

HF396 - 0 - Hennepin County Campaign, Financing Modified

Chief Author: **Mike Freiberg**
 Committee: **State Government Finance and Policy**
 Date Completed: **2/9/2021 11:28:34 AM**
 Agency: **Campaign Finance Board**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Adam Blom **Date:** 2/9/2021 11:28:34 AM
Phone: 651-284-6542 **Email:** adam.blom@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	11	-	-	-	-
Absorbed Costs	-	(11)	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
General Fund						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill will repeal or modify sections of Chapter 383B that regulate the registration and reporting of candidate committees for cities with a population of more than 75,000 in Hennepin County, Minneapolis School District 1 candidate committees, and political committees and funds that make expenditures to influence specified elections in Hennepin County or in Hennepin County cities with a population of over 75,000. The impact of the Campaign Finance and Public Disclosure Board (the Board) is that the political committees and funds registered with Hennepin County elections will be required to register with the Board, and those committees and funds that are already registered with the Board that make donations to influence specified elections in Hennepin County, or that make independent expenditures to influence specified elections in Hennepin County will need to file additional campaign finance disclosure reports with the Board during odd numbered years.

Section 1. Adds references to local candidates to the definition of “approved expenditure,” to reflect the expansion of the Board’s jurisdiction to include campaigns for certain offices within Hennepin County.

Section 2. Adds references to include ballot questions that are placed before all voters in Hennepin County, all voters of any city with a population of 75,000 or more in Hennepin County, or all voters of School District 1 under the jurisdiction of the Board.

Section 3. Adds references to local candidates to the definition of “campaign expenditure” to reflect the expansion of the Board’s jurisdiction to include campaigns for certain offices within Hennepin County.

Section 4. Defines “local candidate” to mean any county office in Hennepin County, any city with a population of 75,000 or more in Hennepin County, and the school board in School District 1.

Section 5. Adds references to local candidates to the definition of “contribution” to reflect the expansion of the Board’s jurisdiction to include campaigns for certain offices within Hennepin County.

Section 6. Adds references to local candidates to the definition of “expressly advocating”. This definition is used to identify independent expenditures that must be reported under Chapter 10A.

Section 7. Adds references to local candidates to the definition of “general treasury money” to reflect the expansion of the Board’s jurisdiction to include certain campaigns for offices within Hennepin County.

Section 8. Includes local candidates to the definition of “independent expenditure” to so that independent expenditures made for local candidates (as defined) are reported to the Board.

Section 9. Adds references to local candidates to the definition of “loan” to reflect the expansion of the Board’s jurisdiction to include campaigns for certain offices within Hennepin County.

Section 10. Adds references to local candidates to the definition of “political committee” so that committees that make attempt to influence the election of local candidates are under the Board’s jurisdiction.

Section 11. Adds references to local candidates to the definition of “political fund” so that funds that make attempt to influence the election of local candidates are under the Board’s jurisdiction.

Section 12. Adds expenditures for or contributions to local candidates into the \$750 threshold at which political activity must be through a political fund.

Section 13. Adds references to local candidates into the law governing when a political must establish a separate bank account for political activities.

Section 14. Adds references to local candidates into the law that provides penalties for independent expenditure political committees and funds that make contributions to candidates.

Section 15. Adds references to local candidates into the law governing the accounts that must be kept by political committees, political funds, principal campaign committees, and party units, when making contributions.

Section 16. Adds references to local candidates into the law requiring that independent expenditures contain the campaign disclaimer found in section 211B.04.

Section 17. Establishes additional reports during a non-state election year (odd numbered year) for political committees, political funds, or party units that spend more than \$200 in aggregate on donations to local candidates, or more than \$200 in aggregate on independent expenditures of behalf of local candidates, or more than \$200 to promote or defeat a ballot question (as defined). Additional reports are required on April 14, June 14, 15 days prior to the local primary election, 42 days before the local general election, and 10 days before the local general election. In total, five additional reports are required assuming that the \$200 threshold has been exceeded prior to the end of the reporting period for the April 14 report.

Section 18. Adds references to local candidates into the law governing the content of required campaign finance reports, to reflect the expansion of the Board’s jurisdiction to include campaigns for certain offices within Hennepin County. In specific the bill requires that the campaign finance reports be modified to include separate schedules to report contributions to local candidates, independent expenditures for or against local candidates, and expenditures for or against ballot questions.

Section 19. Adds references to local candidates into the law governing the certification that an independent expenditure was made independently.

Section 20. Amends existing provisions in Chapter 383B which regulate campaign finance reporting by local candidates and entities within the county. The changes conform to the changes made earlier in this bill, and clarify which types of candidates are subject to oversight by the Board, and which types of candidates must continue to file campaign reports and economic interest statements with a local filing officer.

Section 21. Repeals a series of statutes specific to campaign oversight and reporting for local candidates within Hennepin County (found in Chapter 383B). The reporting obligations repealed in these sections are instead replaced by the system of reporting established in this bill. The section also repeals section 10A.15, subdivision 6, this section allows for a political committee registered in Hennepin County to contribute to a candidate, party unit, or political committee registered with the Board. Under the provisions of this bill there will not longer be political committees registered in Hennepin County, so this provision is not needed.

Assumptions

Hennepin County has stated that there are approximately 25 political committees and funds currently registered with Hennepin County that should be expected to transfer their registrations to the Board under the provisions of this bill. This fiscal note assumes that number is accurate, and that future registrations of committees that would have registered in Hennepin county will be approximately five committees a year. Currently the Board has about 425 registered political committees and funds, increasing that number by 25 will not require additional staffing or IT resources.

Modifications to training material and handbooks will be required to reflect the provisions of this bill. However, staff routinely updates these materials to reflect statutory changes. As the updates to documents will all be done inhouse there are no significant costs to delineate or absorb.

The bill requires three new reporting schedules; a schedule to report contributions to local candidates, a schedule to report expenditures on local ballot questions, and a schedule to report independent expenditures on local candidates. There will be programming costs to modify the online campaign finance reporting application to provide campaign treasures with the additional schedules. The estimated costs of the database modifications and programming costs are provided in the expenditure formula section. This estimate assumes that the required IT modifications will all occur in FY22, and that the costs can be absorbed by the Board.

The provisions of the bill create five additional reports during an odd numbered year for political committees and funds that spend over \$200 on local candidates or ballot questions during that year. This fiscal note assumes that the committees and funds required to file reports under this legislation will do so electronically (as required of all committees and funds unless a specific waiver to the electronic filing requirement is granted by the Board). Processing electronic reports has no identifiable cost to the Board.

The number of political committees and funds that will need to file reports in odd-numbered years is assumed to be approximately 50 in number (the 25 committees that will transfer their registration from Hennepin County, and another 25 committees already registered with the Board that will make reportable transactions to influence local candidate or ballot questions as defined in the bill). It is reasonable to assume that there will be some compliance violations that will be investigated and enforced by the Board based on the late filing of the reports, or based on information of excess contributions or other violations disclosed on the reports. However, potential violations will occur during a non-state general election year, which is relatively a slower time for enforcement actions. This fiscal note assumes that because there are a limited number of committees and funds involved with the local elections as defined in the bill, and because additional enforcement actions will occur during a non-state election year, the Board will not need additional staff to administer and enforce the provisions of the bill and therefore will absorb the cost.

Expenditure and/or Revenue Formula

Programing and Database Administration Costs

	Hours	Hourly Salary plus benefits	Cost
Database Administration	60	\$ 60.83	\$ 3,649.80
Programing for Report Application	120	\$ 64.98	\$ 7,797.60
		Total	\$ 11,447.40

Long-Term Fiscal Considerations

None

Local Fiscal Impact

The Board contacted Hennepin County for information on possible fiscal impact (savings) for the county if the registration and reporting administrative costs for 25 committees and funds were transferred to the Board. The county did not provide an estimated fiscal impact as of the date this fiscal note was submitted. From the Board’s perspective, there will be a net cost saving for Hennepin County.

References/Sources

N/A

Agency Contact: Jeff Sigurdson (651-539-1189)

Agency Fiscal Note Coordinator Signature: Jeff Sigurdson

Phone: 651-539-1189

Date: 2/8/2021 4:03:08 PM

Email: jeff.sigurdson@state.mn.us