

MINNESOTA STATE

CAMPAIGN FINANCE and PUBLIC DISCLOSURE BOARD

ANNUAL REPORT

JULY 1, 1998 - JUNE 30, 1999

CAMPAIGN FINANCE and PUBLIC DISCLOSURE BOARD
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DATE: August 24, 1999

TO: The Honorable Jesse Ventura, Governor
The Honorable Allan Spear, President of the Senate

The Honorable Roger Moe, Senate Majority Leader
The Honorable Steve Sviggum, Speaker of the House
The Honorable Tim Pawlenty, House Majority Leader
The Honorable Dick Day, Senate Minority Leader
The Honorable Tom Pugh, House Minority Leader

FROM: Sidney Pauly, Chair

Campaign Finance and Public Disclosure Board

SUBJECT: Annual Report, in accordance with Minn. Stat. §10A.02, subd. 8, July 1, 1998, through June 30, 1999

Pursuant to Minnesota Statutes, chapter 10A.02, subd. 8, the Campaign Finance and Public Disclosure Board submits its Annual Report.

The Board, consistent with their objectives and administrative procedures, provided guidance to the thousands of individuals and associations whose disclosure of certain political, economic interest, and lobbying activities is regulated by the Ethics Government Act, Minnesota Statutes, chapter 10A.

Included in this Annual Report is information about the campaign finance disclosure and public subsidy associated with the 1998 election and two special elections held in 1999.

Throughout our activities we affirm the need for timely disclosure, public information, and enforcement, ever mindful of the depth and breadth of volunteer professional resources expended annually to comply with this important public disclosure law. We acknowledge the trust place in the Board and its staff by the Minnesota Legislature.

The Board's activities during this fiscal year reflect our strong commitment to a reasoned and balanced approach to the public trust as expressed in

the Board's mission statement.

EXECUTIVE SUMMARY

The Campaign Finance and Public Disclosure Board is charged with the administration of the Ethics in Government Act, Minnesota Statutes, chapter 10A. During fiscal year 1999 Board staff worked with a bi-partisan task force to pass legislation to recodify Chapter 10A making the law easier to assist those individuals who need to abide by its provisions. Due to the election of Minnesota's first Reform Party Governor, the membership of the Board as defined in Minnesota Statutes, chapter 10A.02, subd 1, was changed to require two former legislators who support different political parties (formerly required one former member of the legislature from a major political party different from that of the Governor, and one from the same political party as the Governor).

The Board met 14 times to conduct business, issued 20 advisory opinions, adopted five new Board policies, concluded investigations and issued findings in ten complaints, investigated 30 potential violations of Chapter 10A which concluded in settlement of 26 conciliation agreements and four findings of probable cause, and produced ten publications.

Board staff conducted 14 training classes to aid volunteer treasurers and candidates in recordkeeping, reporting, and to introduce **Finance 98** campaign software during election year 1998; served on several faculties of Continuing Legal Education seminars; spoke to various groups and classes of local colleges and universities about the requirements of Chapter 10A; hosted one foreign dignitary; and represented the state on the national level at the Council of Governmental Ethics Laws.

Chapter 10A includes three major programs: campaign finance disclosure, lobbyist disclosure, and disclosure by public officials.

The report includes information on the filings of approximately:

- 1,300 registered principal candidate committees, political committees, and political funds who filed 3,350 reports;

- 1,320 registered lobbyists representing 1,250 associations who filed 9,040 reports; and

- 1,300 public officials required to report to the Board.

Also included is information on public subsidy payments to eligible candidates and five political party units during election year 1998. In order to receive money from the State Elections Campaign Fund candidates must sign a Public Subsidy Agreement agreeing to limit their campaign expenditures. Of the 327 registered candidates who filed an affidavit of candidacy for Constitutional Office or for the state House of Representatives, 320, or 98%, signed Public Subsidy Agreements. A total of \$3,891,560 in public subsidy was distributed to constitutional office and house candidates. In addition, seven candidates in two special elections received a total of \$81,680 in public subsidy. Breakdowns of payments can be found on page 27.

INTRODUCTION TO THE BOARD

Authority The Campaign Finance and Public Disclosure Board was established by the state legislature in 1974 through enactment of the Ethics in Government Act, Minnesota Statutes, chapter 10A. In addition to enforcing the provisions of Chapter 10A, the Board promulgates rules which can be found in Minnesota Rules 4501 through 4525.

Function The Board is a six-member bi-partisan citizen body responsible for administration of the Act. Members of the Board are appointed by the Governor to staggered four-year terms. Their appointments must be confirmed by a three-fifths vote of the members of each house of the legislature. The Board holds regular meetings which are open to the public, and annually elects its leadership and reports on its activities to the governor, the legislature, and the public.

The Board develops and administers registration, disclosure, and enforcement programs to ensure that the requirements of the Ethics in Government Act are met. These programs are designed to promote public confidence in state government decision making and in the integrity of state government. In addition to enforcing the provisions of the Act, the Board provides the public with information about the activities of groups and individuals whose conduct is regulated by the Act.

Mission statement To promote public confidence in state government decision making through development and administration of disclosure, public financing, and enforcement programs that will ensure public access to information filed with the Board.

1999 Legislative action Board membership - Two members must be former members of the legislature who support different political parties; two members must be persons who have not been public officials, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the date of their appointment; and the other two members must support different political parties. No more than three of the members of the board may support the same political party.

Board secretary - The executive director shall serve as secretary of the board and shall keep a record of all proceedings and actions by the board.

Advisory opinions - Advisory opinions are reclassified from "nonpublic" data to "private data, as defined in section 13.02, subd. 12".

Recodification - Minnesota Statutes, chapter 10A was recodified to be of more assistance to those individuals who need to abide by its provisions.

New staff position - The Board received an appropriation increase for an additional Information Technology position.

Office infrastructure - A one-time appropriation was approved to reconfigure office space to accommodate the new position

Public access to government data - The Board is required to prepare written public access procedures to insure that requests for government data are received and complied with in an appropriate and prompt manner. These procedures must be updated annually.

Data practices - The Board is required to provide the revisor of statutes with a list of data practices laws codified outside of Chapter 13. (Chapter 10A advisory opinion and complaint and investigation provisions include data practices directions).

Supplemental appropriation - The Board was granted a supplemental appropriation to pay attorney's fees under the Civil Rights Act in the St. Paul Legal Ledger v. State, Campaign Finance Board case. (See Lobbyist Program, page 33)

Website The Board maintains a site on the world wide web at www.cfboard.state.mn.us providing many client services, including the following:

- Electronic posting of Board meeting notices, minutes, and findings;

- Electronic publication of Advisory Opinions;

- Publication of lists of lobbyists and associations, political committees, political funds, and party units, all updated on a daily basis;

- Electronic versions of many Board publications;
- Links to the Minnesota Statutes and Board Administrative Rules;
- Link to the **Finance 98** campaign software homepage; and
- Board and Staff contact information and automatic e-mail access.

BOARD MEMBERS

Sidney Pauly

Positions held Chair (5/99 - 6/99)

Vice Chair (7/98 - 5/99)

Secretary (7/97 - 6/98)

Board Term 3/96 - 1/00

Occupation Retired

Party Affiliation Republican

Board position Former legislator

Carolyn Rodriguez

Positions held Chair (5/96 - 6/97; 7/98 - 4/99)

Vice Chair (7/95 - 2/96; 7/97 - 6/98)

Acting Chair (3/96 - 4/96)

Secretary (6/93 - 6/94)

Board Terms 6/92 - 1/95

1/95 - 1/99

Occupation Manager

Party Affiliation Democratic-Farmer-Labor

Board position Former legislator

Wil Fluegel

Positions held Vice Chair (5/99 - 6/00)

Secretary (7/98 - 5/99)

Board Term 6/98 - 1/01

Occupation Attorney

Party Affiliation Democratic-Farmer-Labor

Board position Unrestricted activity

Nancy Wilson

Position held Secretary (5/96 - 6/97)

Board Terms 7/95 - 1/97, 7/97 - 4/99

Occupation Attorney

Party Affiliation Independent

Board position Unrestricted activity (7/95 - 1/97)

Restricted activity (7/97 - 4/99)

Charles Slocum

Board Term 6/96 - 3/99

Occupation Foundation President

Party Affiliation Republican

Board position Restricted activity

Thomas Heffelfinger

Position held Secretary (5/99-7/99)

Board Term 1/98 - 01/00

Occupation Attorney

Party Affiliation Republican

Board position Unrestricted activity

Shirley Chase

Board Term 5/99 - 1/03

Occupation Attorney

Party Affiliation Independent

Board position Restricted activity

Tim Penny

Board Term 6/99 - 1/03

Occupation Consultant

Party Affiliation Democratic-Farmer-Labor

Board position Former legislator

Donald Roggenbauer

Board Term 6/99 - 1/02

Occupation Investigator

Party Affiliation Independent

Board position Restricted activity

Board Goals and Objectives

**Facilitate easier
and more universal compliance with
the Ethics In Government Act, Minnesota Statutes,
chapter 10A**

The Board works to accomplish this objective by:

- Providing effective client education programs and publications
- Simplifying and improving reporting forms and procedures
- Providing clarity and consistency in actions taken by the Board
- Completing and implementing a campaign finance management software application and facilitating its use by the maximum number of political committees and political

funds

- Working with the legislature to simplify and improve the Ethics in Government Act while maintaining its effectiveness through a recodification of the Act.

Provide fair and consistent enforcement of the Ethics in Government Act

**And
consistent**

The Board works to accomplish this objective by:

- Reaching timely decisions that are impartial, non-partisan, and reasonable
- Imposing sanctions consistent with the serious and important purposes of the Ethics In Government Act
- Using technology more effectively to identify compliance problems and provide clients with resources to avoid problems
- Evaluating and improving Board enforcement activities on an ongoing basis

Help citizens become better informed about public issues related to the Ethics in Government Act

The Board works to accomplish this objective by:

- Providing the public with reports and publications that are clear and informative
- Assuring that actions taken by the Board are described in language that the general public should understand

- Using the internet and other technology more effectively to provide information to the public and to encourage involvement by citizens in public issues

- Evaluating and improving the effectiveness of the educational

programs and information that the Board provides to the public

SUMMARY OF BOARD ACTIVITIES

Meetings The Campaign Finance and Public Disclosure Board held:

- 11 regular meetings;
- 1 special meeting;
- 1 subcommittee meeting; and
- 1 Board retreat.

Advisory opinion procedure The Board is authorized to issue advisory opinions on the requirements of the Ethics in Government Act (Minn. Stat. chapter 10A) and the Hennepin County Disclosure Law (Minn. Stat. §§ 383B.041 - 383B.058). Individuals or associations may ask for advisory opinions to guide their compliance with these laws.

A request for an advisory opinion and the opinion itself are nonpublic data. The Board provides a Consent to Release Information form to opinion requesters as part of the procedures under this law. If the requester does not consent to the publication of the requester's identity, the Board generally exercises an option provided in the law to publish a public version of the opinion which does not identify the requester.

A written advisory opinion issued by the Board is binding on the Board in any subsequent Board proceeding concerning the person making or covered by the request and is a defense in a judicial proceeding that involves the subject matter of the opinion and is brought against the person making or covered by the request unless: 1) the Board has amended or revoked the opinion before the initiation of the Board or judicial proceeding, has notified the person making or covered by the request of its action, and has allowed at least 30 days for the person to do anything that might be necessary to comply with the amended or revoked opinion; 2) the request has omitted or misstated material facts; or 3) the person making or covered by the request has not acted in good faith in reliance on the opinion.

Advisory opinions issued in fiscal year 1999 may be found in this report by program.

Board policy adopted

- Provide to the media following each Board meeting an outline of findings issued by the Board.

Publications The Campaign Finance and Public Disclosure Board issued ten publications:

- Annual Report for Fiscal Year 1998;
- Handbook for Candidate Committees;
- Handbook for Political Committees and Political Funds;
- Handbook for Political Parties;
- Handbook for Lobbyists;
- List of Registered Committees, Funds, and Lobbyists;
- Compilation of Advisory Opinions, Nos. 293 - 315;
- Guide to Interpretation of Minn. Stat. §10A.071;
- Lobbying Disbursement Summary for Fiscal Year 1998; and
- 1998 Campaign Finance Summary.

Training, education and outreach Board staff:

- Worked with a bi-partisan task force to recodify Chapter 10A;
- Served on the faculty of a Continuing Legal Education seminar about judicial candidates' campaign financing and reporting requirements;

- Served on the faculty of a Continuing Legal Education seminar about lobbyist registration, disclosure, and the gift ban;

- Served on the faculty of a Continuing Legal Education seminar about the Legislative Process;

- Met with a member of the legislature, employees from the Department of Revenue, and members of the Progressive Party Minnesota to discuss the political contribution refund program;

- Met with members of the Governor's principal campaign committee and members from the Department of Revenue to discuss the political contribution refund program and campaign contributions;

- Spoke to newly elected Republican members of the legislature to discuss the gift ban and economic interest reporting;

- Met with the Secretary of State and the Director of the Elections Division to discuss elections and political party issues;

- Spoke to a meeting of the Bloomington Chapter of the League of Women Voters;

- Was interviewed by a student from Hamline University's Master in Public Administration program. The student's assignment was to determine how an administrative agency relates to elected officials and the public;

- Spoke to students in a Hamline University, Master's of Public Administration, Professional Ethics class about campaign finance, lobbying, and the gift ban;

- Spoke to a Hamline University Graduate School class on Legislative Bill Tracking about lobbyist registration, reporting and the gift ban;

- Served as a guest lecturer at a Hamline University Graduate School class on Ethics;

- Spoke to students in a William Mitchell Law School class on Legislative Advocacy about lobbying, campaign finance, and the gift ban;

- Wrote a review requested by the book review editor of the COGEL Guardian about a research paper on campaign finance;

- Attended a University of St. Thomas, Center for Nonprofit Management, Board Breakfast: Relationship Between Board and Executive Director;

- Spoke to the Minnesota Farm Bureau Federation to discuss registration and reporting by political committees;

- Met with representatives from Hennepin County about the Board's Campaign Finance Software;

- Attended the annual Council on Governmental Ethics Laws (COGEL) conference;

- Attended the Heartland regional conference for staff of Council on Governmental Ethics Laws (COGEL) member agencies and showcased our campaign finance software;

- Attended two COGEL long range planning meetings;

- Attended three COGEL Steering Committee meetings;

- Attended a COGEL meeting on electronic filing and standardized reporting among all jurisdictions;

- Held 14 training campaign finance seminars for treasurers and candidates;

- Trained clients using or intending to use **Finance 98**; and

- Participated in 24 classes/seminars for a total of 211 hours of training to attain and maintain a quality of job performance that meets the needs of the state, the Campaign Finance and Public Disclosure Board, and the individual employee.

Board Members

Charles Slocum was a guest lecturer at a Hamline University Graduate School class on Ethics.

International officials

Staff hosted one foreign visitor from Hungary.

RECOMMENDATIONS TO THE 1999 LEGISLATURE

Recodification of Chapter 10A Minnesota Statutes, chapter 10A has multiple and complex provisions which makes compliance for volunteers and others cumbersome and difficult. Chapter 10A addresses most of the subjects which concern the public regarding campaign finance, economic interest and lobbying. The recodification will present the statute in a better organized and more understandable form.

Due to the importance of the recodification effort, the Board urges the legislature to pass substantive items in a bill other than the recodification bill.

[Editor's note: Chapter 10A was recodified by the 1999 Legislature.]

CAMPAIGN FINANCE PROGRAM

1999 Legislative action Preprimary report - Beginning with the 2000 election, preprimary campaign finance reports from political committees, political funds, and political party units are due 15 days before the primary. Prior to the law change reports were due 10 days before the primary. (This same legislation for candidate committees took effect beginning with the 1998 election).

Solicitors report - Changes the reporting date for solicitor's reports to coincide with other campaign finance reports.

Definitions - Separately defines the various types of political committees.

Campaign finance reports - Removes the requirement that candidates provide the Board with the list of counties in their legislative districts.

Affidavit of Contributions

- Removes the requirement that the Affidavit of Contributions must state the total contributions received from persons eligible to vote in the state;

- retains the requirement to state the portion of those contributions that are \$50 or less.

New judgeships - Effective July 1, 1999, 14 new judgeships have been authorized.

Sections ruled unconstitutional - removes all sections which have been declared unconstitutional by the courts.

Advisory opinions issued

- Campaign fundraising activities

Fundraising through the sale of merchandise that will be custom made, using a corporate manufacturer/ distributor that regularly provides manufacturing and order-filling services to its clients, does not result in bundling of contributions or in a contribution from the manufacturer/distributor

to the requester if fair market value is paid for the services. Fundraising through the sale of merchandise pursuant to a contract with retail outlets does not result in bundling of contributions or in a contribution from the retail entity if the retailer is paid fair market value for any services provided. No. 293

- Requirement to register political committee

An association organized for the purpose of making volunteers available to candidates must register as a political committee if it raises or spends more than \$100 in support of its activities. No. 295

- Definition of independent expenditures

Concepts of "agency" and "cooperation" used in the definition of independent expenditures require actual rather than implied agency or cooperation. Vote of candidate's honorary treasurer authorizing an expenditure constitutes express consent by the principal campaign committee to the expenditure. No. 296

- Campaign expenditure definition; reporting contributions

A principal campaign committee's costs of producing a book about its candidate and the candidate's public policy positions are campaign expenditures. Donation of goods or services used in production of the book are contributions to the principal campaign committee. No. 298

- Independent expenditure definition

An expenditure by a party unit in a race where the party has a candidate on the general election ballot is not an independent expenditure. Such an expenditure is deemed to be an expenditure approved by the party's candidate and is a contribution to that candidate. No. 299

- Independent expenditure definition

An expenditure by a party unit in a race where the party has a candidate on the general election ballot is not an independent expenditure. Such an expenditure is deemed to be an expenditure approved by the party's candidate and is a contribution to that candidate. No. 300

- Registration of political fund

An association which is not a political committee under Minnesota Statutes, Chapter 10A, must establish and register a political fund with the Board within 14 days after it raises or spends more than \$100 to influence the nomination or election of candidates. No. 301

- Official party sample ballot

A party may publish its official sample ballot under Minn. Stat. § 10A.275, subd. 1(b), in multiple versions and may distribute or publish the ballot multiple times. The sample ballot itself is limited to a ballot like representation which may include only minimal additional information. No. 302

- Special source contribution limit

The limit on contributions from lobbyists, political committees, political funds, and large givers is based on the campaign expenditure limit for the office sought by the candidate before any adjustments resulting from an individual candidate's status. No. 303

- Multi-candidate expenditure for political party fundraising effort on behalf of candidates

Multi-candidate expenditure for party fundraising efforts need not take a particular form or use specific language; however, it must be clear that the undertaking is a fundraising effort. Other materials included with multi-candidate fundraising materials may be recognized separately from the multi-candidate expenditure. A political party may include solicitation on its own behalf or on behalf of federal or local candidates with materials for multi-candidate fundraising effort. Contributions resulting from multi-candidate fundraising effort must be made directly to the candidate or the candidate's principal campaign committee. No. 305

- Status of a nonprofit corporation as political committee; application of Minnesota Statutes, chapter 10A to nonprofit corporation's activities

Ventura For Minnesota, Inc. is not a political committee and is not required to establish a political fund based on its activities as presently described. Funding the educational or constituent services activities of the governor and lieutenant governor or paying for certain expenses of

the governor and lieutenant governor, however, could require VMI to register a political fund with the Board. The Board is not authorized to issue an opinion whether VMI is permitted to make political contributions under an exception to the corporate contribution prohibition of Minn. Stat. § 211B.15. No. 306

- Definition of constituent services

Provision of bus transportation by a legislator's principal campaign committee so that the legislator's constituents may attend an educational day at the Capitol is a constituent service. Costs of constituent services are reported as noncampaign disbursements when incurred during a legislative session. No. 307

- Fundraising activities of political committee

A political committee may solicit its contributors to make contributions directly to candidates. Contributions collected by the political committee for delivery to candidates are subject to limits on contributions delivered by a political committee. A political committee may provide address lists or addressed envelopes to facilitate its contributors in making contributions directly to candidates. A political committee that has the right to direct its members to make contributions to a list of candidates is subject to the contribution attribution provisions of Minn. Stat. § 10A.15, subd. 3b. No. 310

- Publishing candidate links on state government office's website

Inclusion of candidate website links on the Office of the Secretary of State's website does not result in contributions to the candidates if every filing candidate for the same office has the same opportunity to have a link included. No. 311

- Use of principal campaign committee funds for informational mailing

Costs of informational mailing to constituents are reported as noncampaign disbursements for constituent services. Costs of mailing to another legislative district may be reimbursed by legislator from the other district or from the candidate individually. The question of whether costs of mailing outside a candidate's district are a permitted use of campaign funds is determined under Minn. Stat. § 211B.12, which is not in the Board's jurisdiction to interpret. Excess mailing pieces may be sold at their cost of production. No. 313

Board policies adopted

- Disclosure of an itemized reimbursement to an individual is complete if it discloses the purpose of the underlying payment being reimbursed. If more than one underlying payment is included in a single reimbursement, the disclosure shall list the purpose and amount of each underlying payment.

- Itemized reimbursements to credit card companies shall include the purpose of the underlying payment being reimbursed. If more than one underlying payment is included in a single reimbursement, the disclosure shall list the purpose and amount of each underlying payment and the name and address of the original vender from which any purchase was made.
- Facially excessive contributions reported without a contemporaneous refund of the excessive part of the contribution on the same report, will be considered to be a violation of the contribution limits at the time of acceptance. This policy will govern reports covering calendar 1999 and beyond.
- A courtesy compliance letter sent to the treasurer of a principal campaign committee will also be sent to the candidate. If the matter is not resolved and moves to the certified letter process, the candidate shall be included as a responsible party with all letters being sent to both parties. Any subsequent legal action to compel compliance shall be brought against both parties.

Complaints The Board completed investigations and issued findings in ten complaints.

- The Board found there was no probable cause to believe that any service provided by Whitney Management, Inc. to the Republican House Caucus exceeded \$20 in fair market value so as to result in a recordable donation to the Caucus.
- The Board issued findings of no probable cause to believe that the (Hubert) Humphrey for Governor Committee failed to either report contributions or expenditures related to a website maintained on the internet.
- The Board issued findings of no probable cause to believe that the (Kevin) Knight for Treasurer Committee exceeded its limit

on contributions from the Republican Party of Minnesota as a result of the transactions alleged in the complaint.

- The Board issued findings of no probable cause to find that the Minnesota Democratic-Farmer-Labor Party violated Minnesota Statutes, chapter 10A by failing to provide the required disclaimer when it made the independent expenditures which are the subject of this matter.

- The Board issued a finding that a violation occurred when the subject report of the (Joseph) Gimse Campaign Committee was filed on August 31, 1998, failed to include all statutorily required disclosure. Pursuant to notice from the Board of this inadequacy, the treasurer of the committee amended the report. Based on the amended report, there is no probable cause to believe that the reporting violations alleged in the complaint continue to exist.

- The Board issued findings of probable cause to believe that the Wendy Rabin Campaign Committee violated Minn. Stat. §10A.17, subd. 5, when it distributed campaign literature which contained a false independent expenditure disclaimer. The Executive Director reported the finding of probable cause to the appropriate law enforcement authorities.

- The Board issued findings that violations of Minn. Stat. chapter 10A occurred when the (Judi) Dutcher for Auditor Committee accepted a loan in excess of the statutory limit on September 8, 1998, and when it failed to include all statutorily required disclosure related to reimbursements reported on its report filed October 26, 1998. Pursuant to notice from the Board of this inadequacy, the report of the committee was amended. The loan had been repaid in full prior to the filing of the complaint. Based on the amended report and repayment of the loan, there is no probable cause to believe that the violations alleged in the complaint continue to exist.

- The Board issued findings of no probable cause to believe that the (Margaret A) Kelliher Volunteer Committee received advertising service at a rate lower than could be obtained by other candidates, which would have resulted in a reportable in kind contribution.

- The Board issued findings of no probable cause to believe that the (Hubert) Humphrey for Governor Committee accepted prohibited contributions from the (Hubert) Humphrey Volunteer Committee as alleged in the complaint.

- The Board issued findings of no probable cause to believe that: 1) the (Hubert) Humphrey Volunteer Committee made prohibited contributions to the (Hubert) Humphrey for Governor Committee; 2) funds collected by the Humphrey Volunteer Committee were converted to personal use; and 3) the cost of tickets to attend charitable events were not properly reported as costs of serving in office.

When the subject report of the Humphrey Volunteer Committee (HVC) was filed in February 1998, it itemized a \$150 noncampaign disbursement to a mayoral committee. Pursuant to notice from the Board that contributions to a candidate seeking local office are prohibited, Attorney General Humphrey reimbursed the committee \$150 for the contribution. Based on the fact that the HVC was reimbursed for this disbursement, there is no probable cause to believe that any violation exists related to this payment.

Filing deadlines

Approximately 1,300 principal campaign committees, political committees, and political funds were registered with the Board.

Fees for the late filing of the Report of Receipts and Expenditures:

- 139 committees and funds paid late fees totaling \$19,632;
- 13 committees and funds were granted waivers totaling \$3,550; and
- 9 committees and funds had fees reduced by a total of \$2,350.

Payment of the late filing fees were deposited in the state general fund.

Staff review of campaign finance reports

Approximately 1,970 reports of receipts and expenditures were filed by political party committees, political committees, and political funds. Approximately 1,380 reports were filed by principal

campaign committees.

Each filed report was reviewed by Board staff for compliance with the disclosure law requirements including accurate accounting and reporting for receipts and expenditures, proper use of required disclosure schedules, and adherence to applicable contribution and expenditure limits.

Election year (Offices filing for election)	Reports filed	Amendments filed
1998 (Constitutional/House)	3,350	660*
1996 (Senate/House)	3,620	435
1994 (Constitutional/House)	3,625	109

*This increase is due to the Board's continued effort to seek full compliance with campaign finance disclosure laws.

Investigations

The Board reviewed investigations of 30 potential violations of Chapter 10A, involving 28 committees or funds and made four findings; referred five delinquent committees and funds to the Minnesota Collections Enterprise (MCE); and received four favorable judgments in conciliation court.

The Board issued four findings showing probable cause. Two committees were fined a total of \$1,500, two violations carry no penalty under current law. Twenty six of the committees entered into conciliation agreements.

Expenditure limits

All candidates for state executive and legislative offices who wish to receive public subsidy must agree to spending limits in both election and nonelection years.

The Board reviewed five potential violations of this law based on reports filed by principal campaign committees for 1998. All five candidates entered into conciliation agreements with the Board. Total civil penalties of \$3,927 were paid by the five principal campaign committees. Payments of the civil fines were deposited in the state general fund.

Contribution limits

All candidates for state executive and legislative offices must abide by statutory contribution limits.

The Board reviewed four potential violations of this law, based on reports filed by principal campaign committees for 1998. All four cases were concluded by conciliation agreement. The Board imposed civil fines totaling \$650 on the four committees. Three principal campaign committees were also required to return a total of \$550 to three contributors. Payments of the civil fines were deposited in the state general fund.

Contributions from special sources

All principal campaign committees must limit their contributions from special sources to 20% of the expenditure limit.

The Board reviewed 17 potential violations of this law, based on reports filed by principal campaign committees for 1998. All 17 cases were concluded by conciliation agreement. The Board imposed civil fines totaling \$4,897 and required all 17 principal campaign committees to return a total of \$4,185 to 21 contributors. Payments of the civil fines were deposited in the state general fund.

Contributions during legislative session

Principal campaign committees are prohibited from soliciting or accepting certain contributions during a regular legislative session.

The Board reviewed two potential violations of this law, based on reports filed by principal campaign committees for 1998. The Board imposed civil fines on the two principal campaign committees totaling \$1,500. Payments of civil fines were deposited in the state general fund.

- The Board found there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.065 when it accepted contributions totaling \$1,500 from two lobbyists during the regular session of the Legislature in 1998. In lieu of forwarding the public findings of probable cause to the county attorney, the Board imposed a civil fine of \$1,000 on the principal campaign committee for acceptance of the contributions.
- The Board found there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.065, when it accepted a \$1,000 contribution from a lobbyist during the regular session of the Legislature in 1998. In lieu of forwarding the public findings of probable cause to the county attorney, the Board imposed a civil fine of \$500 on the principal campaign committee for acceptance of the contributions.

Contributions between federal and local candidates

Principal campaign committees are prohibited from accepting contributions from or making contributions to committees of candidates for federal or local office.

The Board reviewed two potential violations of this law, based on reports filed by a principal campaign committees for 1998. Minn. Stat. §10A provides no penalty for this violation.

- The Board found there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.27, subd. 9 (b), when it gave a \$200 contribution to a federal candidate committee.

- The Board found there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.27, subd. 9 (b), when it gave a \$500 contribution to a federal candidate committee.

Public Subsidy Program

1999 Legislative Action

Reallocation of public subsidy to constitutional offices - Removes references to the state treasurer and reallocates public subsidy money to other constitutional office candidates

Payment of subsidy in special election - requires payments of public subsidy to candidates in a special election to be paid by the Board (formerly paid by the State Treasurer).

Expenditure limit agreement

In 1998, 320 candidates (98%) of the 327 candidates who filed for office and registered a principal campaign committee with the Board signed public subsidy agreements with the Board to abide with campaign expenditure limits in order to receive payments from the state elections campaign fund.

Based upon increases in the consumer price index from December 1995, to December, 1997, the Board determined 1998 Election Year Expenditure Limits in effect for candidates who signed a Public Subsidy Agreement and filed for office as:

- \$1,926,127 for governor/lt governor candidates;
- \$ 321,023 for attorney general candidates;
- \$ 160,514 for secretary of state, state auditor, and state treasurer candidates; and
- \$ 24,083 for house of representative candidates.

Payment to candidates

A total of \$3,891,560 was paid to candidates during 1998. See breakdown of payments starting on page 27.

Return of public subsidy

Under provisions of the public subsidy law a candidate may be required to return some or all of the public subsidy received during the election year. Public subsidy must be returned if:

- Public subsidy received is in excess of a candidate's actual campaign expenditures; 14 candidates returned a total of \$41,719; and
- A candidate exceeds the limit on resources which may be carried forward to the next election cycle; three candidates returned a total of \$7,340.

All public subsidy returned to the Board has been deposited in the state general fund.

1999 Special elections

Public subsidy payments in special elections are made with appropriations from the state general fund.

Public subsidy funds were distributed in two special elections held in fiscal year 1999. In each instance, the amount of public subsidy available is the same amount for that office in the preceding general election:

- Senate District 26 (March 30, 1999) - four candidates; four candidates received public subsidy totaling \$44,829; and
- Senate District 32 (April 13, 1999) - four candidates; three candidates received public subsidy totaling \$36,851.

Political party payments

Monthly payments are made to political parties which qualify to receive 10% of the tax filer's checkoffs to the State Elections Campaign Fund.

Based on the final certification from the Department of Revenue for fiscal years 1998 and 1999, payments for fiscal year 1999 were as follows:

Democratic Farmer Labor	\$27,681.29
Grassroots	\$2,719.28
Libertarian	\$2,584.01
Reform	\$22,094.55
Republican	\$63,867.52
Total payments to State Party Committees	\$117,946.65

**STATE PUBLIC SUBSIDY PROGRAM 1998 ELECTION OF CONSTITUTIONAL OFFICES
AND HOUSE OF REPRESENTATIVES**

Candidate participation in public subsidy program

	DFL	REF	RPM	GRP	LIB	OTHER	TOTAL
Candidates filing for office:	160	20	153	2	6	7	348
Filing candidates who registered a committee with the Board:	150 (94%)	16 (80%)	150 (98%)	2 (100%)	4 (68%)	5 (71%)	327 (94%)
Candidates signing public subsidy agreement:	149 (93%)	16 (80%)	150 (98%)	1 (50%)	4 (67%)	3 (43%)	323 (93%)
Registered candidates signing a public subsidy agreement:	147 (98%)	15 (94%)	150 (100%)	1 (50%)	4 (100%)	3 (60%)	320 (98%)
Registered candidates with PSA receiving public subsidy payments:	127 (86%)	5 (67%)	126 (84%)	0 (0%)	1 (25%)	0 (0%)	259 (81%)

Distribution of General Account public subsidy by office

	Total Paid	Number of Candidates	Payment Per Candidate
Governor:	\$ 930,847	3	\$ 310,282
Attorney General:	159,574	2	79,787
Secretary of State:	79,787	3	26,596
State Auditor:	79,787	2	39,893
State Treasurer:	79,787	2	39,893
House of Representatives:	998,992	244	4,094

Distribution of General Account public subsidy by party:

	DFL	REF	RPM	GRP	LIB	OTHER	TOTAL
Governor:	\$310,282	\$310,282	\$310,282	\$0	\$0	\$0	\$930,847
Attorney General:	79,787	0	79,787	0	0	0	159,574
Secretary of State:	26,596	26,596	26,596	0	0	0	79,787
State Auditor:	39,893	0	39,893	0	0	0	79,787
State Treasurer:	39,893	0	39,893	0	0	0	79,787
House Candidates:	499,496	4,094	495,402	0	0	0	998,992

Total:	995,948	340,972	991,854	0	0	0	2,328,774
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Public subsidy totals by party:

	DFL	REF	RPM	GRP	LIB	OTHER	TOTAL
General Account Paid to candidates:	\$995,948	\$340,972	\$991,854	\$0	\$0	\$0	\$2,328,774
Party Account paid to candidates:	854,665	18,767	689,212	0	142	0	1,562,786
Party Account paid to party:	0	0	21,947	0	0	0	21,947
Total:	1,850,613	359,739	1,703,013	0	142	0	3,913,507

Distribution of Party Account public subsidy by office and party:

Governor

	DFL	REF	RPM	GRP	LIB	TOTAL
Available:	\$293,262	\$16,539	\$249,358	\$17,172	\$9,338	\$585,669

Paid to candidates:	293,262	16,539	249,358	0	0	559,159
Paid to party ¹	0	0	0	0	0	0
Returned to State ²	0	0	0	17,172	9,338	26,510

Attorney General

	DFL	REF	RPM	GRP	LIB	TOTAL
Available:	\$50,273	\$2,835	\$42,747	\$2,944	\$1,601	\$100,400
Paid to candidates:	50,273	0	42,747	0	0	93,021
Paid to party ¹	0	0	0	0	0	0
Returned to State ²	0	2,835	0	2,944	1,601	7,380

Secretary of State

	DFL	REF	RPM	GRP	LIB	TOTAL
Available:	\$25,137	\$1,418	\$21,374	\$1,472	\$800	\$50,200
Paid to candidates:	25,137	1,418	21,374	0	0	47,928
Paid to party ¹	0	0	0	0	0	0
Returned to State ²	0	0	0	1,472	800	2,272

State Auditor

	DFL	REF	RPM	GRP	LIB	TOTAL
Available:	\$25,137	\$1,418	\$21,375	\$1,472	\$800	\$50,200
Paid to candidates:	25,137	0	21,374	0	0	46,510
Paid to party ¹	0	0	0	0	0	0
Returned to State ²	0	1,418	0	1,472	800	3,690

State Treasurer

	DFL	REF	RPM	GRP	LIB	TOTAL
Available:	\$25,137	\$1,418	\$21,375	\$1,472	\$800	\$50,200
Paid to candidates:	25,137	0	21,374	0	0	46,510
Paid to party ¹	0	0	0	0	0	0
Returned to State ²	0	1,418	0	1,472	800	3,690

House of Representatives

	DFL	REF	RPM	GRP	LIB	TOTAL
Available:	\$469,612	\$33,461	\$369,906	\$36,587	\$23,328	\$932,895

Paid to candidates:	435,719	810	332,986	0	142	769,658
Paid to party ¹	0	0	21,947	0	0	21,947
Returned to State ²	33,893	32,651	14,973	36,587	23,186	140,990

¹ Party account public subsidy designated for an otherwise qualified candidate of the party who is unopposed is paid to the party.

² Party account public subsidy designated for a district and office in which the party has no candidate is returned to the general fund of the state.

Differences between totals shown and individual amounts included in totals are due to rounding.

STATE ELECTIONS CAMPAIGN FUND

INCOME TAX AND PROPERTY TAX CHECKOFFS(A)

<u>TAX YEAR</u>	<u>GENERAL % OF</u> <u>ACCOUNT TOTAL</u>	<u>DFL % OF</u> <u>ACCT. TOTAL</u>	<u>RPM % OF</u> <u>ACCT. TOTAL</u>	<u>REF(D) % OF</u> <u>ACCT. TOTAL</u>	<u>MINOR % OF PARTIES(B)</u> <u>TOTAL</u>	<u>TOTAL(C)</u>
1974 - Actual	\$125,169 - 33.6%	\$175,259-47.1%	\$68,395 - 18.4%		\$3,488 - 0.9%	\$ 372,311
1975 - Actual	125,979 - 33.5%	164,071 - 43.6%	83,218 - 22.1%		2,955 - 0.8%	376,233
1976 - Actual	106,303 - 27.2%	186,927 - 47.7%	89,227 - 22.8%		9,252 - 2.3%	391,799

1977 - Actual	118,774 - 26.3%	187,812 - 41.6%	132,913 - 29.4%		12,013 - 2.7%	451,512
1978 - Actual	127,740 - 24.8%	220,116 - 42.6%	153,921 - 29.8%		14,523 - 2.8%	516,300
1979 - Actual	118,454 - 24.2%	197,503 - 40.3%	160,327 - 32.7%		13,529 - 2.8%	489,813
1980 - Actual	198,028 - 24.7%	332,394 - 41.4%	258,748 - 32.2%		13,962 - 1.7%	803,132
1981 - Actual	206,640 - 26.1%	307,286 - 38.8%	262,240 - 33.1%		14,331 - 2.0%	791,608
1982 - Actual	207,014 - 25.7%	356,800 - 44.2%	229,748 - 28.5%		13,180 - 1.6%	806,742
1983 - Actual	208,328 - 25.0%	330,206 - 39.6%	282,790 - 34.0%		11,888 - 1.4%	833,212
1984 - Actual	230,294 - 27.0%	356,074 - 41.7%	266,658 - 31.3%		0 - 0%	853,026
1985 - Actual	241,682 - 30.7%	299,904 - 38.1%	245,682 - 31.2%		0 - 0%	786,848
1986 - Actual	228,470 - 31.1%	306,258 - 41.7%	200,358 - 27.2%		0 - 0%	735,086
1987 - Actual	564,790 - 31.3%	673,870 - 37.3%	567,954 - 31.4%		0 - 0%	1,806,605
1988 - Actual	545,885 - 28.8%	778,275 - 41.0%	573,560 - 30.2%		0 - 0%	1,897,720
1989 - Actual	572,375 - 30.2%	669,370 - 35.4%	650,620 - 34.4%		0 - 0%	1,892,365
1990 - Actual	593,250 - 31.6%	731,055 - 38.9%	554,005 - 29.5%		0 - 0%	1,878,310
1991 - Actual	555,730 - 33.0%	636,225 - 37.8%	491,450 - 29.2%		0 - 0%	1,683,405
1992 - Actual	515,855 - 31.5%	673,285 - 41.1%	449,390 - 27.4%		0 - 0%	1,638,530
1993 - Actual	517,790 - 32.2%	577,240 - 36.0%	511,115 - 31.8%		0 - 0%	1,606,145
1994 - Actual	485,905 - 30.7%	592,650 - 37.5%	500,260 - 31.6%		0 - 0%	1,578,815
1995 - Actual	327,055 - 22.9%	528,905 - 37.1%	460,820 - 32.2%	\$48,820 - 3.4%	63,305 - 4.4%	1,428,905
1996 - Actual	333,135 - 24.0%	546,740 - 39.3%	415,620 - 29.9%	27,685 - 2.0%	67,745 - 4.8%	1,390,925
1997 - Actual	328,575 - 24.5%	494,430 - 36.9%	404,055 - 30.2%	46,465 - 3.5%	65,075 - 4.9%	1,338,600

(A) Beginning with tax year 1980, taxpayers may check off \$2.00 per individual; beginning in tax year 1987 taxpayers may check off \$5.00 per individual.

(B) Beginning with tax year 1984, no minor parties qualified for inclusion on the state income tax blank until tax year 1995 when two minor parties qualified.

(C) Beginning with tax year 1990, 3% of checkoff is retained in the general fund for administration costs.

(D) Beginning with tax year 1995, one additional major party qualified for inclusion on the state income tax blank.

TAX RETURN PARTICIPATION RATE

TOTAL NO. OF RETURNS

PROPERTY TAX YEAR	INCOME TAX	TOTAL NO. TAX RETURNS	NO. OF CHECKOFFS	PERCENT OF PARTICIPATION
1974 Actual	1,669,794		372,311	22.3%
1975 Actual	1,584,086		376,223	23.8%
1976 Actual	1,616,441		391,799	24.2%
1977 Actual	1,667,924		451,512	27.1%
1978 Actual	1,722,053	938,791	516,300	19.4%
1979 Actual	1,761,586	880,185	458,586	17.4%
1980 Actual	1,752,137	797,327	401,566	15.8%
1981 Actual	1,738,194	806,698	395,804	15.6%
1982 Actual	1,712,796	703,470	403,371	16.7%
1983 Actual	1,721,645	660,854	416,606	17.5%
1984 Actual	1,773,807	630,530	426,514	17.7%
1985 Actual	1,801,993	571,772	393,424	16.6%
1986 Actual	1,814,958	556,935	367,543	15.5%

1987 Actual	1,963,300	429,993	361,321	15.1%
1988 Actual	1,978,135	524,855	379,544	15.2%
1989 Actual	2,012,123	480,123	379,845	15.2%
1990 Actual	2,029,347	544,138	398,235	15.5%
1991 Actual	2,063,233	523,085	355,727	13.8%
1992 Actual	2,059,228	557,892	350,545	13.4%
1993 Actual	2,087,914	554,942	341,034	12.9%
1994 Actual	2,132,617	534,040	335,641	12.6%
1995 Actual	2,178,578	518,236	302,053	11.2%
1996 Actual	2,226,721	499,845	293,312	9.8%
1997 Actual	2,404,536	500,001	284,528	9.0%

Based on 3/6/97 Department of Revenue certification of 1994 and 1995 tax return checkoffs.

Campaign Finance Software Development

1999 Legislative action

An appropriation of \$234,000 for the 2000 - 2001 biennium was approved to begin development of the next generation of the **Finance 98** campaign finance software to be available for use in the 2002 elections.

Development

The first stage of development of **Finance 98** was completed at the end of fiscal year 1998. During fiscal year 1999, development efforts were directed toward improving the stability of the product and adding enhancements to meet user needs. Improvements to reports were made throughout the year. The final set of enhancements were completed in June, 1999, and included improvements to modules that handle issuing political contribution refund receipts and generating thank-you letters.

Training

Four training sessions were conducted at out-state locations in July and August, 1998. Ten sessions were held in St. Paul during August and October, 1998, and January and February, 1999. Staff continues training to encourage additional treasurers to use **Finance 98**.

Implementation

Receipt of the first electronic reports occurred with the 1998 pre-primary election reports, in August, 1998. By the end of fiscal year 1999, more than 200 potential candidates and treasurers had registered to be eligible to use the software. **Finance 98** was used by 17 political committees or funds and 23 principal campaign committees to electronically file their 1998 year-end reports. A significant number of committees adopted **Finance 98** as their recordkeeping and reporting tool at the beginning of calendar year 1999.

LOBBYIST PROGRAM

Court decision

St. Paul Legal Ledger v. State of Minnesota and Minnesota Campaign Finance and Public Disclosure Board

The Honorable Kathleen Gearin, District Court Judge found unconstitutional the portion of Minn. Stat. §10A.02, subd. 8(e) prohibiting the use or sale of information obtained from lobbyist reports and statements filed with the Campaign Finance and Public Disclosure Board for any commercial purpose, and the portion of Minn. Stat. §10A.20, subd. 8(e) that imposes civil and criminal sanctions for such uses.

1999 Legislative action

Lobbyist lists -

- Requires the Board to publish a list of lobbyist registered with the Board; and
- Removes the requirement that the Board report names of lobbyists to the Governor, presiding officers of each house of the legislature, and to the governing body of each metropolitan governmental unit.

Solicitors report - Changes the reporting date for solicitor's reports to coincide with other campaign finance reports.

Advisory opinions issued

- Definition of Lobbyist Principal

A political subdivision is not included in the categories of entities which may be lobbyist principals under Minnesota Statutes, chapter 10A. No. 297

- Lobbying municipal governmental units

An individual becomes a lobbyist by spending five hours in a month communicating with or urging others to communicate with local officials of a metropolitan governmental unit. Local officials include only those persons who meet the statutory definition of a local official. The exception to the lobbyist definition for individuals engaged in the sale of goods or services extends to attorneys representing clients in such sales. No. 304

- Definition of lobbyist

An association's board member, who spends no personal money, who does not have authority to spend money on behalf of the association, and who, without compensation, spends time communicating with public officials to urge them to take particular positions on legislation is not a lobbyist within the meaning of Minn. Stat. § 10A.01, subd. 11. No. 308

- Lobbyist contributions to retirement party and gift

Donations for a retirement party or gift for a retiring public official are not contributions to the official's principal campaign committee. A donation made or requested by a lobbyist or lobbyist principal for a gift to a retiring official, who has taken another position by which the individual is still an official under Minn. Stat. § 10A.071, is prohibited. A donation of money or services made or requested by a lobbyist or lobbyist principal for a retirement party is subject to the prohibitions of Minn. Stat. § 10A.071. No. 309

- Gift Prohibition; public official solicitation of contributions, membership in a group

Minnesota officials who are members of a multi-state membership organization are not required to pay additional charges to attend the organization's annual meeting even if the costs of the meeting are subsidized by contributions from lobbyists or lobbyist principals. Minnesota officials who are members of the meeting organizing committee may solicit lobbyists and lobbyist principals for contributions to the organization to subsidize costs of the annual meeting. Contributions to the organization are not prohibited gifts when they are used for the benefit of the organization as a whole. No. 315

Complaints The Board completed investigations and issued findings in one complaint.

- The Board issued findings of probable cause to believe that the Tobacco Institute was an original source of funds used for the purpose of lobbying to influence legislative action and that Wes Lane intentionally failed to disclose the Tobacco Institute as an original source of funds on his lobbyist disbursement reports for Minnesota D.R.I.V.E. between the years of 1988 and 1992. The Executive Director reported the findings of probable cause to the appropriate law enforcement authorities.

Filing deadlines

Approximately 1,320 registered individuals representing 1,250 associations filed approximately 9,040 Lobbyist Disbursement Reports.

Of the 9,040 reports, approximately 8% were filed late. The same percentage of reports were filed late in fiscal year 1998.

Fees for the late filing of Lobbyist Disbursement Reports:

- 17 delinquent lobbyists paid late fees totaling \$1,311
- 1 lobbyist was granted a waiver totaling \$100
- 1 lobbyist had fees reduced from \$100 to \$50

Payment of the late filing fees were deposited in the state general fund.

Staff review of lobbyist disclosure

Each report was reviewed by Board staff for compliance with the lobbyist disclosure law requirements including reporting of expenses for lobbying purposes; sources of funds over \$500 from other than the association represented; and gifts, loans, honorariums, or items of benefit equal in value to \$5 or more to public officials.

Reporting year	Reports filed	Amendments filed
1999	9,040	88
1998	9,010	70

Annual report of lobbyist principal

An individual or association spending more than \$500 in a calendar year to compensate a lobbyist is required to file an annual report as a lobbyist principal.

A Report of Lobbyist Principal covering the period January 1 through December 31, 1998, was due on March 15, 1999, from 1,246 lobbyist principals. Eight principals failed to file a report. Minn. Stat. §10A. provides no penalty for failure to file a lobbyist principal report.

ECONOMIC INTEREST PROGRAM

1999 Legislative action

Notice of filing - Removes the requirement that the Board notify the Secretary of State or County Auditor when candidates have filed their statement.

Changes to agencies whose employees and members must file Statements of Economic Interest with the Board -

Abolished effective June 1, 1999, Municipal Board - Executive Director, Assistant Executive Director and three members.

Changed the name of the following:

- Indian Affairs Intertribal Board is renamed Indian Affairs Council; and
- Lola and Rudy Perpich Minnesota Center for Arts Education is renamed Perpich Center for Arts Education.

Authorized to appoint an additional Deputy Commissioner, Department of Administration

Created the Board of Physical Therapy - nine members, appointed by the Governor; and one administrator appointed by the Board.

Filing deadlines

- Original Statements of Economic Interest

Approximately 326 Notice of Appointments appointing or reappointing a public official who is required to file an Original Statement of Economic Interest were received in fiscal year 1999.

Late fees totaling \$355 for the late filing of Original Statements were collected from seven delinquent public officials.

Payment of the late filing fees were deposited in the state general fund.

- Supplementary Statements of Economic Interest

Supplementary Statements of Economic Interest are required to be filed annually, if there are changes to be reported from the previously filed statement. To assist public officials in determining their need to file, Board staff mailed 1,458 public officials a copy of the information reported on previously filed statements. Approximately 745 public officials or 51% of those who were mailed statements filed a statement with changes.

Staff review of statements

Each filed statement was reviewed by Board staff for compliance with the disclosure law requirements. Public officials whose Statements were incomplete were required to file amended Statements.

	1999	1998
Original reports filed	326	186
Number of public officials	1,458	1,400
Supplementary reports filed	745*	1,097
Incomplete supplementary reports requiring amendments	28	205**

* Decrease due to staff mailing copies of previously filed statements to assist public officials in determining accuracy of filed statements and their need to amend.

** 1998 marked the first year that staff provided public officials with copies of statements showing their previously filed information.

POTENTIAL CONFLICTS OF INTEREST

Filing

A public official who in the discharge of the official's duties would be required to take an action or make a decision that would substantially affect the official's financial interest or those of an associated business must file a Potential Conflict of Interest form, or a written statement describing the potential conflict, or if there is insufficient time to comply with the written requirements give oral notice to their immediate supervisor of the possible conflict.

Potential Conflict of Interest Notice forms were filed by two public officials in fiscal year 1999.

REPRESENTATION DISCLOSURE

Filing

A public official who represents a client for a fee before any individual board, commission or agency that has rule making authority in a hearing conducted under Minnesota Chapter 14, and in the cases of rate setting, power plant and powerline siting and granting of certificates of need under Minn. Stat. §216.B243, must file a Representation Disclosure Statement within 14 days after the appearance has taken place, disclosing the officials part in the action.

A Representation Disclosure notice form was filed by one public official in fiscal year 1999.

OTHER BOARD PROGRAMS

**Public Employees Retirement Association
(PERA) trustee candidates**

Candidates for election as PERA Trustees are required to file certain campaign finance disclosure reports with the Campaign Finance and Public Disclosure Board under Minn. Stat. § 353.03, subd. 1. Under this statute, the Board prescribes and furnishes to trustee candidates the reporting form and instructions for completing the form. Five trustee positions were open for election in fiscal year 1999. No disclosure reports were submitted to the Board by the candidates .

Minnesota Technology, Inc. (MTI)

Minn. Stats. §§1150.03 and 1160.04 requires certain disclosure by the board of directors and the president of MTI upon appointment and annually thereafter during the term in office.

Under these statutes, the Board prescribes and furnishes to the directors and president the reporting form and instructions for completing the form. In April, 1999, 16 reports were filed with the Board.

State Board of Investment

Minn. Stat. §11A.075 requires certain disclosure by board members upon appointment and employees upon hire and both annually thereafter until termination of appointment or employment.

Under this statute, the Board prescribes and furnishes to the members and employees the reporting form and instructions for completing the form. In April, 1999, 28 reports were filed with the Board.

State pension funds

Members of a governing board of a covered pension plan and the chief administrative officer of the plan are required to file certain Statements of Economic Interest with the governing Board under Minn. Stat. § 356A.06, subd. 4.

Under this statute, the Office of the State Auditor prescribes the statement and instructions for completing the statement which covers the previous calendar year. The chief administrative officer of each covered pension plan must submit a copy of all filed statements with the Campaign Finance and Public Disclosure Board annually, no later than January 15th. Approximately 723 pension plans are required to file with the Board under this law. In 1999, 300 pension funds filed copies of the required statements with the Board.

STAFF DUTIES

Executive Director Facilitate achievement of the Board's goals and objectives. Set agenda and prepare materials for Board and committee meetings. Direct all agency and staff operations. Serve as the Board's representative to the Legislative and Executive Branch. Educate and assist clients in compliance with reporting requirements, limits, and prohibitions. Represent State of Minnesota on the Council on Governmental Ethics Laws steering committee.

Assistant Executive Director Serve as advisor to the Executive Director and assist in management of the operations for the agency. Draft advisory opinions and administrative rules for Board consideration. Manage the agency's compliance programs and information resources. Serve as the agency's representative on the Minnesota Information Policy Council.

Office Manager (Office Services Supervisor) Administer daily financial and biennial budgeting programs. Manage payroll and human resource procedures and systems. Draft Board meeting minutes, annual report, and forms and handbooks to assist clients in meeting statutory requirements. Prepare agency fiscal notes for legislative consideration. Serve as agency liaison to other state agencies.

Compliance Officer (Investigator) Investigate written complaints, draft conciliation agreements and findings for Board consideration. Coordinate investigations and settlements of potential violations of Minn. Stat. Chapter 10A. Provide guidance in case management to investigative and Board staff assigned to assist this position. Serve as investigate liaison to the Executive Director, Board, and Attorney General's office. Refer and monitor cases for Revenue Recapture and the Minnesota Collections Enterprise. Represent the Board in conciliation court. Prepare and submit reports to the Department of Finance regarding fines levied and collected.

Programs Assistant (Office and Administrative Specialist Intermediate) Perform enforcement activities by initiating communications with clients who need to file or amend filed documents under the guidance of the Board Investigator. Provide support to the investigator. Provide technical advice and guidance to Board clients.

Information Technology Specialist II Develop, maintain, and manage complex database applications to support administration of all Board programs and activities. Provide technical service, assistance and training to Board staff. Administer local area network and modifications to website. Install new personal computers and associated hardware and software.

Programs Administrator (Office & Administrative Specialist Principal) Provide for distribution, collection, data entry, and filing of disclosure required by Minn. Stat. 10A. Collect, store and retrieve data for the preparation and analysis of summaries of documents filed with the Board. Provide technical advice and guidance to Board staff and clients.

Information Assistant (Customer Service Specialist Intermediate) Provide assistance in typing and word processing to Board staff. Serve as agency receptionist. Maintain agency receipts for deposit with the State Treasurer. Administer contribution receipt program. Prepare mailings for monthly Board meetings. Arrange for agency printing, duplicating, and mailing of official notices. Update the agency website on a daily basis. Maintain records retention per agency schedule.

Office Specialist (Intermittent) Assist with mailing, data entry, and filing of all required documents filed with the Board office in all agency programs. Assist in general office work of the Board as assigned.

Intern (May 27 - June 30) Assist with mailing, data entry, and filing of all required documents filed with the Board office in all agency programs.

STAFF SALARIES

July 1, 1998 - June 30, 1999

POSITION STAFF SALARY

Executive Director Jeanne Olson \$73,624

Assistant Executive Director Gary Goldsmith 58,682

Office Services Supervisor II LuAnn Swanson 41,461

Investigator Billie Claire Errico 38,091

Office and Administrative Nicole Perrault 8,785 (7/1/98 - 10/23/98)

Specialist Intermediate Patricia Klingner 15,306 (11/16/98 - 6/30/99)

Information Technology Specialist II Greg Messetler 32,539

Office and Administrative Kelly Hansen 32,784
Specialist Principal

Customer Service Specialist Joyce Larson 26,524
Intermediate

Office Specialist (intermittent) Donna LaBarre 2,133 (6/30/98 - 11/25/98)

TOTAL FY 1999 SALARIES \$329,929

FINANCIAL INFORMATION

BOARD OPERATING BUDGET

The Campaign Finance and Public Disclosure Board is funded by a direct appropriation from the Minnesota Legislature. The fiscal year budget begins July 1 and ends June 30.

INCOME SUMMARY

Appropriation: \$483,000

Photocopy Revenue:	13,431
Carry in from FY 1998	14,630
Legal Fees Appropriation	15,000
 TOTAL	 \$526,061

EXPENDITURE SUMMARY

Full time staff	\$401,250
Part time staff	2,381
Workers Compensation	324
Per Diem	4,235
Vacation Pay Out	785
Office rent	\$26,220
Misc. rents	187
Photocopy machine leases	14,581
Printing	5,293
Professional/Technical Services	2,000
Legal costs	16,743
Postage and freight	11,756
Telephone	2,895
In-State Travel - staff	185
Out-State Travel	3,270
Board meeting expenses	1,614
Staff / Board development	2,096
Subscriptions, Memberships	781
Supplies	12,428
Equipment	15,052
Repairs	611
Misc. Purchased Services	1,061

TOTAL	\$525,748
RETURN TO STATE	\$313
	\$526,061

DEPOSITS

Unless otherwise noted, all receipts collected by the Campaign Finance and Public Disclosure Board are deposited in the general fund of the state.

Late Filing Fees

Principal Campaign Committees	\$ 4,035	36 committees
Political Committees and Funds	15,597	103 committees
Lobbyist Disbursement Reports	1,311	17 lobbyists
Economic Interest Statements	<u>355</u>	7 public officials
TOTAL LATE FILING FEES	\$21,298	
Civil Fines		
Contribution limits violations	\$650	2 candidate committees
Contributions during session	1,966	3 candidate committees
Special source aggregate limit	3,198	8 candidate committees
Exceeding spending limit	<u>3,927</u>	3 candidate committees

TOTAL CIVIL FINES	\$9,741	
Return of public subsidy	\$49,558	20 candidate committees
Anonymous contributions	\$565	7 committees (deposited in the general account of the State Elections Campaign Fund)
Photocopy receipts		
Copies	\$13,431	782 individuals paid (retained by Board to offset photo copier costs)
State sales tax	944	
St Paul sales tax	<u>72</u>	(paid to the city of St. Paul)
TOTAL COPY RECEIPTS	\$14,447	
TOTAL RECEIPTS	\$95,609	

CAMPAIGN FINANCE MANAGEMENT SYSTEM PROJECT BUDGET

Fiscal year 1999 is the second year of the one time 98/99 biennium appropriation of \$122,000 for the development, production, and distribution of software to assist political committees and funds in accounting for their campaign finance activities and reporting them electronically to the Board.

INCOME SUMMARY

Carry in from FY 1998	<u>\$25,599</u>
TOTAL	<u>\$25,599</u>

EXPENDITURE SUMMARY

Professional/Technical Services	\$24,243
In-State Travel (Training)	1,067
Software	270
TOTAL	\$25,580
RETURN TO STATE	\$19
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	<u>\$25,599</u>