days after filing the affidavit of candidacy.

10A.324 RETURN OF PUBLIC SUBSIDY.

Subdivision 1. When return required. A candidate must return all or a portion of the public subsidy received from the state elections campaign fund or the public subsidy received under section 10A.315, under the circumstances in this section or section 10A.257, subdivision 1.

To the extent that the amount of public subsidy received exceeds the aggregate of: (1) actual expenditures made by the principal campaign committee of the candidate; and (2) approved expenditures made on behalf of the candidate, the treasurer of the candidate's principal campaign committee must return an amount equal to the difference to the board. The cost of postage that was not used during an election cycle and payments that created credit balances at vendors at the close of an election cycle are not considered expenditures for purposes of determining the amount to be returned. Expenditures in excess of the candidate's spending limit do not count in determining aggregate expenditures under this paragraph.

Subd. 3. How return determined. Whether or not a candidate is required under subdivision 1 to return all or a portion of the public subsidy must be determined from the report required to be filed with the board by that candidate by January 31 of the year following an election. An amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board must deposit the check or money order in the state treasury for credit to the general fund. The amount returned must not exceed the amount of public subsidy received by the candidate.

290.06 RATES OF TAX; CREDITS.

Subd. 23. Refund of contributions to political parties and candidates. (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270.76.

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

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

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

(3) has designated a principal campaign committee.

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

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

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

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

"Contribution" means a gift of money.

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

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

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

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

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

1 Senator moves to amend S.F. No. 863 as follows:

2 Page 37, line 3, after the headnote, insert "(a) A
3 participating candidate must not permit the candidate's
4 principal campaign committee to accept contributions, including
5 approved expenditures, from any political party units or
6 dissolving principal campaign committees in aggregate in excess
7 of 25 percent of the candidate's public subsidy base set forth
8 in section 10B.22, subdivision 2. The limitation in this
9 subdivision does not apply to a contribution from a dissolving
10 principal campaign committee of a candidate for the legislature
11 to another principal campaign committee of the same candidate.

12 (b)"

13 Page 44, after line 12, insert:

14 "(d) The principal campaign committee of a candidate may
15 spend contributions accepted from a political party unit or
16 dissolving principal campaign committee under section 10B.13,
17 subdivision 2, paragraph (a)."

18 Page 44, line 13, delete "(d)" and insert "(e)"

19 Page 49, line 27, after the period, insert "An amount equal
20 to the proceeds of the throwback rule enacted in section 50 is
21 annually appropriated from the general fund to the commissioner
22 of finance for transfer to the state elections campaign fund."

23 Page 51, line 12, delete "\$52,000" and insert "\$48,000"

24 Page 51, line 13, delete "\$26,000" and insert "\$24,000"

25 Page 75, line 22, delete "August" and insert "January"

26 Page 75, line 23, delete "2005" and insert "2007" and after
27 the period, insert "The repeal of Minnesota Statutes 2004,
28 section 10A.01, subdivisions 9 and 18, and their reenactment as
29 Minnesota Statutes, section 10B.01, subdivisions 7 and 16, are
30 effective the day following final enactment. Section 26,
31 subdivision 9, is effective the day following final enactment."

Path to Public Financing Under a Fair and Clean Elections System for State Senate Candidates:

Anytime during the election cycle:

You can collect contributions of up to \$50 from individuals and PACs. There is no limit on the amount that you can spend on non-campaign disbursements.

Jan 2005 - July 2006

You need to collect 360 contributions of \$5 - \$50 (at least \$1,800, counting only the first \$5) from individuals eligible to vote in Minnesota in order to qualify for public funds; 1/2 of these must come from within your district. (360 is approximately .5% of the population of your district.)

You can contribute up to \$500 to your own campaign.

You can spend up to \$8,000 from privately raised funds on campaign expenditures before you qualify for public funds.

Jan 2006 - July 2006 (after you qualify)

1. As soon as you turn in proof that you've collected the required 360 qualifying contributions, you will receive \$9,600, or 20% of the public subsidy. You may use these funds to get your party's endorsement, if you wish.
2. If there are Independent Expenditures in your race that are for your opponent, you will receive 1/2 of what was spent on them in additional public matching funds. If there are Independent Expenditures that are against you, you will receive an amount equal to what was spent on them. The maximum amount of money you can receive to match independent expenditures is \$48,000.
3. If you are running against a non-participating opponent who raises and/or spends more money than you have been given in public funds, you will receive additional public matching funds. The maximum amount of money you can receive to match spending by a non-participating candidate is \$48,000.
4. Your political party may contribute \$12,000 to you or spend this amount in coordination with you.
5. If your political party chooses to participate in the Political Contribution Refund program, they may not do independent expenditures on your behalf.

Mid-July

After filings for office close, if you have an opponent in the primary or an opponent in the general election, you will receive another \$9,600, or 20% of the public subsidy. If you do not have an opponent in either election, you will not receive any further public funds at this point.

Post-Primary

If you win your primary, you will receive \$28,800, or the final 60% of your subsidy. If you do not have an opponent in the general election, you will receive \$2,880, or 10% of what opposed candidates receive.

Fair and Clean Elections Bill Summary

(HF 1065, SF 863)

as of February 21, 2005

as amended by the author's amendment

Clean Elections Candidates

A candidate's spending limit after they qualify is made up of their subsidy and the amount that their party can contribute to them.

<u>Office</u>	<u>Public Subsidy</u>	<u>Maximum Party Contribution</u>	<u>Total Spending Limit</u>
(1) Governor	\$1,520,000	\$380,000	\$1,900,000
(2) AG, SoS, SA	\$300,000	\$75,000	\$375,000
(3) Senate	\$48,000	\$12,000	\$60,000
(4) House	\$24,000	\$6,000	\$30,000

Qualifying contributions

To qualify for a public subsidy, a candidate must raise at least the following number (.5% of their district for legislative candidates) of contributions, in amounts between \$5 and \$50, from people eligible to vote in Minnesota. At least 1/2 of the qualifying contributions must come from their district. A candidate may accept contributions from out-of-state residents and Political Action Committees (PACs) of up to \$50, but may not count these contributions towards the number they need to collect to qualify. Participating candidates are allowed to contribute up to 10 times the regular contribution limit to their own campaign (\$500).

	<u># Needed</u>	<u>Minimum \$</u>	<u>Pre-Qualifying Spending Limit</u>
(1) Governor	4500	\$22,500	\$50,000
(2) AG, SoS or SA	2500	\$12,500	\$25,000
(3) Senate	360	\$1800	\$8,000
(4) House	180	\$900	\$4,000

Candidates can begin collecting their qualifying contributions as early as January 1st of the year prior to the election and have until the filing date to complete their collection. There is a limit on how much money the candidate can spend before qualifying for public funds. The limits listed can be used between Jan. 1 of the year after the last election and when they qualify for the subsidy. After that date they cannot use private funds for campaign expenditures.

Matching independent expenditures

Under some circumstances, participating candidates will receive an additional public subsidy to match independent expenditures, up to twice their original spending limit. The actions of a group that is supporting a particular candidate cannot trigger matching funds for that candidate.

If an independent expenditure advocates the defeat of a participating candidate, that candidate will receive an amount equal to the value of the independent expenditure. If an independent expenditure advocates the election of a financially viable candidate, that candidate's participating opponents will receive an amount equal to 1/2 of the independent expenditure.

Matching spending by a Non-Participating Candidate

A participating candidate will receive an additional public subsidy to match fundraising by a non-participating candidate, up to twice their original subsidy.

Independent Expenditures

Definition of "Expenditure" & "Independent Expenditure"

Ads that use the "magic words" ("vote for...", "vote against...", "support...", "defeat...") aired at any time would be considered expenditures. Also, there would be a rebuttable presumption that expenditures of over \$100 in a legislative race or over \$500 in a statewide race that appear 45 days before the primary or 60 days before the general election that identify or depict a candidate are campaign expenditures. If an expenditure meets these criteria but is not electioneering, the speaker would have the option of filing a statement, under the penalty of perjury, stating that this is the case.

An expenditure made by a person or group other than a candidate or the candidate's committee is presumed not to be independent if that individual or group uses the same consulting firm as the candidate, replicates the candidate's campaign materials, receives information from the candidate, tells the candidate about the expenditure, or serves as a key player in the candidate's campaign.

Notice/ Reporting of independent expenditures

An individual or association making independent expenditures in excess of \$500 in the aggregate is required to file a report within 48 hours of making the expenditures. During the last 3 weeks before an election, they must be reported within 24 hours.

Political Parties

Contributions

Political party units are prohibited from accepting contributions of more than \$10,000 in aggregate contributions from an individual or association.

Political parties may participate in the Political Contribution Refund program as long as they agree not to make any independent expenditures.

Non-candidate party spending

Political parties may spend, without limit, funds on advertising that does not use the name or likeness of any candidate or funds for producing an official sample ballot. Funds for running the party office, etc. do not count against the candidate spending limit.

Cost

On average, the FACE system costs less than 1¢ per day per person (\$13.5 million per year). There would actually be a net increase of over \$3 million per biennium in funding available in the general fund, since certain costs that currently come out of the general fund would no longer be funded this way. These estimates are based upon generous assumptions regarding the cost of basic Fair And Clean Elections grants to participating candidates and the cost of additional funding to respond to independent expenditures and excess spending by privately financed candidates.

Funding

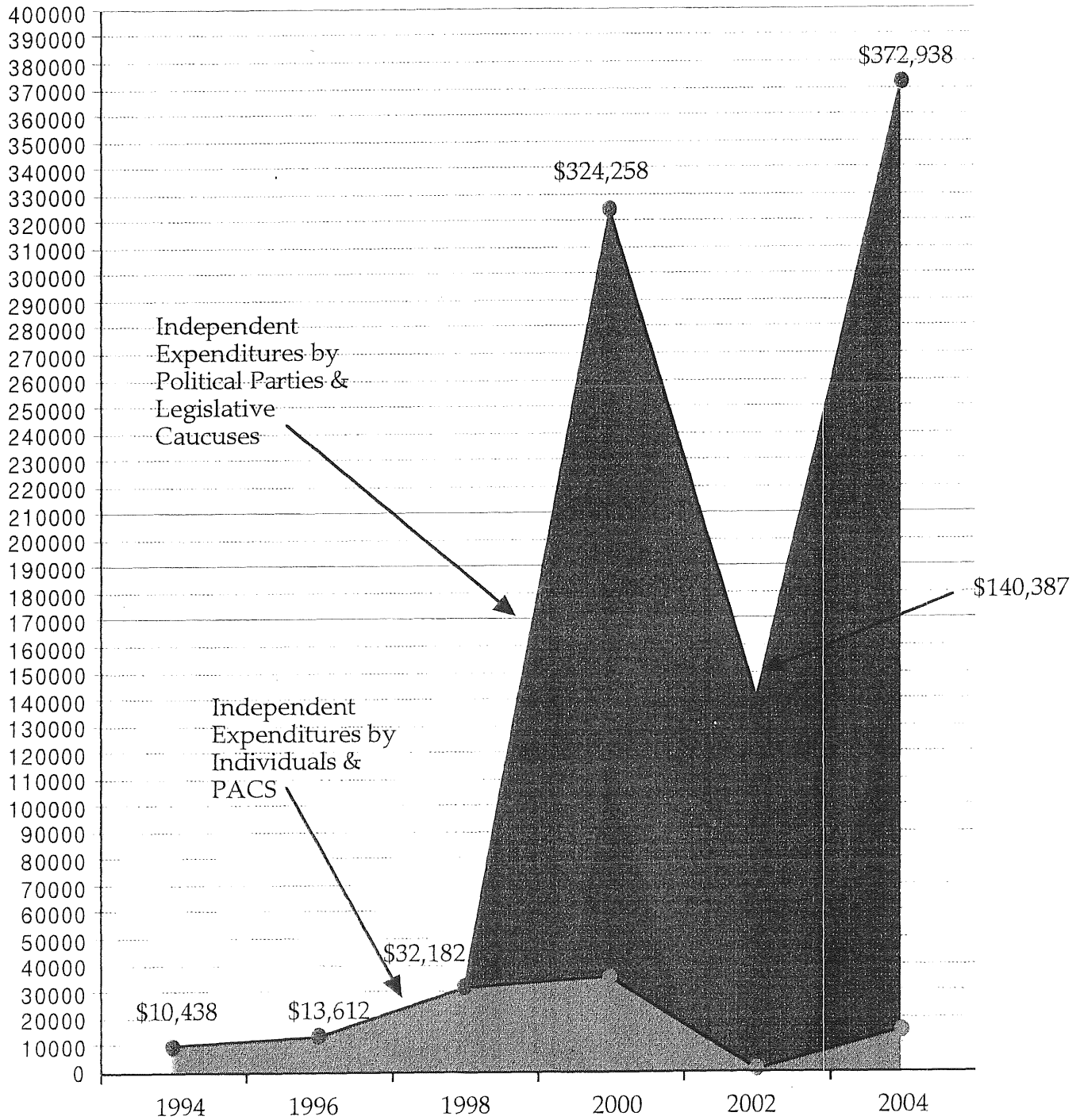
The funding for the Fair and Clean Elections Bill comes from a new revenue source, so that it will not drain revenue from the general fund. The bill as introduced this year will generate the revenue by closing what is called the "throwback sales" corporate tax loophole, related to taxing items manufactured here that are not taxed where they are sold.

Independent Expenditures in Expensive House Races in 2004
(preliminary #s)

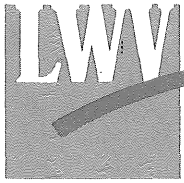
<u>District</u>		<u>Amount Spent</u>
23A	PACs	\$15,430
	Parties/Caucuses	<u>\$357,508</u>
	Total	\$372,938
4A	PACs	\$55,158
	Parties/Caucuses	<u>\$180,576</u>
	Total	\$235,734
30A	PACs	\$786
	Parties/Caucuses	<u>\$220,410</u>
	Total	\$221,196
54B	PACs	\$53,093
	Parties/Caucuses	<u>\$166,011</u>
	Total	\$219,104
52B	PACs	\$37,734
	Parties/Caucuses	<u>\$176,014</u>
	Total	\$213,748
26B	PACs	\$50,351
	Parties/Caucuses	<u>\$152,333</u>
	Total	\$202,684
44A	PACs	\$17,754
	Parties/Caucuses	<u>\$171,688</u>
	Total	\$189,442
45A	PACs	\$37,311
	Parties/Caucuses	<u>\$137,132</u>
	Total	\$174,443
20A	PACs	\$2,492
	Parties/Caucuses	<u>\$138,703</u>
	Total	\$141,195

*Prepared by Minnesotans for Fair And Clean Elections (FACE).
FFI call Beth Fraser at 651-641-4050.*

Independent Expenditures in the Most Expensive Legislative Races 1994 - 2004



	<u>PACs</u>	<u>Parties</u>	<u>Totals</u>
1994	\$10,438	0	\$10,438
1996	\$13,612	0	\$13,612
1998	\$32,182	0	\$32,182
2000	\$35,152	\$289,106	\$324,258
2002	\$1,300	\$139,087	\$140,387
2004	\$15,430	\$357,508	\$372,938



THE LEAGUE OF WOMEN VOTERS

MINNESOTA

550 RICE STREET ST. PAUL, MN 55103 PHONE (651) 224-5445 FAX (651) 290-2145

Senate Committee on Elections Testimony on the Fair And Clean Elections Bill (SF863) Monday, February 21, 2005

I am Gwen Myers, a volunteer lobbyist with the League of Women Voters. The League has been a member of the Fair And Clean Elections Coalition from its inception in 2000.

Minnesotans for Fair And Clean Elections, FACE, is a growing coalition of more than 60 organizations. It includes civil, community, religious, labor, environmental, student and senior groups. Coalition members range from the AAUW to Minnesota Senior Federation, to the Minnesota Farmers Union, to the Minnesota Council of Churches, to the Minnesota Association of Small Cities, to the League of Rural Voters.

These diverse groups want fundamental changes made to our electoral system. Our current system allows political parties and other independent groups to spend unlimited sums of money on candidates. Special interest contributions have risen exponentially in the last ten years. This undermines the public trust, reduces participation in elections, and distorts our democracy.

Minnesotans for Fair And Clean Elections support S.F. 863. This bill replaces our current system with a comprehensive package that will help restore the faith of the public that they have a real voice in our representative democracy.

The FACE bill is based on election systems that Maine and Arizona adopted in the late 1990s. They have now used their Clean Elections systems through three election cycles. Here are some examples of the impact of Clean Elections on the political process in these two states, based on the 2002 election.

High candidate participation

- Arizona made history by electing the first Clean Elections Governor, Secretary of State, Attorney General and State Treasurer in 2002.
- Maine elected 3/4 of its Senate and over 1/2 of its House as Clean Elections candidates.

Strong bi-partisan support

- Nearly 60% of elected officials who ran clean in Arizona are Republicans.
- Nearly 65% of elected officials who ran clean in Maine are Democrats.

Increases in participation and diversity

- Arizona: 23% increase in voter turnout since 1998 (before Clean Elections).
- Maine and Arizona: 10% increase in the number of women candidates.
- Arizona saw the number of candidates of color nearly triple,

(OVER)

Regarding the constitutional issues, various parts of both Maine's and Arizona's Clean Elections systems have been challenged in the courts and have been upheld. This is a major advantage; Minnesota will not find itself defending a Fair And Clean Elections law in court.

Finally, funding for Fair And Clean Elections would come from closing a corporate tax loophole. This should provide adequate funds, for the cost of the Fair And Clean Elections bill would average less than a penny per day, per taxpayer. We believe this cost is reasonable for an electoral system that restores public confidence in the process.

Thank you.