

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill proposes the following changes in the campaign finance act: (1) replaces most criminal penalties with up to a \$1,000 maximum civil penalty; (2) makes all late reporting notices and fees the same; (3) specifies who must perform treasurer duties if the position is vacant; (4) releases a candidate from spending limits if a primary opponent declines them under the same circumstances that apply currently to general election opponents; (5) aligns all current prohibitions so that both parties to a transaction are prohibited from engaging in the prohibited conduct; (6) adds contributions from dissolving campaign committees to the current political party contribution limit and provides other regulation of contributions from dissolving committees; (7) prohibits independent expenditures by a principal campaign committee if the candidate takes a public subsidy; and makes other changes.

### Section

- 1 **Public official.** Technical clarification; references chapter 14, the Administrative Procedures Act.
- 2 **Violations; enforcement.** Amends the statute on investigations of chapter 10A violations by the board. Changes the current criminal penalty to a civil penalty imposed by the board of up to \$1,000.
- 3 **Penalty for false statements.** In addition to the current gross misdemeanor penalty, imposes a civil penalty up to \$1,000 for knowingly making false statements in a report required by chapter 10A.
- 4 **Changes and corrections.** Amends a statute that requires correction of material mis-statements in required reports. Eliminates the current gross misdemeanor. Instead, the board must send certified mail notice to the individual. Beginning the 11<sup>th</sup> day after notice is sent, the board may impose a \$5 per day late fee, up to \$100. If no report is filed within 14 days after the first notice is sent, the board must send a second notice indicating the possibility of a civil penalty. Provides that if the individual does not file the report within seven days after the second notice is sent, the

board may impose a civil penalty up to \$1,000.

- 5 **Failure to file.** Amends the statute on lobbyist failure to file a registration. Makes the same changes as the previous section.
- 6 **Content.** Amends the statute on the content of lobbyist reports. Requires the April 15 report to include a general description of the subjects lobbied in the prior 12 months.
- 7 **Late filing.** Amends the lobbyist late reporting statute. Adds principals (entities that hire lobbyists) to this. Makes the same late filing notice and fees changes as other sections of the bill.
- 8 **Principal reports.** Changes the way principals must report the amount they spend on lobbyists. Under current law lobbyists check off a range that indicates what they spent. The bill would require the principal to indicate the total amount spent, rounded to the nearest \$20,000.
- 9 **Representation disclosure.** Amends the statute requiring representation disclosure by a public official. As with prior sections, provides certified mail rather than personal service of notice of failure to file. Starts the late fee accruing the eleventh day after notice is sent.
- 10 **Late filing.** Amends the economic interest disclosure statement filing law. Provides the same late filing notice manner, time lines, and fees as earlier sections.
- 11 **Penalty.** Amends the statute specifying organizational requirements for political committees and parties. Changes the misdemeanor penalty for violations to the \$1,000 civil penalty found elsewhere in the bill.
- 12 **Penalty.** Amends the statute on political funds to change from a misdemeanor to a \$1,000 maximum civil penalty for violations.
- 13 **Accounts; penalty.** Amends the duties of a political committee treasurer. Changes the misdemeanor penalty for violations to the \$1,000 civil penalty found elsewhere in the bill.
- 14 **Failure to file; penalty.** Amends the statute on registration requirements for political committees, funds, principal campaign committees, and political parties. Provides the same late filing notice manner, time lines, and fees as earlier sections. Changes the misdemeanor penalty for violations to the \$1,000 civil penalty found elsewhere in the bill.
- 15 **Penalty.** Amends the statute that governs contributions (deposit, treatment of anonymous and excess deposits, etc.) Changes the misdemeanor penalty for violations to the \$1,000 civil penalty found elsewhere in the bill.
- 16 **Earmarking contributions prohibited.** Changes the gross misdemeanor penalty for violations to the \$1,000 civil penalty found elsewhere in the bill.
- 17 **Personal loans.** Prohibits a political committee or fund, party unit, or principal campaign committee from lending money to anyone for noncampaign purposes.
- 18 **Penalty.** Amends the statute regulating campaign expenditures and independent expenditures. Amends this to change the misdemeanor penalty for violations to the \$1,000 civil penalty found elsewhere in the bill..
- 19 **Prompt presentation of bills.** Amends this to change the misdemeanor penalty for violations to the \$1,000 civil penalty found elsewhere in the bill.
- 20 **If treasurer position is vacant.** Requires the candidate, chair, or association officer of a principal campaign committee, party, or political fund respectively to make required filings under chapter 10A if the treasurer position is vacant.
- 21 **Failure to file; penalty.** Amends the campaign reports statute to impose the same manner of giving notice, time lines, and fee amounts for late filings as earlier sections of the bill.
- 22 **Effect of opponent's conduct.** Releases a candidate from spending limits if the candidate has agreed to limits but a primary opponent has not agreed and accepts contributions or makes

expenditures over the amounts specified in current law. In order to be released, a candidate must file notice with the board not later than one day after the state canvassing board declares the results of the state primary. Under current law a candidate is released from limits only if the general election opponent does not agree to them.

- 23 **Method of calculating.** Rounds spending limits to the next highest \$100 when recalculated under the consumer price index. Currently, limits are rounded to the nearest \$10.
- 24 **Prohibition against making excessive contributions; penalty.** Prohibits political committees and funds from making contributions in excess of the limits in current law. Provides a penalty of up to four times the amount of the excess contributions for a violation. (Current law prohibits a candidate from accepting excess contributions but does not prohibit a giver from making them).
- 25 **Political party and dissolving campaign committee limit.** Adds dissolving campaign committees to the current political party aggregate contributions limit. The effect is that the total contributions a candidate may accept from all political party units and dissolving campaign committees must not exceed ten times the contributions limits applicable to the office.
- 26 **Contributions to and from other candidates.** Specifies that a contribution from a dissolving principal campaign committee is subject to the limits of the prior section and is subject to the session fund-raising ban.  
Exempts from the contribution limits in section 25 contributions from a dissolving legislative principal campaign committee to another legislative principal campaign committee, if the candidate for each is identical.
- 27 **Contributions from certain types of contributors.** Amends the "PAC and large giver" aggregate limit statute to round the 20 percent limit to the nearest \$100.
- 28 **Unregistered association limit; statement; penalty.** Eliminates the current misdemeanor penalty and replaces it with the civil penalty of up to \$1,000 found elsewhere in the bill. Imposes a civil penalty of up to four times the amount of any contributions over \$1000 on the treasurer of a covered entity that violates the requirement to make a written disclosure upon accepting such a contribution from an unregistered association.
- 29 **Contributions during legislative session.** Current law bans candidates from accepting specified contributions during the session. The bill imposes a mirror ban on making a prohibited contribution.
- 30 **Civil penalty.** Amends the session fund raising penalty to reflect the change in the prior section. Also changes the current up to \$500 civil fine to the same \$1000 maximum provided elsewhere in the bill for violations of chapter 10A.
- 31 **Special election.** Conforms the current exemption of special election candidates and their contributors from the session fund-raising ban to the changes in section 29.
- 32 **Exceeding expenditure limits.** Technical; conforms terminology.
- 33 **Exceeding contribution limits.** Technical; conforms terminology.
- 34 **Civil action.** Provides \$1,000 maximum penalty for exceeding contribution limits.
- 35 **Penalty for contribution to other committee without terminating.** Requires a principal campaign committee that contributes to another principal campaign committee to provide a statement of the intent to dissolve within 12 months. Specifies that if the contribution is not accepted, it must be forwarded to the board to deposit in the state elections campaign fund. Lets the board levy a civil penalty up to four times the size of the contribution against the contributing committee, if the committee does not dissolve within 12 months after making a contribution to another principal campaign committee.
- 36 **Circumvention prohibited.** Replaces the current gross misdemeanor penalty with a maximum

\$1,000 civil penalty.

- 37 **Distribution of general account.** Technical amendment to a provision enacted in 2001 that requires a candidate to expend or become obligated to expend at least 50 percent of the public subsidy money by the end of the final reporting period before the general election. The session law required the candidate to execute an agreement on this separate from the spending limit agreement. The separate document is eliminate by the bill and other technical changes are made.
- 38 **Agreement by candidate.** Builds into the public subsidy agreement form that (1) the candidate will comply with the spending requirement described in the prior section, and (2) the principal campaign committee will not make independent expenditures for or against another candidate.
- 39 **Affidavit of contributions.** In 2001 the law was amended to distribute all the general account money following the primary. This amendment strikes a left over reference to the payment made after the general election because there will no longer be such a payment.
- 40 **Economic interest statement.** Amends the law on certain pension fund board members who must file statements of economic interest. Requires the pension plan to submit to the board (1) a certified list of individuals who have filed such statements (which are currently required to be kept at the pension plan's offices), and (2) the address of the office where the economic interest statements can be inspected by the public (public inspection is provided in current law).
- 41 **Transition.** A candidate who, before the effective date of this act, signed a spending agreement that would be effective until December 31, 2002, continues to be governed by that agreement until the candidate signs a new agreement.