

House Research Act Summary

CHAPTER: 363

SESSION: 2002 Regular Session

TOPIC: Campaign Finance and Lobbyist Disclosures

Date: May 20, 2002

Analyst: Deborah K. McKnight, 651-296-5056

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This act makes the following changes in the campaign finance act: (1) replaces misdemeanor criminal penalties with up to a \$1,000 civil penalty; (2) replaces some gross misdemeanor penalties with up to a \$3,000 civil penalty and adds such a penalty to the remaining gross misdemeanors; (3) makes all late reporting notices and fees the same; (4) prohibits lending campaign funds for purposes not related to campaigns (§ 17); (5) specifies who must perform treasurer duties if the position is vacant (§ 20); (6) releases a candidate from spending limits if a primary opponent declines them under the same circumstances that apply to general election opponents (§ 24); (7) aligns all prohibitions so that both parties to a transaction are prohibited from engaging in the prohibited conduct; (8) adds contributions from dissolving campaign committees to the political party contribution limit (§ 27); (9) allows a candidate who is dissolving a legislative committee to transfer unlimited funds to another chapter 10A committee for the same candidate (§ 27); (10) provides other regulation of contributions from dissolving committees; (11) prohibits independent expenditures by a principal campaign committee if the candidate takes a public subsidy (§ 23); (12) lets candidates seek a court order against an opponent who does not file reports (§ 22); and makes other changes.

- 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 criminal penalty for disclosing information in violation of the statute to a civil penalty imposed by the board of up to \$1,000.
Eliminates the requirement that the board must report a probable cause finding of a violation of chapter 10A to law enforcement.
- 3 **Penalty for false statements.** In addition to the existing gross misdemeanor penalty, imposes a civil penalty up to \$3,000 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. Adds to the gross misdemeanor penalty: a \$3,000 civil penalty imposed by the board.
- Requires the board to send certified mail notice to an individual who fails to file a corrected report. Beginning the 11th 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 late filing notice, time line, and late fees 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, time line, and fees changes as other sections of the act.
- 8 **Principal reports.** Changes the way principals must report the amount they spend on lobbyists. Under prior law lobbyists check off a range that indicates what they spent. The act requires the principal to indicate the total amount spent, rounded to the nearest \$20,000. The result is narrower reporting ranges.
- 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 act.
- 12 **Penalty.** Amends the statute on organization of 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 act.
- 14 **Failure to file; penalty.** Amends the statute on registration requirements for political committees, political 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 act.
- 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 act.
- 16 **Earmarking contributions prohibited.** Adds to the gross misdemeanor penalty for violations the possibility of a \$3,000 board civil penalty.
- 17 **Personal loans.** Prohibits a political committee or fund, party unit, or principal campaign committee from lending money to anyone for purposes not related to campaigns.
- 18 **Penalty.** Amends the statute regulating campaign expenditures and independent expenditures. Amends this as follows:
- Eliminates the misdemeanor penalty for spending more than \$20 of committee funds

without written authorization. Provides up to a \$1,000 civil penalty by the board.

Provides a gross misdemeanor and up to a \$3,000 civil penalty by the board for lending campaign funds for noncampaign purposes.

Adds up to a \$3,000 civil penalty to the current option of a gross misdemeanor for violating the independent expenditure reporting requirement and for falsely claiming an expenditure is an independent expenditure.

- 19 **Prompt presentation of bills.** Amends this to change the misdemeanor penalty for violations to the \$1,000 civil penalty found elsewhere in the act.
- 20 **If treasurer position is vacant.** Requires the candidate, chair, or association officer of a principal campaign committee, party unit, 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 act.
- 22 **Equitable relief.** Lets a candidate petition the district court for an order to require immediate filing by an opponent who has not timely filed (1) the report due before the primary or general election, or (2) a notice that the candidate is not agreeing to spending limits. Allows attorney fees and costs to a prevailing party.
- 23 **Independent expenditures.** Prohibits a candidate who accepts a public subsidy from making independent expenditures.
- 24 **Effect of opponent's conduct.** Releases a candidate from spending limits if the candidate has agreed to limits but a primary opponent: (1) has not agreed, and (2) accepts contributions or makes expenditures over the amounts specified in 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 prior law a candidate was released from limits only if the general election opponent did not agree to them.
The opponent of a candidate who is released from limits because of the conduct of the candidate's opponent in the primary is released from limits for the general election and still gets a public subsidy.
- 25 **Method of calculating.** Rounds spending limits to the next highest \$100 when recalculated under the consumer price index. Previously, limits were rounded to the nearest \$10.
- 26 **Contribution limits.** Prohibits a political committee or political fund from making a contribution a candidate cannot accept (e.g. over the limit).
- 27 **Political party and dissolving campaign committee limit.** Adds dissolving campaign committees to the political party aggregate contributions limit. The effect is that the total amount of contributions a candidate may accept from all political party units and dissolving campaign committees must not exceed ten times the contribution limit applicable to the candidate's office.
Exempts from this section: a contribution from a dissolving legislative campaign committee to another committee for the same candidate.
- 28 **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.
- 29 **Contributions from certain types of contributors.** Amends the "PAC and large giver"

aggregate limit statute to provide for rounding the 20 percent limit to the nearest \$100.

- 30 **Unregistered association limit; statement; penalty.** Eliminates the prior misdemeanor penalty that applied to an association or officer who failed to give the written statement or to register as required by this section. Replaces it with the civil penalty of up to \$1,000 found elsewhere in the act. Imposes a civil penalty of up to four times the amount of any contributions over \$100 on the treasurer of a covered entity that accept a contribution over \$100 from an unregistered association and does not obtain the written statement from the contributor required by law.
- 31 **Contributions during legislative session.** Prior law banned candidates from accepting specified contributions during the regular session. The act imposes a ban on making this kind of prohibited contribution.
- 32 **Civil penalty.** Amends the session fund raising penalty to reflect the change in the prior section. Also changes the prior law, which provided up to a \$500 civil fine, to the same \$1000 maximum provided elsewhere in the act for violations of chapter 10A.
- 33 **Special election.** Amends the exemption of special election candidates and their contributors from the session fund-raising ban. Conforms to the changes in section 31.
- 34 **Exceeding expenditure limits.** Technical; conforms terminology.
- 35 **Exceeding contribution limits.** Amends the penalty for a candidate who accepts contributions over the limit. Adds to the provision a ban on political committees, political funds, and principal campaign committees making contributions over the applicable limit.
- 36 **Civil action.** Technical; conforms terminology.
- 37 **Circumvention prohibited.** Adds to the gross misdemeanor penalty for circumvention a maximum \$3,000 civil penalty by the board.
- 38 **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 eliminated by the act, and other technical changes are made.
- 39 **Agreement by candidate.** Builds into the public subsidy agreement form the provision that the candidate will comply with the spending requirement described in the prior section.
- 40 **Affidavit of contributions.** In 2001 the law was amended to distribute the general account money following the primary, rather than after the general election. This amendment strikes a left over reference to the payment made after the general election because there will no longer be such a payment.
- 41 **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 existing law requires 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 previously existing law).
- 42 **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.