

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

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**December 12, 2012  
Room 220  
Minnesota Judicial Center**

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**MINUTES**

The meeting was called to order by Chair McCullough.

Members present: Beck, McCullough, Luger, Peterson, Scanlon, Wiener

Others present: Goldsmith, Sigurdson, White, Pope, staff;

**LEGISLATIVE RECOMMENDATIONS**

Mr. Goldsmith presented the Board with a memorandum which is attached to and made a part of these minutes. He further explained that the draft language is for informational purposes only and actual bill language is determined by staff and legislative staff.

**Financial Support**

Executive Director Goldsmith briefed members on the financial support that staff plans to present to the legislature for the 2013 session regarding funding for the Board.

After discussion, the following motion was made:

Member Wiener's motion:	To adopt the staff draft legislative recommendation for general fund support for the Board at the level of \$1,000,000 per year and that this support be a statutory appropriation with a life of four years.
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Vote on motion:	Unanimously passed.
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**Service Improvements**

Mr. Goldsmith gave a description of each of the service improvements that could be included in the legislative recommendations, but explained that the improvements listed in the memorandum would not be possible if the Board was not granted the needed financial support as described above.

After discussion, the following motion was made:

Member Luger's motion:	To adopt the service improvement legislative recommendations outlined by staff in its
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memorandum contingent on the full funding described above.

Vote on motion: Unanimously passed.

### **Strengthening the legal foundations of Chapter 10A**

Mr. Goldsmith presented the Board with a series of changes to Chapter 10A that would strengthen the constitutional foundations of the law. He noted that the language for draft recommendation 12 had been modified by staff for clarity.

Mr. Goldsmith answered questions from members.

After discussion, the following motion was made:

Member Beck's motion: To amend recommendation 7 to state that the registration threshold amount be \$1,000 instead of \$2,500.

Vote on motion: 4 yeas, 2 nays. (Luger, Peterson)

After additional discussion, the following motion was made:

Member Peterson's motion: To adopt recommendations 6 through 16 with the above amendment to recommendation 7 and the staff language modification to recommendation 12.

Vote on motion: Unanimously passed.

### **Improving Chapter 10A compliance and administration**

Executive Director Goldsmith suggested to the Board numerous improvements to Chapter 10A that will help to clarify and simplify compliance and the administration of the statute.

Mr. Goldsmith directed members to recommendation 24 and to a grammatical change that should be made to the related draft language in the Master Board Bill – working draft, which is attached to and made a part of these minutes. Mr. Goldsmith stated that the word “knowledge” should be changed to the word “intent” in paragraph (c) on page 6 of the Master Board Bill – working draft.

Mr. Goldsmith also suggested that at this time, recommendations 25, 27 and 28 of the memorandum be excluded from the Board motion as recommendations to the legislature.

After discussion, the following motion was made:

Member Beck's motion: To adopt draft legislative recommendations 17 through 31 excluding recommendations 25, 27, and 28, and incorporating into recommendation 24 the

grammatical change suggested by staff in its draft Master Board Bill language.

Vote on motion: Unanimously passed.

### **Technical Recommendations**

A brief overview of the technical recommendations was presented to the Board by Executive Director Goldsmith.

After discussion, the following motion was made:

Member Wiener's motion: To adopt draft legislative recommendations 32 through 37 including the Repealer.

Vote on motion: Unanimously passed.

### **Additional topics for legislative recommendations**

Mr. Goldsmith presented the Board with a memorandum which is attached to and made a part of these minutes. Mr. Goldsmith explained that these additional topics resulted from the Board's direction to staff at its last meeting to bring the Board a broader list of possible recommendation topics for consideration.

Mr. Goldsmith presented each of the new topics:

#### **Change financial regulations in ways that will help candidate committees and political party units remain relevant**

Executive Director Goldsmith suggested to members that in order for candidate committees and political party units to stay competitive with outside groups the contribution limits need to be increased. The memorandum outlines staff suggested limit thresholds to be presented to the legislature.

After discussion, the following motion was made:

Member Peterson's motion: To adopt as recommendations the increased limits specified in parts 1.a. and 1.b. of the memorandum as well as the recommendation that limits be on an election cycle basis, and to emphasize that the limits specified in the recommendations are minimum amounts which could be increased by the legislature.

Vote on motion: Unanimously passed.

**Improve the public subsidy program to increase small donor participation**

Mr. Goldsmith recommended that the Board not take up the matter of recommendations related to the public subsidy programs. As a result, the Board did not discuss this section of Mr. Goldsmith's memorandum.

**Expand disclosure to broaden the definition of independent expenditures and to include disclosure of electioneering communications.**

Mr. Goldsmith explained that Chapter 10A includes a narrow definition of independent expenditures and that it does not provide for the disclosure of costs of communications known as electioneering communications. Mr. Goldsmith explained the difference between the concepts and the language that would be needed to broaden Minnesota's law. Mr. Goldsmith explained that the concepts suggested by staff have been upheld by the U.S. Supreme Court against First Amendment challenges.

After discussion, the following motion was made:

Member Scanlon's motion:	To adopt as the Board's legislative recommendations parts 3.a. and 3.b. of Mr. Goldsmith's memorandum.
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Vote on motion:	Unanimously passed.
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**Tighten underlying source disclosure for independent expenditure and ballot question political committees and funds**

Mr. Goldsmith explained how Minnesota's underlying source disclosure law for associations donating to political committees or funds can result in minimal or limited underlying source disclosure because these associations can attribute their contributions to small donors, thus avoiding itemization. Mr. Goldsmith explained that a requirement to pro-rate contributions over all donors would result in better disclosure of large donors to these associations.

The draft memorandum also included a recommendation that donor associations be required to disclose all of their donors over a specified threshold. On the recommendation of staff, the Board did not take up this recommendation.

After discussion, the following motion was made:

Member Beck's motion:	To adopt as the Board's legislative recommendation part 4.a. of Mr. Goldsmith's memorandum.
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Vote on motion:	Unanimously passed.
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**Modify the campaign finance disclosure schedule so that it is balanced**

Mr. Goldsmith explained that the current election year reporting schedule results in some reports that fall too close together to be meaningful. Additionally, the expanded reporting schedule applies only to political committees and funds, not to candidates' principal campaign committees or to party units.

The draft recommendation would apply expanded reporting to party units and to the principal campaign committees of constitutional office candidates. Mr. Goldsmith recommended that the Board not adopt a recommendation for quarterly non-election-year reporting because many small committees have little financial activity in non-election years and the burden of additional reporting would not result in meaningful disclosure from them.

After discussion, the following motion was made:

Member Peterson's motion:	To adopt as the Board's legislative recommendation part 5.a., b., and c. of Mr. Goldsmith's memorandum.
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Vote on motion:	Unanimously passed.
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**The Board did not take up section 7 of Mr. Goldsmith's memorandum.**

**Economic interest disclosure reform**

Executive Director Goldsmith explained that there is concern in the legislature and with interested persons about the ineffectiveness of the disclosure of economic interests. He explained that it was likely that the legislature would take up the matter this session.

Sections a. through d. of this section of the memorandum listed some steps that could be taken to improve economic interest disclosure. The Board discussed these enhancements, and was concerned about part c., which would require the disclosure of the economic interests of the official's spouse.

Mr. Goldsmith explained that staff had not had time to fully develop this topic and that he was not prepared to offer specific language or to analyze what other states have done. Members expressed concern about the weakness of the statute and it was the consensus that it should be improved. However, members were also concerned about the scope of the recommendations being made.

After discussion, the following motion was made:

Member Beck's motion:	To adopt as the Board's legislative recommendation the list of improvements under section 7 of Mr. Goldsmith's memorandum, excluding point c.
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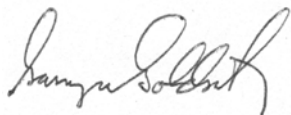
Vote on motion: 3 yeas, 3 nays. (Luger, Scanlon, Wiener)

There not being four votes in the affirmative, the Motion was not adopted.

**OTHER BUSINESS**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary Goldsmith". The signature is fluid and cursive, with the first name "Gary" and last name "Goldsmith" clearly distinguishable.

Gary Goldsmith  
Executive Director

Attachments:

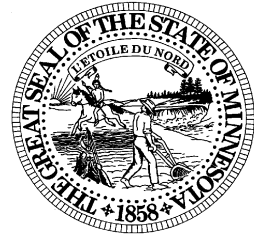
December 7, 2012, memorandum regarding budgetary recommendations and service enhancements

Master Board Bill - working draft

December 10, 2012, memorandum regarding additional topics for legislative recommendations

Minnesota

*Campaign Finance and  
Public Disclosure Board*



**Date:** December 7, 2012

**To:** Board members

**From:** Gary Goldsmith, Executive Director

**Telephone:** 651-539-1190

The following legislative recommendations are those recommended by staff. The fact that staff recommends these changes does not mean that we do not support others as well. However the separate memo on Big Themes is more policy related and, thus, purely in the Board's discretion.

**Budgetary recommendations and service enhancements.**

**Financial support**

1. Advocate for general fund support for the Board at the level of \$1,000,000 per year. As a last resort, support a system of registration fees to supplement the Board's general fund appropriation.

**Service improvements**

The recommendations in this section are contingent on the establishment of full funding for Board operations. The Board would be unable to undertake these new responsibilities without additional resources.

2. Provide that the Board has jurisdiction over the "prepared and paid for" form of disclaimer as applied to communications about candidates for offices that are covered by Chapter 10A.
3. Provide that the Board has jurisdiction over statutes related to corporations spending money to influence the nomination or election of candidates when the spending is related to candidates for offices that are covered by Chapter 10A.
4. Provide that the Board has jurisdiction over statutes related to the legal uses of money raised for political purposes when that money is raised by an association or political fund that is registered with the Board.

**Strengthening the legal foundations of Chapter 10A**

5. Increase the threshold for registration of principal campaign committees, party units, political committees, and political funds from \$100 to \$750. Increase the reporting threshold for a candidate using only the candidate's own money to the same amount.
6. Increase the threshold for registration of independent expenditure political committees and funds from \$100 to \$2,500.

7. Increase the threshold for registration of ballot question political committees and funds from \$100 to \$5,000.
8. Increase the threshold for reporting by an individual who makes independent expenditures or ballot question expenditures using only the person's own money from \$100 to the same amount that would trigger a registration requirement for a political committee or fund making the same type of expenditures.
9. Make underlying source disclosure requirements for ballot question committees and funds consistent with those requirements for independent expenditure political committees or funds.
10. Provide that in investigations, the Board shall make findings and conclusions and issue orders, rather than making findings concerning probable cause.
11. Amend termination requirements to permit termination even if there are unpaid bills and to clarify that the termination requirements for political funds are simple.
12. Eliminate the requirement that a political fund that has had no financial transactions since the previous reporting date must file a statement of inactivity. Provide that a political fund need not file interim reports unless it has raised or spent more than \$750 since its last report. Provide for an "inactive" status.
13. Increase the itemized contribution threshold from "more than \$100" to "more than \$200". Increase other itemization thresholds in the same way.
14. Increase the definition of anonymous contribution from \$20 to \$50. Increase the threshold for obtaining a donor's address from \$20 to \$50. Increase the threshold for obtaining employment information from \$100 to \$200.

### **Improving Chapter 10A compliance and administration**

15. Delete the requirement that a candidate file a pre-general-election Report of Receipts and Expenditures or comply with the pre-general-election 24-hour notice disclosure requirements if the candidate's name will not be on the general election ballot.
16. Remove the prohibition on principal campaign committee contributions to other principal campaign committees during the legislative session when the transfer is between two principal campaign committees of the same individual.
17. Provide that the Board may maintain an electronic system for users to enter and store campaign finance data before releasing that data as a filed report and that the data would not be government data subject to the data practices act. Provide that without the filer's consent, the Board may not access or use this data.
18. Eliminate requirement to spend 50% of general fund public subsidy by a specified date.
19. Provide that when considering whether an individual is running for office for the first time, only efforts during the previous 10 years are considered. Add a provision that when considering whether an individual is running for office for the first time, previous elections in which the individual did not spend more than \$750 seeking nomination or election are



not considered.

20. Change language in all provisions that say that a person "is guilty of a gross misdemeanor" to state that violation of the provision "is a misdemeanor" (or gross misdemeanor as the case may be).
21. Provide that in-kind contributions do not count as part of the contributions that must be raised to qualify for public subsidy.
22. Modify the false certification statute to make it a violation for an individual to knowingly provide false or incomplete information to a treasurer who relies on that information to file a report or statement with the Board.
- ~~23. Modify the false certification statute to include a lesser violation based on filing a report that the treasurer "should have known" was inaccurate.~~
24. Provide a penalty for individuals and associations who fail to comply with the requirement to keep financial records. The penalty should be available for application to the filing committee or fund, the treasurer, and individuals beyond the treasurer if they are delegated that responsibility by the treasurer and accept the delegation.
25. Provide that a party unit that has both a state and a federally registered committee may pay with federal funds costs of employee salaries and benefits and costs of administration related to its state operations if it does so in compliance with Federal Election Commission laws and rules. If it does so, the payment by the federal account does not constitute a contribution to the state committee of the party unit.
26. Provide that party units that operate separately as state party units and as federal committees may transfer money between the two registered entities with a minimum of additional disclosure
27. Provide that persons running for federal office in Minnesota jurisdictions may purchase tickets to events sponsored by party units in Minnesota without complying with the underlying disclosure requirements of Minnesota Statutes section 10A.21, subdivision 13. To qualify for this exemption, payments may not exceed payments made by individuals or state candidates for the same event.
28. Increase the late filing fee in the lobbyist program to \$25 per day up to a maximum of \$500. Eliminate the need for a certified letter to start the late filing fee. Eliminate the 10-day grace period between the report due date and the beginning of the late filing fee.
29. Provide that contributions from an association not registered with the Board are subject to the same limits as contributions from registered political committees or funds; are prohibited during the legislative session; and are included in the special source aggregate limit. (Close a loophole)

### **Technical Recommendations**

30. Modify Section 10A.20, subd. 12 to fix a drafting error that occurred during the 2010 legislative session.

31. Modify section 10A.31, subd. 7, to correct the reference to the certification of the commissioner of revenue on which the post-primary-election payment of general account public subsidy is based.
32. Correct a drafting error in 10A.20, subd. 4, that results in the year-end report not being cumulative.
33. Change threshold amounts that currently specify "\$\_\_\_\_ or more" to read "more than \$\_\_\_\_\_".

**Repealer:**

Repeal the following administrative rules:

- 4501.0500, subpart 2, item A (Relating to time that a faxed report is deemed received)
- 4503.0200, subpart 6 (Requiring a separate depository for a political fund)
- 4503.0500, subpart 8 (Setting a value on automobile use as an in-kind contribution)
- 4503.1700 (Regarding the filing of a no-longer-existent 48-hour notice)
- 4512.0100, subparts 2 and 4 (Removing obsolete definitions related to gifts of plaques)
- 10A.24, 10A.241, 10A.242 (Relating to termination – replaced by new sections)

**Master Board Bill – working draft of all changes**

**Excludes electioneering communications and terminations provisions – see separate documents.**

**10A.01**

Subd. 7c. **Ballot question political committee.** "Ballot question political committee" means a political committee that makes only expenditures to promote or defeat a ballot question and disbursements permitted under section 10A.121, subdivision 1.

Subd. 9. **Campaign expenditure.**

. . .

"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;
- (3) the publishing or broadcasting of news items or editorial comments by the news media; or
- (4) an individual's unreimbursed personal use of an automobile owned by the individual and used by the individual while volunteering personal time;
- (5) costs of activities that are allocable under the federal [cite] campaign finance laws between the state account and the federal account of a party unit having both such accounts up to the minimum amount that must be allocated to the federal account under federal law.

**10A.01**

10A.01, subd. 7d. **Ballot question political committee.** "Ballot question political committee" means a political committee that makes only expenditures to promote or defeat a ballot question and disbursements permitted under section 10A.121, subdivision 1.

10A.01, subd. 7e. **Ballot question political fund.** "Ballot question political fund" means a political fund that makes only expenditures to promote or defeat a ballot question and disbursements permitted under section 10A.121, subdivision 1.

16A. **Expressly advocating.** "Expressly advocating" or "express advocacy" means any communication that that:

(a) Uses phrases such as "vote for [name]", "elect (or re-elect) your representative", "support the \_\_\_\_\_ party nominee", "cast your ballot for the \_\_\_\_\_ party challenger", "Smith for Senate", "John Doe in 2014", "vote pro-life" or "vote pro-choice" accompanied by a listing of clearly identified candidates described as pro-life or pro-choice, "vote against Old Hickory", "defeat" accompanied by a picture of one or more candidate(s), "reject the incumbent", or communications of campaign slogan(s) or individual word(s), which in context can have no other reasonable meaning than to urge the election or defeat of one or more clearly identified candidate(s), such as posters, bumper stickers, advertisements, etc. which say "John Doe's the One," "Roger Roe 2014", "Doe/Roe", or "Doe"; or

(b) When taken as a whole and with limited reference to external events, such as the proximity to the election, could only be interpreted by a reasonable person as containing advocacy of the election or defeat of one or more clearly identified candidate(s) because:

(1) The electoral portion of the communication is unmistakable, unambiguous, and suggestive of only one meaning; and

(2) Reasonable minds could not differ as to whether it encourages actions to elect or defeat one or more clearly identified candidate(s) or encourages some other kind of action.

**Version 2:**

(b) When taken as a whole and with limited reference to external events, such as the proximity to the election, is susceptible of no interpretation by a reasonable person other than as advocacy of the election or defeat of one or more clearly identified candidates.

**Note:** Version 1 is the current FEC definition. Version 2 more closely tracks the language of *WRTL II*, which established the definition.

10A.01, subd. 17a. **General treasury money.** "General treasury money" or "general treasury funds" is money that an association other than a principal campaign committee, party unit, or political committee accumulates by means other than accepting contributions.

10A.01, subd. 18C. **Limited source political fund.** A "limited source political fund" is a political fund that does not accept contributions, but uses only its own general treasury money to influence the nomination or election of candidates or to promote or defeat a ballot question.

10A.01, subd. 21. **Lobbyist.** (a) "Lobbyist" means an individual:

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

(2) who spends more than ~~\$250~~ \$500 ~~or the individual's own money~~, not including the individual's own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials.

(3) The consideration threshold specified in part (1) of this section includes consideration for time spent preparing for communications subject to this section, including the development of materials. The consideration threshold also includes consideration for time the individual spends in the state capitol during any legislative session or at an official hearing before a state agency, an administrative agency, or a metropolitan governmental unit as a representative of an individual, association, political subdivision, or higher education system even if the individual does not directly communicate with public or local officials during that time.

10A.01,. 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. The term "political fund" as used in this chapter may also refer to the association acting through its political fund.

10A.01, Subd. 37. **Written notice.** "Written notice" means notice given by one of the following means:

a. In document by sent by U.S. Mail,

b. By electronic mail communication either incorporated into the electronic mail message or included as an attachment,

c. By facsimile transmit ion of a printed document.

**10A.02, subdivision 9**

Subd. 9. **Documents; information.** The executive director must inspect all material filed with the board as promptly as necessary to comply with this chapter ~~and, with other provisions of law requiring the filing of a document with the board, and with other provisions of law under the board's jurisdiction pursuant to subdivision 11.~~ The executive director must immediately notify ~~the an~~ individual ~~required to file a document with the board~~ if a written complaint is filed with the board alleging, or it otherwise appears, that a document filed with the board is inaccurate or does not comply with this chapter, or that the individual has failed to file a document required by this chapter or has failed to comply with this chapter or other provisions under the board's jurisdiction pursuant to subdivision 11. ~~The executive director may provide an individual required to file a document under this chapter with factual information concerning the limitations on corporate campaign contributions imposed by section 211B.15.~~

#### **10A.02, subdivision 10**

Subd. 10. **Audits and investigations.** The board may make audits and investigations, impose statutory civil penalties, and issue orders for compliance with respect to ~~statements and reports that are filed or that should have been filed under provisions of this chapter and provisions under the board's jurisdiction pursuant to subdivision 11.~~ In all matters relating to its official duties, the board has the power to issue subpoenas and cause them to be served. If a person does not comply with a subpoena, the board may apply to the District Court of Ramsey County for issuance of an order compelling obedience to the subpoena. A person failing to obey the order is punishable by the court as for contempt.

#### **Section 10A.02**

Subd. 11. **Violations; enforcement.** (a) The board may investigate any alleged violation of this chapter. The board may also investigate an alleged violation of section 211B.04, 211B.12, or 211B.15 by or related to a candidate, treasurer, principal campaign committee, political committee, political fund, or party unit, as those terms are defined in this chapter. The board must investigate any violation that is alleged in a written complaint filed with the board and must within 30 days after the filing of the complaint make a public finding of whether there is probable cause to believe a violation has occurred, except that if the complaint alleges a violation of section 10A.25 or 10A.27, the board must either enter a conciliation agreement or make a public finding of whether there is probable cause, within 60 days after the filing of the complaint. The deadline for action on a written complaint may be extended by majority vote of the board.

#### **Section 10A.02**

Subd. 11b. Data privacy related to electronic reporting system. The board may develop and maintain systems to enable treasurers to enter and store electronic records online for the purpose of complying with this chapter. Data entered into such systems by treasurers or their authorized agents is not government data under chapter 13 and may not be accessed or used by the board for any purpose without the treasurer's written consent. Data that has been submitted to the board by a treasurer as a filed report is government data under chapter 13.

#### **Section 10A.02, subdivision 12**

Subd. 12. **Advisory opinions.** (a) The board may issue and publish advisory opinions on the requirements of this chapter and of those sections listed in subdivision 11 based upon real or hypothetical situations. An application for an advisory opinion may be made only by an individual or association who is subject to chapter 10A and who wishes to use the opinion to guide the individual's or the association's own conduct.

#### **Section 10A.02, subdivision 13**

Subd. 13. **Rules.** Chapter 14 applies to the board. The board may adopt rules to carry out the purposes of this chapter and those sections listed in subdivision 11.

#### **10A.025 FILING REQUIREMENTS.**

Subd. 2. **Penalty for false statements.** (a) A report or statement required to be filed under this chapter must be signed and certified as true by the individual required to file the report. The signature may be an electronic signature consisting of a password assigned by the board.

(b) An individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is ~~guilty of a gross misdemeanor and~~ subject to a civil penalty imposed by the board of up to \$3,000.

(c) An individual who knowingly provides false or incomplete information to a treasurer with the knowledge that the treasurer will rely on this information in signing and certifying to be true a report or statement is subject to a civil penalty imposed by the board of up to \$3,000.

(d) The board may impose an additional civil penalty of up to \$3,000 on a principal campaign committee or its candidates, a party unit, or a political committee or fund that is the subject of a violation of part (b) or (c) of this section.

(e) A violation of part (b) or (c) of this subdivision is a gross misdemeanor.

Subd. 3. **Record keeping; penalty.** (a) A person required to file a report or statement or who has accepted recordkeeping responsibility for the filer must maintain records on the matters required to be reported, including vouchers, canceled checks, bills, invoices, worksheets, and receipts, that will provide in sufficient detail the necessary information from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness. The person must keep the records available for audit, inspection, or examination by the board or its authorized representatives for four years from the date of filing of the reports or statements or of changes or corrections to them. A person who knowingly violates this subdivision is guilty of a misdemeanor

(b) The board may impose a civil penalty of up to \$3,000 on a person who knowingly violates this subdivision. The board may impose a separate civil penalty of up to \$3,000 on a principal campaign committee or its candidate, a party unit, or a political committee or fund that is the subject of a violation of this subdivision.

(c) A violation of this subdivision is a gross misdemeanor

Subd. 4. **Changes and corrections.** Material changes in information previously submitted and corrections to a report or statement must be reported in writing to the board within ten days following the date of the event prompting the change or the date upon which the person filing became aware of the inaccuracy. The change or correction must identify the form and the paragraph containing the information to be changed or corrected.

A person who willfully fails to report a material change or correction ~~is guilty of a gross misdemeanor and~~ is subject to a civil penalty imposed by the board of up to \$3,000.

The board must send a notice by certified mail to any individual who fails to file a report required by this subdivision. If the individual fails to file the required report within ten business days after the notice was sent, the board may impose a late filing fee of \$5 per day up to \$100 starting on the 11th day after the notice was sent. The board must send an additional notice by certified mail to an individual who fails to file a report 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 report. An individual who fails to file a



report required by this subdivision 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.

### **Section 10A.105, subdivision 1**

Subdivision 1. **Single committee.** A candidate must not accept contributions from a source, other than self, in aggregate in excess of ~~\$100~~ \$250 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.

### **Section 10A.12, subdivision 1**

Subdivision 1. **When required for contributions and approved expenditures.** An association other than a political committee or party unit may not contribute more than ~~\$100~~ \$250 in aggregate in any ~~one~~ calendar year to candidates, political committees, or party units or make ~~any~~ approved or independent expenditure or expenditure to promote or defeat a ballot question ~~expenditures of more than \$250 in aggregate in any calendar year~~ unless the contribution or expenditure is made ~~from~~ through a political fund.

### **Section 10A.12, subdivision 1a**

Subd. 1a. **When required for independent expenditures or ballot questions.** An association other than a political committee that makes only independent expenditures ~~and disbursements permitted under section 10A.121, subdivision 1, or expenditures to promote or defeat a ballot question~~ must do so ~~by forming and registering through~~ an independent expenditure or ballot question political fund if the ~~independent expenditure is in excess of \$100~~ expenditures aggregate more than \$1,000 in a calendar year or if the expenditures to promote or defeat a ballot question aggregate more than \$1,000 in a calendar year, or by contributing to an existing independent expenditure or ballot question political committee or ~~political~~ fund.

### **Section 10A.12, subdivision 2**

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. It is not commingling for an association using only its own general treasury money to make expenditures and disbursements

permitted under section 10A.121, subdivision 1, directly from the depository used for its general treasury money.

### **Section 10A.121, subdivision 1**

Subdivision 1. **Permitted disbursements.** An independent expenditure political committee or ~~an independent expenditure political fund~~, in addition to making independent expenditures, a ballot question political committee or fund may:

(1) pay costs associated with its fund-raising and general operations;

(2) pay for communications that do not constitute contributions or approved expenditures; ~~and~~

(3) make contributions to ~~other independent expenditure political committees or independent expenditure political funds~~. ballot question political committees or funds;

(4) make independent expenditures;

(5) make expenditures to promote or defeat ballot questions;

(6) return a contribution to its source; and

(7) record bookkeeping entries transferring an association's general treasury money allocated for political committee or fund purposes back to the general treasury of the association.

### **Section 10A.14, subdivision 1**

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~~ \$750, or by the end of the next business day after it has received a loan or contribution that must be reported under section 10A.20, subdivision 5, whichever is earlier. This subdivision does not apply to ballot question or independent expenditure political committees or funds governed by subdivision 1a.

Subd. 1a. Independent expenditure or ballot question political committees and funds; first registration; reporting. (a) The treasurer of an independent expenditure or ballot question political committee or fund must register with the board by filing a statement of organization:

(1) no later than 14 calendar days after the committee or the association registering the political fund has:

(i) received aggregate contributions for independent expenditures of more than \$2,500 in a calendar year;

(ii) received aggregate contributions for expenditures to promote or defeat a ballot question of more than \$5,000 in a calendar year;

(iii) made aggregate independent expenditures of more than \$1,000 in a calendar year to influence legislative or district court elections or more than \$2,500 in aggregate in a calendar year; or  
(iv) made aggregate expenditures to promote or defeat a ballot question of more than \$5,000 in a calendar year; or

(2) by the end of the next business day after it has received a loan or contribution that must be reported under section 10A.20, subdivision 5, whichever is earlier.

(b) The treasurer of an independent expenditure or ballot question political committee or fund must disclose in reports required by section 10A.20, subdivisions 2 and 5, those expenditures or contributions that required its registration under paragraph (a).

### **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~~ \$50, 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~~ \$50 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 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~~ 90 days after that deposit must be reported as accepted.

### **10A.20**

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 for~~ the first year it receives contributions or makes expenditures ~~in excess of \$100 that require it to register~~ under section 10A.14 and must continue to file until the committee, fund, or party unit is terminated. The reports must be filed electronically in a standards-based open format specified by the board. For good cause shown, the board must grant exemptions to the requirement that reports be filed electronically.

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) to (d).

(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. The requirement that a principal campaign committee file a report ten days before a general election applies only to principal campaign committees of candidates whose names will be on the general election ballot.

(c) In each general election year, a political committee or political fund must file reports 28 and 15 days before a primary and 42 and ten days before a general election. Beginning in 2012, reports required under this paragraph must also be filed 56 days before a primary. (d) In each general election year, a party unit must file reports 15 days before a primary and ten days before a general election.

Subd. 3. **Contents of report.** The report required by this section must include each of the items and categories listed in paragraphs (a) to (n) that is applicable to the filer. The board shall prescribe forms based on filer type indicating which of those items must be included on the filer's report.

Subd. 4. **Period of report.** A report must cover the period from January 1 of the reporting year 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~~ January 1 to December 31 of the reporting year.

Subd. 5. ~~Preelection~~**Pre-election reports.** Any loan, contribution, or contributions to a political committee or political fund from any one source totaling more than \$1,000 or more, or ~~in a~~ to the principal campaign committee of a candidate for an appellate court statewide election for judicial office, any loan, contribution, or contributions from any one source totaling more than \$2,000 or more, or in any judicial to the principal campaign committee of a candidate for district court judge

totaling more than \$400 or more, and any loan, contribution, or contributions or to the principal campaign committee of a candidate for constitutional office or for the legislature ~~from any one source~~ totaling more than 80 percent or more of the contribution limit for the office, 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 by the end of the next business day after its receipt; or
- (2) by electronic means sent within 24 hours after its receipt.

These loans and contributions must also be reported in the next required report. This notice requirement does not apply with respect to a primary election in which the statewide or legislative candidate is unopposed or to a general election in which the candidate's name is not on the general election ballot. The board must post the report on its Web site by the end of the next business day after it is received.

Subd. 6. **Report by candidate 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 campaign expenditures expressly advocating the approval or defeat of a ballot question~~ in aggregate in excess of ~~\$100~~ \$250 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~~ by the dates on which reports by committees, funds, and party units ~~are~~ must be filed.

Subd. 6c. Report by individual making independent expenditures or expenditures to promote or defeat a ballot question. An individual who makes independent expenditures that aggregate more than \$1,000 in a calendar year or expenditures to promote or defeat a ballot question that aggregate more than \$1,000 in a calendar year must file with the board a report containing the information required by subdivision 3. A report required by this subdivision must be filed by the date on which the next report by political committees and political funds must be filed.

Subd. 12. **Failure to file; penalty.** If an individual fails to file a report required by this section that is due January 31 ~~within ten business days after the report was due~~, the board may impose a late filing fee of \$25 per day, not to exceed \$1,000, commencing the day after the report was due.

If an individual fails to file a report required by this section that is due before a primary or general 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 \$1,000, commencing on the day after the date the statement was due.

The board must send notice by certified mail to an individual who fails to file a report within ten business days after the report was due that the individual may be subject to a civil penalty for failure to file the report. An individual who fails to file the report within seven days after the certified mail notice was sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

#### **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~~ each election cycle 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, ~~\$2,577,200~~ 5,000,000;

(2) for attorney general, ~~\$429,600~~;

~~(3) for secretary of state and state auditor, separately, \$214,800~~ each \$2,500,000;

(4) for state senator, ~~\$64,500~~ 150,000

(5) for state representative, ~~\$32,500~~ 75,000.

~~(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.

~~(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~~ who has not previously held the same office and whose name has not previously been on the primary or general election ballot for that office and who has not in the past ten years 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. In the case of a legislative candidate, the office is that of a member of the House of Representatives or Senate without regard to any specific district.

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 cycle, the amount of expenditures from all of the candidate's principal campaign committees for statewide office for that election year cycle 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), a~~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.~~

#### **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 cycle 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.

#### **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 in an election cycle made or delivered by any individual, political committee, ~~or~~ political fund or association not registered with the board 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;~~ \$5,000;

(2) to a candidate for attorney general, secretary of state, or state auditor, ~~\$1,000 in an election year for the office sought and \$200 in other years;~~ \$2,500;

(3) to a candidate for state senator, ~~\$500 in an election year for the office sought and \$100 in other years;~~ \$1,500;

(4) to a candidate for state representative, ~~\$500 in an election year for the office sought and \$100 in the other year;~~ \$1,000 and

(5) to a candidate for judicial office, ~~\$2,000 in an election year for the office sought and \$500 in other years.~~ \$4,000.

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~~ cycle 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, or association not registered with the board 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 ~~\$400~~ 200 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.~~

(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.

(d) This subdivision does not apply:

(1) when a national political party contributes money to its state party unit in this state;

(2) to purchases by candidates for federal office of tickets to events held by party units in this state (a) if the geographical area represented by the party unit includes any part of the geographical area of the office that the federal candidate is seeking and (b) the purchase price is not more than paid by other attendees;

(2) to transfers from the federal account to the state account of a party unit that operates both as a federally registered political committee and a state registered party unit and maintains separate depositories for each account;

(3) to in-kind contributions that result from the payment by the federal account of a party unit that has both a federal account and a state account of more than the federal minimum allocation of an allocable activity.

Subd. 14. **Contributions of business revenue.** An association may, if not prohibited by other law, contribute revenue from the operation of a business to an independent expenditure or ballot question political committee or ~~an independent expenditure political~~ fund without complying with subdivision 13.

Subd. 15. **Contributions of dues or contribution revenue.** (a) An association may, if not prohibited by other law, contribute revenue from membership dues or fees, or from contributions received by the association to an independent expenditure or ballot question political committee or ~~an independent expenditure political~~ fund without complying with subdivision 13. Before the day when the recipient committee or fund's next report must be filed with the board under section 10A.20, subdivision 2 or 5, an association that has contributed more than \$5,000 ~~or more~~ in aggregate to independent expenditure political committees or funds during the calendar year or has contributed more than \$5,000 in aggregate to ballot question political committees or funds during the calendar year must provide in writing to the recipient's treasurer a statement that includes the name, address, and amount attributable to each individual or association that paid the association dues or fees, or made contributions to the association that, in total, aggregate more than \$1,000 ~~or more~~ of the contribution from the association to the independent expenditure or ballot question political committee or fund. The statement must also include the total amount of the contribution from

individuals or associations not subject to itemization under this section. The statement must be certified as true and correct by an officer of the donor association.

**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. The prohibition in this subdivision does not apply to a contribution from a dissolving principal campaign committee of a candidate to another principal campaign committee of the same candidate.

**10A.31**

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~~ one week before the state primary 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.~~

#### **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 for transfer to the board special elections account, which must be established as an account in the state elections campaign fund.

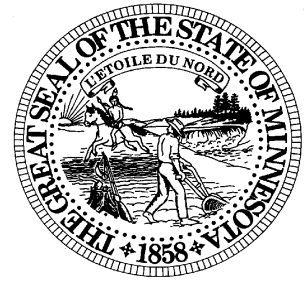
#### **REPEALER.**

Minnesota Rules, parts 4501.0500, subpart 2, item A; 4503.0200, subpart 6; 4503.0500, subpart 8; 4503.1700; and 4512.0100, subparts 2 and 4, are repealed.

10A.24, 10A.241, 10A.242 (all dealing with terminations).

Minnesota

# Campaign Finance and Public Disclosure Board



**Date:** December 10, 2012

**To:** Board

**From:** Gary Goldsmith, Executive Director

**Telephone:** 651-539-1190

**Re:** Additional topics for legislative recommendations discussion

**1. Change financial regulations in ways that will help candidate's principal campaign committees and party units remain relevant in the wake of *Citizens United* and generally increased spending by outside groups.**

a. Increase individual and other contribution limits. Make the limits applicable over the election cycle. New limits numbers are suggestions only to begin discussion.

Office	Old non-elect	New Non-elect	Old Elect. Yr.	New Elect Yr.	Elect Cycle Limit
House	100	200	500	1,000	1,500
Senate	100	200	500	1,000	2,500
Gov.	500	750	2000	3000	5,250
AG, SOS, SA	200	500	500	1000	2,500
Judicial	500	No change	2000	No change	4,500

b. Increase spending limits and make spending limits apply over the election cycle. New limits numbers suggestions only to begin discussion.

Office	Old non-elect yr.	Old Elect yr.	Yrs. in cycle	Old cycle limit	New cycle limit
House	6,860	34,300	2	41,160	60,000
Senate	13,620	68,100	4	108,960	120,000
Gov.	515,440	2,577,200	4	4,123,520	5,000,000
AG	85,920	429,600	4	687,360	1,000,000
SOS, SA	42,960	214,800	4	343,680	1,000,000

- c. Increase special source aggregate limits ( automatic because special source limit is based on spending limit.)
- d. Increase party unit aggregate limit (an increase is automatic with any increase in individual limits because party unit limits are based on a multiplier of the individual limit. With the current multiplier of 10, the limit may still be too low for parties to have an effective voice. A multiplier of 20 would allow party units to be more effective and avoid the need for them to structure so much of their spending as independent expenditures.
- e. Provide for a more significant increase in the spending limit for a candidate in a closely contested primary

- f. Provide that the campaign committees of federal candidates may donate to their associated state party unit or to any party unit that includes a portion of the geographic area that the federal candidate represents with a minimum of additional disclosure.
  - g.
- 2. Improve the public subsidy program to increase small donor participation and to remove the aversion to expenditure limits caused by potentially large independent expenditures.**

- a. Provide that a donor who donates of between \$100 and \$200 will receive a rebate from the state of \$25 and that a donor who donates more than \$200 will receive a rebate of \$50 from the state. Provide that two individuals donating jointly will receive a rebate of \$50 for a contribution between \$200 and \$400 and a rebate of \$100 for a contribution of more than \$400.
- b. Provide that a candidate who has signed a Public Subsidy Agreement is released from spending limits if a certain threshold of independent expenditures against the candidate or for the opponent have been made.
- c. Improve expenditure disclosure to make the above provision meaningful by changing the 24-hour notice requirement to include reporting of independent expenditures above a specified threshold and making the time period between a pre-election report cutoff date and the report due date shorter, resulting in complete pre-election information being available earlier.

- 3. Expand disclosure to individuals and associations that engage in communications to influence the nomination or election of candidates, but which avoid the use of express advocacy and, thus, avoid Chapter 10A registration and disclosure.**

- a. Provide a definition of express advocacy that includes the functional equivalent of express advocacy, or modify the definition of independent expenditure to include both express advocacy and its functional equivalent.
- b. Add an electioneering communication disclosure requirement modeled on the federal definition as clarified by the courts.

Express advocacy, even if defined in functional equivalence terms, can be regulated at any time. Electioneering communications do not need to include express advocacy or its functional equivalent. However, thus far their regulation has been limited to specific times prior to the primary and general elections.

- 4. Tighten underlying source disclosure for independent expenditure and ballot question political committees or funds so that meaningful disclosure of the actual sources of money used can be obtained.**

- a. Require unregistered associations that provide underlying source disclosure to pro-rate the cost of expenditures across donors
- b. Add a requirement that unregistered associations disclose a specified number of top donors or that they disclose all donors over a specified amount if expenditure thresholds are met.

- 5. Modify the campaign finance disclosure schedule so that it is balanced, that applies to more entities, and that includes periodic reports from during non-**

**election years.**

- a. In an election year, eliminate the 28-day pre-primary-election report, which is followed only 13 days later with the 15-day pre-primary-election report.
- b. Add a first quarter pre-primary-election report
- c. Make the expanded reporting schedule applicable to political committees or funds, party units, and the committees of constitutional office candidates.
- d. Provide for quarterly non-election-year reports for associations exceeding specified thresholds of raising or spending money.

**6. Provide the Board with the authority to recover money collected for political purposes but used for prohibited purposes.**

This should be part of the Board's expanded scope of jurisdiction over the 211B provisions specifying legal uses of money collected for political purposes.

**7. Provide the Board with sufficient resources to:**

- a. Maintain a full staff, which at this time means 9 FTE positions
- b. Provide ongoing funding for infrastructure investments, including website development
- c. Integrate federal disclosure filings into its website so that citizens have easier access to federal disclosure in view of the fact that transfers between federal and state committees will be less burdensome under other proposed changes
- d. Implement trustworthy systems for electronic records and design and implement a transition to electronic records for most filings
- e. Design and implement a client relationship tracking system
- f. Provide for secure and reliable services and for continuation of operations in the event of a disaster by moving servers to state data centers and implementing robust backup strategies

**8. Modify the definition of lobbyist to be more inclusive**

**9. Economic interest disclosure reform**

- a. Broaden scope of income sources disclosed
- b. Require updates to statements if changes of a specified magnitude occur
- c. Include financial interests of spouses
- d. Require more specific description and explanation of sources of income