HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2116 **DATE:** March 30, 2005

Version: First Engrossment

Authors: Emmer

Subject: Campaign Finance; disclosure, spending and contribution limits

Analyst: Deborah K. McKnight, Legislative Analyst (651-296-5056)

Overview

The bill requires new forms of disclosure, increases a candidate's limits if specified independent expenditures are made in a race, limits the amount of independent expenditures a political party can make if it wants to participate in the political contribution refund program (PCR), places limits on contributions to political parties, political committees, and political funds, and provides a feasibility study of an online campaign finance and public subsidy payment system. Some of the bill's provisions are based on the 2002 federal Bipartisan Campaign Reform Act (P.L. 107-155) (BCRA), which was upheld on all issues included in this bill in *McConnell v. FEC*, 124 S.Ct. 619 (U.S. 2003).

<u>**Section**</u>

1 **Electioneering communication.** Defines this term for Minn. Stat, chapter 10A, the campaign finance law. The term comes from BCRA with changes to reflect the fact that the bill will cover broadcast and print messages; BCRA covers only broadcast items. It applies to communications that identify a candidate and are made 60 days before a general or special election and 30 days before a primary or special primary, excluding independent expenditures and campaign expenditures.

2 **First registration.** Requires a political committee, political fund, principal campaign committee, or political party unit to register with the board within 48 hours after receiving or spending more than $100. Current law requires registration within 14 days of this.

3 **Coordinated electioneering contributions.** Provides that if an electioneering

Section

communication is coordinated with a principal campaign committee or party unit, the communication counts as a contribution to, and an expenditure by, the candidate or party. Based on BCRA.

4 **Electioneering communications.** Amends the reporting statute. Requires a report within 24 hours after making aggregate electioneering communication expenditures over $500 within 60 days before a general or special election and within 30 days before a primary or special primary. Specifies that the report must indicate the amount of expenditures over $100, the person to whom the expenditure was made and its purpose, the election or primary and the candidate identified in the communication. Based on BCRA, which uses $10,000 as the reporting threshold for federal elections.

5 **Independent expenditures; board notification.** Requires a report within 48 hours after making an independent expenditure in an aggregate amount over $500 at any time up to the 20th day before an election. Requires the report to include the information required of other expenditures, the name and office sought by a candidate named in the independent expenditure, and whether the independent expenditure expressly advocates the candidate's election or an opponent's defeat.

Starting the 19th day before an election, independent expenditures in excess of $100 must be reported within 24 hours after they are made.

The reporting provisions are based on BCRA except that BCRA uses $10,000 as the threshold amount up to the 20th day and $1,000 after that.

If the board receives reports indicating that independent expenditures over ten percent of the spending limits for an office have been made in a race, it must, within 24 hours, so notify a candidate who agreed to spending limits and whose defeat was advocated or whose opponent's election was advocated by the independent expenditures. The candidate's spending limits are then increased to 125 percent of the statutory limits and the candidate remains eligible for a public subsidy.

6 **Encouraging voter participation.** Requires an individual or association that makes or contracts to make an expenditure to encourage precinct caucus participation, voter registration, or voting in aggregate over $200 in a calendar year to file a report with the board within 24 hours of reaching that amount. Requires a report of the amount of each expenditure over $100, the name and address of the person to whom the expenditure was made, the purpose of the expenditure, and the primary or election involved.

7 **Effect of certain independent expenditures.** Specifies that a candidate who receives a notice from the board under section 5 has spending limits increased to 125 percent of the statutory limits and still is eligible for a public subsidy.

8 **Party unit independent expenditures.** Provides that if a party participates in the PCR program it must not make independent expenditures in a race over $2,000.

9 **Contribution limits; political party units; political committees, political funds.** Puts a $1,000 per year aggregate limit on contributions to political committees and political funds .

Puts a $500 per year aggregate limit on contributions to political party units.

Requires any of these entities that receive excess contributions during a year to return the excess to the donor to give it to the board to deposit in the state general fund by January 31

Section

of the year after the contribution is received.

10 **Exceeding contribution limits.** Amends the current penalty for making or receiving an excess candidate contribution. Adds to this penalty (a civil fine up to four times the amount of the excess) making or receiving an excess contribution to a political party unit, political committee, or political fund.

11 **Political party agreement.** Requires a political party unit to sign an agreement to limit independent expenditures to $2,000 per race in order to participate in the PCR program.

12 **How long agreement is effective.** Makes party unit spending agreements effective through the end of the first election cycle completed after the agreement is filed.

13 **Refund receipt forms; penalty.** Technical.

14 **Refund of contributions to political parties and candidates.** Amends the tax law provision on the PCR to reflect the party unit spending agreement.

15 **Internet campaign reporting and public subsidy payment study.** Creates a work group to study the feasibility of an online campaign finance reporting and public subsidy payment system. Members would be appointed by the Speaker, the Senate Committee on Committees, and the Governor. The board and the Department of Revenue would provide staff resources. Requires a report to the legislature by January 15, 2006.