

Report of the Minnesota Campaign Finance and Public Disclosure Board



Covering Fiscal Year 2015

July 1, 2014 - June 30, 2015

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Minnesota

Campaign Finance and Public Disclosure Board

DATE: March 1, 2016

TO: The Honorable Mark Dayton, Governor
The Honorable Sandra Pappas, President of the Senate
The Honorable Thomas Bakk, Senate Majority Leader
The Honorable Kurt Daudt, Speaker of the House
The Honorable Joyce Peppin, House Majority Leader
The Honorable David Hann, Senate Minority Leader
The Honorable Paul Thissen, House Minority Leader
The Honorable Katie Sieben, Chair Subcommittee on Elections
The Honorable Tim Sanders, Chair Government Operations and Elections Policy

FROM: Christian Sande, Chair
Campaign Finance and Public Disclosure Board

SUBJECT: Report of Board activities during fiscal year 2015 (July 1, 2014, through June 30, 2015)

Pursuant to Minnesota Statutes section 10A.02, subdivision 8 (a), the Campaign Finance and Public Disclosure Board submits this report of the Board's activities during fiscal year 2015.

The Board, consistent with its objectives and administrative procedures, provided guidance to the thousands of individuals and associations whose disclosure of certain political, economic interest, and lobbying activities is regulated by the Campaign Finance and Public Disclosure Act, Minnesota Statutes, Chapter 10A.

Included in this report is information about the campaign finance disclosure, the filing of lobbyist disbursement and lobbyist principal reports, and the filing of statements of economic interest by public officials.

Throughout its activities the Board strives to accomplish its mission; which is to promote public confidence in state government decision-making through development, administration, and enforcement of disclosure and public financing programs and ensure public access to and understanding of information filed with the Board.

We recognize the importance the State of Minnesota places on public disclosure laws and the regulation of campaign finance activity and appreciate the trust placed in the Board and its staff by the Legislature and the Office of the Governor.

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EXECUTIVE SUMMARY

The Campaign Finance and Public Disclosure Board is charged with the administration of the Campaign Finance and Public Disclosure Act, Chapter 10A of Minnesota Statutes. During fiscal year 2015, the Board focused on the administration and enforcement of Chapter 10A during a state election year. The Board also positioned itself to provide better web based access to disclosure records and other information to the public and the regulated community in the years ahead.

For the 2014 – 2015 biennium the legislature appropriated additional funds to the Board in part to support technology projects, including a redesigned website. During fiscal year 2015 the Board surveyed clients about the features on its website that worked, and that didn't work, in order to identify the needs of regular users of the site. The legislature re-appropriated \$150,000 remaining at the end of fiscal year 2015 into the 2016 – 2017 biennium to support the development of the new website.

The Board has long recognized that providing training to candidates and treasurers on the provisions of campaign finance law is a key to ensuring compliance with the requirements of Chapter 10A. To meet the needs of individuals who cannot fit traditional classroom training into their schedules, the Board developed five training videos on various sections of campaign finance law during fiscal year 2015. These compliance videos are available on the Board's website and supplement nine short "how to" videos on using the Campaign Finance Reporter software.

The Board issued \$2,429,596 in public subsidy payments to eligible candidates in the 2014 state general election. The amount paid by office and party and other information on the public subsidy program is available on page 17. A summary of the Board's legislative recommendations for the campaign finance program that were enacted in fiscal year 2015 starts on page 11.

About 1,450 lobbyists were registered with the Board at any one time throughout the fiscal year. The lobbyists represented about 1,400 principals. The principals reported total expenditures of \$70,406,472 in calendar year 2014. Additional information on the lobbyist program is found on page 18.

The economic interest disclosure program requires public officials in approximately 2,800 positions to file economic interest statements with the Board. This number will grow significantly as legislation passed in 2013 takes effect to add judges and county commissioners elected on or after January 1, 2014, to the list of public officials who file with the Board. Details on the economic interest disclosure program are found on page 20.

During the fiscal year, the Board held ten scheduled meetings and one special meeting. During the meetings the Board issued one advisory opinion; reviewed and approved forty-three agreements to resolve violations of Chapter 10A, and issued three findings to conclude investigations.

The Board looks forward to building on its accomplishments in fiscal year 2015 to further improve the services provided to the regulated community and to the public.

INTRODUCTION TO THE BOARD

Authority

The Campaign Finance and Public Disclosure Board was established by the state legislature in 1974 through enactment of Chapter 10A of the Minnesota Statutes. Throughout its history the Board has enforced the provisions of Chapter 10A, promulgated and enforced Minnesota Rules 4501 through 4525, and issued advisory opinions to guide clients in meeting the chapter's requirements.

New authority was given to the Board in 2013, which extended the Board's jurisdiction to three sections of Chapter 211B. Those sections are (1) 211B.04, which governs the "prepared and paid for" form of disclaimer, (2) 211B.12, which specifies the purposes for which campaign money may be legally used, and (3) 211B.15, which governs corporate contributions. The new authority is limited to those individuals and associations already under the Board's jurisdiction under Chapter 10A. The Board's new jurisdiction means that it may conduct investigations of possible violations of these statutes and may also issue advisory opinions on these provisions.

Mission Statement

To promote public confidence in state government decision-making through development, administration, and enforcement of disclosure and public financing programs which will ensure public access to and understanding of information filed with the Board.

Functions

Core functions of the Board include administration and management of the:

- registration and public disclosure by state legislative, constitutional office, and judicial office candidates, political party units, political committees, and political funds;
- state public subsidy program that provides public funding to qualified state candidates and the state committees of political parties;
- registration and public disclosure by lobbyists and principals attempting to influence state legislative action, administrative action, and the official action of metropolitan governmental units;
- disclosure of economic interest, conflicts of interest, and representation of a client for a fee under certain circumstances for designated state and metropolitan governmental unit officials.

Goals and Objectives

- Create better compliance with the Campaign Finance and Public Disclosure Act by moving to an educational model in which providing easy to access information and training reduces the number of violations.
- Provide fair and consistent enforcement of the Act.
- Help citizens become better informed about public issues related to the Act.

Board and Staff

- The Board consists of six members, none of who may be an active lobbyist, a state elected official, or an active candidate for state office. The Board is not non-partisan; rather it is multi-partisan, with no more than three of the members of the Board supporting the same political party.
- The Board was able to maintain eight full time and one part time equivalent positions during the fiscal year. Additional information about Board staff is found beginning on page 22.

Board Member Qualifications

The Board consists of six citizen members who are responsible for the administration of the Campaign Finance and Public Disclosure Act. Members of the Board are appointed by the Governor to staggered four-year terms. Their appointments must be confirmed by a three-fifths vote of the members of each body of the legislature. Two members must be former members of the legislature who support different political parties; two members must be persons who have not been public officials, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the date of their appointment; and the other two members must support different political parties. The Board holds regular monthly meetings, which are open to the public and executive session meetings which are closed to the public.

Board Members - July 1, 2014, through June 30, 2015



Carol Flynn

Carol Flynn was appointed to the Board in February of 2015 by Governor Dayton for a term ending in January of 2019. She fills a Board position requiring a former DFL legislator. Flynn served as a state senator from 1990-2000 where she was Majority Whip and Chaired the Judiciary and Transportation Committees. She studied at the University of Minnesota. A retired public employee, she volunteers on the Minneapolis Transportation Management Organization and as Vice President of the Loring Green West Association Board.

George Beck



George Beck was appointed to the Board in February of 2012 by Governor Mark Dayton for a term ending in January of 2016. He fills a Board position requiring a member who has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the member's appointment. Judge Beck is a retired administrative law judge who served in that position for nearly 30 years. He presently works as an arbitrator with the American Arbitration Association and also serves on the Hennepin County Human Resources Board. Judge Beck holds a BA degree from the University of Chicago and a JD degree from the University of Minnesota Law School.

Ed Oliver



Ed Oliver was appointed in June of 2013 by Governor Dayton for a term ending in January of 2017. He fills a Board position that has no restrictions on previous political activities. Mr. Oliver was a member of the Minnesota State Senate from 1993 - 2002, and served as an Assistant Minority Leader from 1998 - 2002. Mr. Oliver is an arbitrator with FINRA Dispute Resolution, Inc., and is owner and president of Oliver Financial. He currently serves on the board of the Friends of the Mississippi River, and previously served on the Minnesota State Arts Board and as a member of the Great Lakes Commission. Mr. Oliver is a University of Minnesota, College of Liberal Arts graduate where he was awarded a Bachelor of Arts degree with a major in economics.



Margaret Leppik

Margaret (Peggy) Leppik was appointed to the Board in May of 2015 by Governor Dayton for a term ending in January of 2016. She fills a Board position requiring a former Republican legislator. Leppik served as a state representative from 1991-2003 where she chaired the Higher Education Finance Committee. She served on the Metropolitan Council from 2003-2011 where she was vice chair for three years and chaired the Environmental Committee. A graduate of Smith College, Leppik is an active volunteer for numerous nonprofit organizations.



Christian Sande

Christian Sande was appointed by Governor Dayton to the Board in October 2013, and re-appointed in February 2015. His current term expires in January 2019. He occupies a Board position for a member who has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the member's appointment. Mr. Sande is an attorney in private practice focusing on securities fraud litigation and antitrust and consumer fraud class actions. He is a member of the Minnesota and Washington State Bar Associations and the Public Investors Arbitration Bar Association. He is a graduate of Hamline University College of Liberal Arts and William Mitchell College of Law. He volunteers as a GED Tutor at the Open Door Learning Center in North Minneapolis and is a volunteer judge for the Minnesota State Bar Association's high school mock trial program.

Daniel N. Rosen



Daniel N. Rosen was appointed in July, 2014, by Governor Dayton for a term ending in January of 2018. He fills a Board position requiring a member who has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the member's appointment to the Board. A lawyer in Minneapolis, Mr. Rosen is a graduate of the University of Minnesota Law School and a founding partner of the Parker Rosen law firm, where he practices in the field of business and real estate litigation. Prior to law school Mr. Rosen was an officer in the United States Navy and served in Operations Desert Shield and Desert Storm.

Neil Peterson - - Left Board January 6, 2015



Neil Peterson was appointed in February of 2012 by Governor Mark Dayton for a term ending in January of 2016. He filled the position of a former RPM legislator and served as a state representative from 2005 - 2008. Mr. Peterson is active in the second half of his business career in commercial/industrial real estate, client advisory and property management. The first half of his business career was in commercial banking. Concurrently, he was elected to public office in Bloomington, serving four terms on the city council and three terms as mayor; his last term overseeing the construction and opening of the Mall of America. He was appointed to the Metropolitan Council by Governor Carlson and served 4 years before withdrawing from public office in 1999.



Deanna Wiener - - Left Board February 6, 2015

Deanna Wiener was appointed in March 2011 by Governor Mark Dayton for a term ending in January of 2015. She continued to serve until a replacement member was appointed in March of 2015. She filled the position of a former DFL legislator and served as a state senator from 1993-2003. Ms. Wiener has been a Realtor since 1977 and is currently a Broker and Co-owner of Cardinal Realty Co. She is also a partner in land development businesses. Currently she serves as a director to the National Association of Realtors and is a board member of the St. Paul Association of Realtors and serves on the board of the Friends of Mississippi. She is a graduate of St. Mary's Jr. College, now St. Catherine's, with an associate degree in nursing.

Summary of Board Activities

Meetings

The Campaign Finance and Public Disclosure Board held ten scheduled meetings and one special meeting during the fiscal year. At the special meeting the Board's only action item was the adoption of Advisory Opinion 439. Minutes of Board meetings are published on the Board's web site.

Advisory Opinion Procedure

The Board is authorized to issue advisory opinions on the requirements of the Campaign Finance and Public Disclosure Act (Minn. Stat. chapter 10A), Minnesota Statutes sections 211B.04, 211B.12, and 211B.15 if the requestor is under the jurisdiction of Chapter 10A, and the Hennepin County Disclosure Law (Minn. Stat. §§ 383B.041 - 383B.058). Individuals or associations may ask for advisory opinions based on real or hypothetical situations to guide their compliance with these laws.

A request for an advisory opinion and the opinion itself are nonpublic data. The Board provides Consent to Release Information forms to individuals requesting opinions as part of the procedures under this law. If the requester does not consent to the publication of the requester's identity, the Board generally publishes a public version of the opinion, which does not identify the requester.

A written advisory opinion issued by the Board is binding on the Board in any subsequent Board proceeding concerning the person making or covered by the request and is a defense in a judicial proceeding that involves the subject matter of the opinion and is brought against the person making or covered by the request unless: 1) the Board has amended or revoked the opinion before the initiation of the Board or judicial proceeding, has notified the person making or covered by the request of its action, and has allowed at least 30 days for the person to do anything that might be necessary to comply with the amended or revoked opinion; 2) the request has omitted or misstated material facts; or 3) the person making or covered by the request has not acted in good faith in reliance on the opinion.

One advisory opinion was issued in fiscal year 2015. A summary of this advisory opinion is provided in the review of the conflict of interest program.

Education and Training Outreach

To accomplish the goal of educating clients and the interested public on the compliance and reporting requirements of Chapter 10A Board staff conducted the following training during the fiscal year:

- three compliance training sessions for candidates and treasurers and chairs of principal campaign committees, political party units, and political committees and funds.
- five computer lab training classes for clients who use the Campaign Finance Reporter software

An ongoing problem in providing compliance training to treasurers is the difficulty in reaching St. Paul from many locations in Minnesota. Staff does try to schedule some training classes in greater Minnesota, but training sessions held outside of the metro area are always going to be limited in number and may still be inconvenient to attend for some treasurers.

As an effort to provide training available at any time and at any location with web access the Board contracted to develop five online training videos for treasurers. The modules allow viewers to move at their own pace through the topics covered and incorporate quizzes during the training to make the modules more interactive. The Board also maintains nine videos on specific topics related to using Campaign Finance Reporter. The videos are available on the Board's web site. Based on favorable client feedback both of these training tools will be used more extensively in the future.

Additionally Board staff participated in numerous panels, presented at many continuing legal education courses, and spoke to interested groups of the public on the requirements of Chapter 10A.

Use of Technology

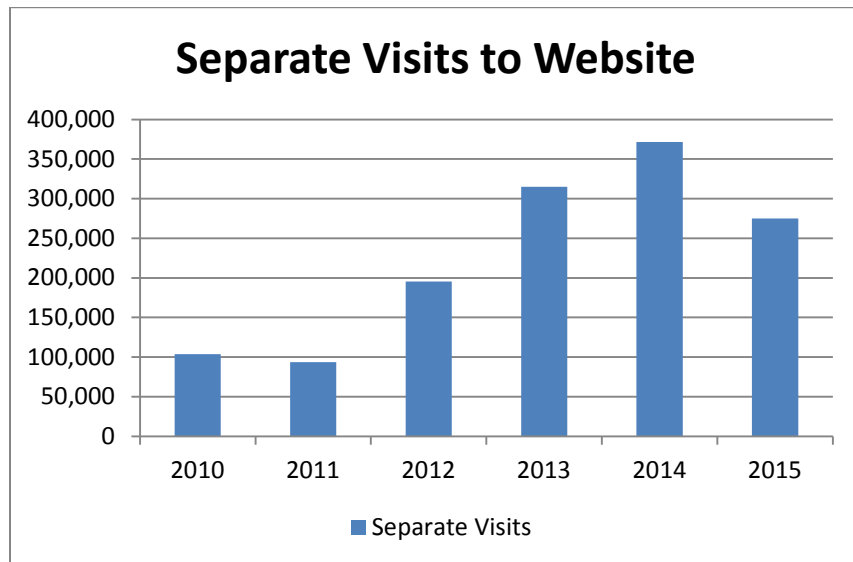
The Board has long recognized the value of receiving disclosure reports in electronic format. Electronic reports may be moved directly into Board databases where the records are analyzed for compliance issues and then exported to the Board's website for faster disclosure to the public. Electronic filing eliminates the cost and errors associated with data entry of paper reports.

To facilitate electronic filing the Board developed web based applications for filing lobbyist disbursement reports, lobbyist principal reports, and the annual certification by public officials of the economic interest statement. Use of these web based applications is optional, clients may still file a paper report, but all three applications have participation rates of over 90%, which indicates that clients also prefer electronic filing.

The Board increasingly turns to the internet to provide the point of access for clients and the general public to Board applications and information. The Board's website monitoring tools are by calendar year, not fiscal year.

The Board website offers

- Board meeting notices and minutes;
- Board enforcement actions - findings and conciliation agreements;
- Advisory Opinions;
- Lists of lobbyists and associations, candidate committees, political committees, political funds, party units, and public officials;
- Copies of all campaign finance and lobbyist reports;
- Electronic filing for lobbyists and lobbyist principals;
- Electronic filing of the *Annual Statement of Economic Interest* for public officials;
- All Board publications and forms;
- Searchable databases of campaign finance contributions;
- Searchable database of independent expenditures;
- Campaign Finance Summaries;
- Lobbyist Disbursement Summaries;
- Annual Report of Lobbyist Principal Expenditures;
- Training videos on the use of Campaign Finance Reporter



PROGRAM REVIEWS

The Board administers three major and several minor programs as authorized by Minnesota Statutes Chapter 10A. The major programs are campaign finance, lobbying, and economic interest disclosure. The review of each major program includes a general description of the program, a review of legislation passed during the fiscal year that affects the program, a review of any Board advisory opinions issued during the time period for the program area, and an overview of administrative activity that occurred during the fiscal year.

CAMPAIGN FINANCE PROGRAM

Program Overview

The Board administers the provisions of Chapter 10A of the Minnesota Statutes that govern campaign finance laws for principal campaign committees, political committees, political funds, political party units, and independent expenditure committees and funds.

During a non-election year these committees and funds file one year-end report disclosing receipts and expenditures to the Board. During 2014 the constitutional candidates and appellate court judicial candidates on the ballot filed six reports as did state central political party units and legislative caucus party units. All other state level candidates on the ballot in 2014 and all other party units filed three reports. Political committees and funds file six reports during an election year. Information on the number of reports filed is found on page 15.

Each filed report is reviewed by Board staff for compliance with the disclosure law requirements, including accurate accounting and reporting, and adherence to applicable contribution and expenditure limits. Violations of contribution and expenditure limits are resolved through either a conciliation agreement, or in some cases, a Board order. Information on Board investigations and enforcement actions is found on page 17.

As a part of the campaign finance program the Board administers and regulates the distribution of payments for the state's public subsidy program, which provides public funding to qualified state candidates and the state committees of political parties. Payments are made following the state primary election to candidates and monthly to the state committees of political parties. Information on the payments is found on page 16.

Legislative Action

The Board proposed a broad package of legislative recommendations to the 2015 legislature. The Board developed the recommendations based on extensive experience with real-world campaign finance and public disclosure issues. The recommendations were designed to provide Minnesota with disclosure that is more rigorous, yet remains consistent with the limits that the First Amendment places on public disclosure systems. The recommendations also included technical and policy/administrative changes necessary to clarify requirements in the statutes under the Board's jurisdiction.

Not all of the Board's recommendations were passed into law, and some amendments were made to the Board's recommendations. Nonetheless, many of the Board's recommendations were passed and became Laws of 2015, chapter 73, when signed by the Governor on May 22, 2015. Chapter 73 amended Minnesota Statutes Chapter 10A in the following ways:

- **Modified investigation procedures and new penalties**

The Board must decide whether a complaint states a prima facie violation of the campaign finance laws immediately after receipt of the complaint. The 60-day timeline for investigating complaints involving contribution or spending limits violations does not begin to run until after the Board has made a probable cause determination in the matter.

The subject of an investigation must preserve evidence related to the investigation after being notified of the investigation.

The Board may impose civil penalties for violations of the chapter 211B provisions that are under its jurisdiction. Those provisions are the disclaimer requirement in section 211B.04, the improper use of political funds under section 211B.12, and the corporate contribution prohibition in section 211B.15.

The Board now has jurisdiction over candidates, political committees and funds, and party units that accept prohibited corporate contributions. Previously, the Board only had jurisdiction over the corporations that made these prohibited contributions.

- **Campaign finance registration and reporting**

A political committee or fund that reaches the registration threshold before the end of a reporting period must register and report by the report due date.

The late fee for campaign finance registrations is increased to \$25 a day and the grace period for these registrations is eliminated.

Candidates whose names will not be on the primary election ballot because they did not file for office are not required to file the June report in an election year.

Recipients must report contributors' Board registration numbers and contributors must report recipients' registration numbers on their campaign finance reports.

- **Disclaimers**

The disclaimer requirement for independent expenditure communications now has a financial triggering threshold that matches the registration and reporting threshold for independent expenditure committees and funds.

There are exceptions to the disclaimer requirement for independent expenditure communications where it is impracticable to include a disclaimer.

The disclaimer requirement for campaign material now has a financial triggering threshold that matches the registration and reporting thresholds in Chapter 10A.

The language of the disclaimer is less formal and the form of the disclaimer is specified when a communication has no cost.

There are exceptions to the disclaimer requirement for material where it is impracticable to include a disclaimer.

- **Public subsidy program**

The Board may impose a civil penalty of up to \$3,000 on a candidate or treasurer who willfully issues a political contribution refund receipt to someone who is not eligible to receive the refund or when the candidate has not signed a public subsidy agreement.

2015 Minn. Laws, chapter 77, section 82, provides that the political contribution refund does not apply to contributions made after June 30, 2015, and before July 1, 2017.

- **Contribution limits and sessional prohibition on contributions**

The limit on individual contributions to judicial candidates is set at \$2,500 over a two-year election cycle segment regardless of whether the candidate is on the ballot during that segment.

The aggregate special source limit does not apply to contributions from large donors.

The prohibition on contributions between the legislative caucus committees and their candidates during the legislative session is removed.

The ban on sessional contributions applies to the entire first and last days of the session.

- **Miscellaneous technical changes**

The right to make unlimited charitable contributions upon termination is extended to political committees and funds and party units.

The Board does not have to withhold publication of a party unit report until the report of the corresponding party unit has been filed.

Provisions related to investigations and audits were renumbered to place them in a new section for violations and enforcement.

A rule which might have been read to permit candidates to accept loans in excess of the statutory limit was repealed.

Rulemaking

In fiscal year 2014, the legislature directed the Board to adopt expedited rules establishing additional procedures for audits and investigations. The Board started this rulemaking in May 2014 and held a public hearing on June 19, 2014. The Board completed the rulemaking in fiscal year 2015 and the expedited rules were effective on December 4, 2014. The new rules establish notice and procedural requirements for investigations and audits and create informal methods for resolving violations of Chapter 10A.

**Campaign Finance
Litigation**

On April 9, 2014, a complaint was filed in US District Court against the Board in an action titled *Seaton, et. al. v. Wiener, et. al.* The action was a First Amendment challenge to Minnesota's "special source limit" which provided an aggregate limit on the amount of contributions that state-level candidates could accept from political committees, political funds, lobbyists, associations not registered with the board, and large contributors. See Minn. Stat. § 10A.27, subd. 11 (2010). The plaintiffs were represented by the Institute for Justice, and the Board was represented by the Office of the Attorney General.

On May 19, 2014, in response to the plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction, the Court enjoined the Board from enforcing the limit as applied to large contributors (individuals who contribute to candidates in amounts equal to more than one-half of the individual contribution limit). In the 2015 legislative session, the legislature amended the aggregate special source limit to remove the large contributor component, thus making plaintiffs' action moot. The Board maintains its enforcement of the limit as applied to political committees, political funds, lobbyists, and associations not registered with the Board.

In fiscal year 2015 the matter was settled and dismissed by the Court. Attorney's fees of \$100,000 and costs of \$2,436.55, to be paid from the State's contingent account, were recommended by the Legislative Advisory Commission and approved by the Governor.

**Advisory Opinions Issued
Related to the Campaign
Finance Program**

No advisory opinions related to campaign finance were issued in the fiscal year

Campaign Finance Disclosure Reports Filed

Number of Reports of Receipts and Expenditures filed by candidates, political party units, political committees, and political funds during a reporting year. Reporting years overlap multiple fiscal years.

2014 Election Year	Paper	Electronic	Total
Candidate Committee	177	516	693
Political Party Unit	105	218	323
Political Committee or Fund	65	325	390
Calendar Year 2014 Totals	347	1,059	1,406

Electronic Filing of Reports

Principal campaign committees, political committees, political funds, and political party units have been using the Campaign Finance Reporter software since 1998. The Board provides the software to registered committees without charge. The maintenance, upgrade, training, and helpdesk support of the software is provided by Board staff.

The software provides compliance checks and warnings as records are entered, generates electronic reports for filing that reduce the data entry demands on Board staff, and provides contact management tools for the committees that use the software.

Electronic filing of campaign finance reports became mandatory beginning with the 2012 election cycle. The Board may grant a waiver from the requirement to file electronically if the total financial activity of a committee is less than \$5,000, or if there are technical or other valid reasons why the electronic filing requirement would be an unreasonable burden to the committee.

The Board has developed and distributed a XML schema that is the standard for the electronic filing of campaign finance reports using a third party vendor's software. A total of sixteen committees filed electronically using the XML standard.

Number of Committees Filing Electronically (Numbers are based on calendar year, not fiscal year)

Reporting year	Candidate Campaign Committees	Political Committees, Political Funds, and Political Party Units
2014	516	543
2013	479	526
2012	581	594
2011	327	237
2010	376	174
2009	292	154
2008	278	135
2007	201	114
2006	228	126
2005	174	75

Public Subsidy Payments

The Board administers the distribution of payments for the state’s public subsidy program, which provides public funding to qualified state candidates and the state committees of political parties. Payments to qualified candidates during the 2014 state general election were made in fiscal year 2015.

Payments Made for the 2014 State General Election

To be eligible to participate in the public subsidy program, a candidate must sign and file a public subsidy agreement with the Board in which the candidate agrees to abide by statutory campaign expenditure limits and to limit contributions by the candidate to the candidate’s principal campaign committee. A candidate must also raise a specified amount in individual contributions and file an affidavit stating that this requirement has been met.

Overall 276 of the 312 candidates who filed for state constitutional or state legislative office in 2014 (or 88.5%) voluntarily signed public subsidy agreements.

The Campaign Finance and Public Disclosure Board distributed \$2,429,596 in public subsidy payments to 238 candidates in 2014 (fiscal year 2015). The 238 candidates who received a public subsidy payment represent 85% of the 281 candidates who were on the general election ballot for those offices. The state senate was not on the ballot in 2014.

Public subsidy payments made by office and party in 2014 were as follows:

Office	DFL	RPM	IPMN
Governor	\$541,158	\$394,233	\$0
Attorney General	\$90,421	\$61,035	\$44,155
Secretary of State	\$51,677	\$34,878	\$25,232
State Auditor	\$51,677	\$34,878	\$25,232
Total	\$1,382,110	\$946,019	\$101,464

Political Contribution Refund Program

By statute candidates who sign the public subsidy agreement and political parties are allowed to give political contribution refund receipts to individual contributors. In calendar year 2014 the Department of Revenue issued \$1,227,762 in refunds based on contributions to candidates, and another \$1,805,834 in refunds based on contributions to political parties.

Political Party Payments

The state committees of political parties receive 10% of the tax check-offs to the party account of the State Elections Campaign Fund. Based on monthly certification from the Department of Revenue during fiscal year 2015 the payments to political parties were as follows:

Party	FY 2015
Democratic Farmer Labor	\$42,108
Independence Party of Minnesota	\$4,828
Grassroots Party	\$925
Libertarian Party	\$1,177
Republican Party of Minnesota	\$20,957
Total Payments to State Party Committees:	\$ 69,995

Campaign Finance Enforcement Actions

The Board conducts investigations of possible violations of the provisions of Chapter 10A or those sections of 211B under the Board's jurisdiction. An investigation is started in response to a complaint filed with the Board or may be initiated by staff based on information disclosed on documents filed with the Board.

Investigations of many types of violations are typically resolved by conciliation agreement. The conciliation agreement will set the terms under which the violation is to be remedied, provide for remedial measures to correct the offending behavior, and provide for a civil penalty to the committee. Violations not resolved by conciliation agreement are resolved through the issuance of a Board order. The Board may also issue an order stating that no violation occurred, if warranted.

During fiscal year 2015 the Board issued 43 agreements to resolve violations of Chapter 10A or those sections of Chapter 211B under the Board's jurisdiction. In fiscal year 2015 the Board issued three findings to conclude investigations. During fiscal year 2015 the Board also received 16 complaints. Four of the complaints were dismissed with a finding that a prima facie violation had not been stated. Ten of the complaints were dismissed with a finding that probable cause did not exist in the matter. Probable cause was found in two matters, one of which was resolved through a conciliation agreement with the committee; the other was dismissed by Board order.

To ensure compliance with disclosure deadlines Chapter 10A provides

for late fees applied at the rate of \$25 dollars a day for year-end Reports of Receipts and Expenditures, and \$50 a day for pre-primary-election and pre-general-election Reports of Receipts and Expenditures. Disclosure reports that are filed after a \$1,000 late fee has accumulated may also be subject to an additional \$1,000 civil penalty.

Civil penalties and late fees collected by the Board are deposited in the state general fund. A breakdown of late fees and civil penalties collected through enforcement is provided on page 26.

LOBBYIST PROGRAM

Program Overview

The Board administers the provisions of Chapter 10A that govern registration and public disclosure by lobbyists and principals attempting to influence state legislative action, administrative action, and the official action of metropolitan governmental units.

Lobbyists are required to report disbursements for lobbying purposes to the Campaign Finance and Public Disclosure Board two times each year (January 15 and June 15). On the June 15th report the lobbyist must provide a general description of the subject(s) lobbied on during the previous 12 months.

Individuals or associations that hire lobbyists or spend \$50,000 or more to influence legislative action, administrative action, or the official action of certain metropolitan governmental units, are principals and are required to file an annual report disclosing total expenditures on these efforts. The report is due March 15th, and covers the prior calendar year.

Legislative Action

One of the Board's recommended changes to the lobbyist program was passed and became Laws of 2015, chapter 73, when signed by the Governor on May 22, 2015. Chapter 73 increased the late filing fee for lobbyist registrations to \$25 per day and eliminated the 10-day grace period for these filings.

Advisory Opinions Issued Related to the Lobbying Program

No advisory opinions related to lobbying were issued in the fiscal year.

Lobbyist Disbursement Reports

The Board has developed a web based reporting system for lobbyists. Use of the system is voluntary, but as shown below it is used by most lobbyists as the reporting method of choice. Lobbyist disbursement reports are available for review on the Board web site.

Reporting year	Reports filed	Electronically filed
2014	4,041	96%
2013	3,998	97%
2012	3,823	93%
2011	3,959	94%
2010	3,950	98%
2009	4,028	93%
2008	4,022	92%
2007	3,798	90%
2006	3,445	88%

Principal Expenditures

Chapter 10A requires principals to file an annual report disclosing expenditures made in Minnesota to influence legislative, administrative, or official actions by a metropolitan governmental unit. The disclosure is a single number which may be rounded to the nearest \$20,000. Starting in 2012 principals are required to break out the amount spent influencing administrative action of the Minnesota Public Utilities Commission from all other lobbying. Principal expenditures for the last four calendar years are shown below.

	All Other Lobbying in Minnesota	MN Public Utilities Commission	Total
2014	\$64,517,472	\$5,889,000	\$70,406,472
2013	\$69,185,283	\$5,568,210	\$74,753,493
2012	\$59,060,155	\$2,749,590	\$61,809,745
2011	\$65,241,174		\$65,241,174
2010	\$59,172,799		\$59,172,799
2009	\$62,909,757		\$62,909,757

Lobbyist Program Enforcement Actions

The Board completed one investigation and issued one order regarding the requirement to register as a lobbyist or report as a principal during the fiscal year. This investigation was in response to a complaint filed with the Board. In addition during the fiscal year one lobbyist was fined for making a contribution without providing a lobbyist registration number.

Information on late fees and civil penalties paid by lobbyist and principals for missing a report filing deadline is found on page 26.

ECONOMIC INTEREST PROGRAM

Program Overview

The Board administers the provisions of Chapter 10A of the Minnesota Statutes that govern disclosure of economic interests by public officials and local officials in metropolitan governmental units. There were over 2,800 public officials who filed with the Board in fiscal year 2015. Local officials use forms developed by the Board, but file with the local government unit.

Original statements of economic interest must be filed at the time of appointment, or for candidates, when the candidate files for office. All incumbent candidates and appointed officials must annually review and recertify their statements. The annual recertification is due by the last Monday in January and covers all time served during the previous calendar year. The Board has developed a web based system for submitting economic interest statements.

Legislative Action

The 2015 legislative session produced the following change to the economic interest program:

- **Annual recertification required by the last Monday in January each year**

Public officials must annually recertify their statements of economic interest even if nothing on the statement has changed or they left office during the year. The annual recertification is due by the last Monday in January and covers all time served during the previous calendar year.

Advisory Opinions Issued

No advisory opinions were issued in the economic interest program in fiscal year 2015.

OTHER BOARD PROGRAMS

Potential Conflict of Interest

A public or local official who in the discharge of the official's duties would be required to take an action or make a decision that would substantially affect the official's financial interests or those of an associated business must under certain circumstances file a *Potential Conflict of Interest Notice*, or a written statement describing the potential conflict. If there is insufficient time to comply with the written requirements, oral notice must be given to the official's immediate supervisor of the possible conflict. If the official is not permitted or is otherwise unable to abstain from action in connection with the matter, the public official must file the notice with the Board and a local official must file with the governing body of the official's political subdivision. The statement must be filed within one week of the action taken.

Advisory Opinions Issued

One advisory opinion was issued in the potential conflict of interest program in fiscal year 2015. Advisory Opinion 439 provided that employment by a member of the legislature as the executive director of an association that is represented by a lobbyist does not in itself create a conflict of interest. The opinion also provided, however, that an official action or decision by the legislator may create a conflict of interest under specific circumstances.

Public Employees Retirement Association (PERA) Trustee Candidates

Candidates for election as PERA Trustees are required to file certain campaign finance disclosure reports with the Campaign Finance and Public Disclosure Board under Minn. Stat. § 353.03, subd. 1. Under this statute, the Board prescribes and furnishes to trustee candidates the reporting form and instructions for completing the form.

Enterprise Minnesota, Inc.

The agency name was changed from Minnesota Technology, Inc (MTI) to Enterprise Minnesota, Inc. in 2008. Minn. Stat. §§ 116O.03 and 116O.04 require certain disclosure by the board of directors and the president of Enterprise Minnesota upon appointment and annually thereafter during their terms in office. Under these statutes, the Board prescribes and furnishes to the directors and president the reporting form and instructions for completing the form.

State Board of Investment (SBI)

Minn. Stat. § 11A.075 requires certain disclosure by SBI members upon appointment and SBI employees upon hire and by both annually until termination of appointment or employment. Under this statute, the Board prescribes and furnishes to the members and employees the reporting form and instructions for completing the form.

Representation Disclosure

A public official who represents a client for a fee before any individual board, commission, or agency that has rule making authority in a hearing conducted under Minnesota Statutes chapter 14, and in the cases of rate setting, power plant and powerline siting, and granting of certificates of

need under Minn. Stat. § 216B.243, must file a *Representation Disclosure Statement* within 14 days after the appearance has taken place, disclosing the official's part in the action.

Legislative Action

The 2015 legislative session produced one change to the representation disclosure program. The late filing fee for representation disclosures was increased to \$25 per day and the grace period for these filings was eliminated

Local Pension Plans

Members of a governing board of a covered pension plan and the chief administrative officer of the plan are required to file certain statements of economic interest with the governing board under Minn. Stat. § 356A.06, subd. 4.

The Office of the State Auditor prescribes the statement and instructions for completing the statement. The chief administrative officer of each covered pension plan must submit to the Campaign Finance and Public Disclosure Board a certified list of all pension board members who filed statements with the pension board no later than January 15th. Approximately 755 pension plans are required to file with the Board under this law. The Board does not have jurisdiction over enforcement of this certification requirement.

STAFF DUTIES

Executive Director

Facilitate achievement of the Board's goals and objectives. Set agenda and prepare materials for Board and committee meetings. Direct all agency and staff operations. Draft advisory opinions for Board consideration. Serve as the Board's representative to the Legislature and the Executive Branch. Educate and assist clients in compliance with reporting requirements, limits, and prohibitions. Administer the preparation of the biennial budget.

Assistant Executive Director

Serve as advisor to the Executive Director and assist in management of the operations for the agency. Conduct complex investigations and prepare drafts for Board consideration. Reconcile and report on the Board's financial systems. Supervise the agency's compliance programs and information resources. Administer the state public subsidy payment program. Prepare and conduct training classes for clients on campaign finance reporting requirements.

Legal Analyst - Management Analyst (2 staff members hold this position)

Perform legal analysis, make recommendations, and assist in agency administrative rulemaking and the conduct of Board investigations and drafting findings and orders for Board consideration. These positions also serve as an internal management consultant providing support and analysis to the Executive Director and Assistant Executive Director.

**Compliance Officer
Investigator**

Review reconciliation of reported contributions; perform compliance checks on campaign finance reports filed with the Board. Assist in the conduct of Board audits. Monitor cases for Revenue Recapture and Minnesota Department of Revenue Collections Division. Prepare and submit reports to the Department of Finance regarding civil penalties.

Programs Administrator

Provide for distribution, collection, data entry, and filing of disclosure required by Chapter 10A. Collect, store, and retrieve data for the preparation and analysis of summaries of documents filed with the Board. Provide database advice and guidance to Board staff and clients.

Programs Assistant

Provide assistance with data entry and initial desk review for all filed reports. Assist with mailing, copying, and filing of all documents filed with the Board in all agency programs. Maintain agency receipts for deposit with the State Treasurer. Provide general administrative and program support.

**Information Technology
Specialist III**

Develop, maintain, and manage complex database applications to support administration of all Board programs and activities. Provide technical service, assistance and training to Board staff. Develop, administer, and provide technical support for the Board's website. Provide client training and support in the use of the Campaign Finance Reporter Software.

**Information Technology
Specialist III**

Ensure that the technology resources of the Board support applicable business rules and statutory obligations. Provide application design development and administration in response to management requests. Provide high-level programming. Design and support multiple complex relational databases.

Staff Salaries

Fiscal Year 2015

Position	Staff	FY 2015
Executive Director	Gary Goldsmith	\$109,712
Assistant Executive Director	Jeffrey Sigurdson	\$95,537
Legal - Management Analyst	Jodi Pope	\$36,186
Legal - Management Analyst	Kyle Fisher	\$56,457
Investigator	Joyce Larson	\$56,403
Information Technology Specialist 3	Jon Peterson	\$69,543
Information Technology Specialist 3	Gary Bauer	\$61,981
Office and Administrative Specialist Principal	Marcia Waller	\$47,528
Office and Administrative Specialist Intermediate	Andrew Schons	\$35,879
Office and Administrative Specialist Intermediate	Tesia Zietlow	\$3,606
Student Worker Clerical	Daniel Hegg	\$2,450
Total Salaries		\$ 575,286

BOARD FINANCIAL INFORMATION

Biennial Budget - Fiscal Year 2015

Income Summary	FY 2015
Appropriation	\$1,000,000
Operating budget balance forward-fiscal year 2014	\$230,591
Total	\$1,230,591
Expenditure Summary	
Operating budget expenditures	(\$1,052,093)
Cancel \$150,000 in unexpended fiscal 2015 funds and appropriate the same amount in fiscal year 2016 for website development	(\$150,000)
MNIT Odyssey Fund – MNGeo Services	(\$22,407)
Returned to State General Fund	(\$6,091)

Board Operating Budget

The Campaign Finance and Public Disclosure Board is funded by a direct appropriation from the Minnesota Legislature. The appropriation for fiscal 2015 was one million dollars. Funds not expended in the first year of a biennium roll forward into the next fiscal year. Over 80% of the Board's budget is used to pay the fixed costs of salary and benefits, rent, and postage for required mailings.

Salary and Benefits	FY 2015
Full time staff (salary and fringe)	\$700,461
Part time staff (salary and fringe)	\$47,935
Other Employee Costs	\$672
Per diem for Board Members	\$4,400
Salary and Benefits Sub Total of Expenditures	\$753,468
Operating Expenses	
Office rent	\$39,491
Postage	\$12,478
Photocopy machine leases	\$4,683
Travel	\$3,700
Printing	\$1,371
Staff development	\$5,668
Board Meeting Expenses	\$2,173
Supplies	\$6,438
MNIT services	\$8,565
Court Reporter and Subpoena Costs	\$3,385
Equipment	\$14,349
Computer Systems Development	\$36,314
Information technology professional services	\$151,608
Other purchased services	\$8,402
Operating Expense Sub Total of Expenditures	\$298,625
Board Operating Budget Total Expenditures	\$1,052,093

Penalties Paid for Late Filing of Disclosure Reports and Other Violations of Chapter 10A

The following is a listing of fees and fines paid during the fiscal year. Some fees and fines may have been assessed prior to fiscal year 2015, and some fees and fines assessed during the fiscal year were not paid by June 30, 2015.

Late Filing Fees	FY 2015 Dollars Paid	Number of Violations
Candidate Campaign Committees	\$7,272	43
24-Hour Notice	\$3,081	13
Political Committees and Funds	\$7,220	46
Political Party Units	\$1,900	7
Economic Interest Statements	\$350	14
Lobbyist Disbursement Report	\$3,215	37
Lobbyist Principal Annual Report	\$6,925	59
Total Late Fees	\$29,963	219

Civil Penalties	FY 2015 Dollars Paid	Number of Violations
Contribution from Unregistered association	\$887	9
Unregistered Association	\$850	7
Political Committees and Funds	\$12	1
Political Party Units	\$0	0
Candidate	\$25	1
Contribution limits violations		
Candidates accepted in excess of limit	\$2,938	7
Special source (20%) aggregate limit	\$409	5
PCF Contribution exceeded limits	\$2,450	2
Excess lobbyist contributions	\$200	1
Excess party unit contribution	\$0	0
Candidate exceeded spending limit	\$3,721	1
Prohibited contributions during session		
Political Committee and Funds	\$0	0
Lobbyist	\$250	4
Lobbyist failure to provide reg. number	\$50	1
Failure to file disclosure report		
Candidate Committees	\$2,000	2
Political Committees and Funds	\$0	0
Political Party Units	\$0	0
Lobbyist	\$0	0
Lobbyist Principal	\$0	0
Failure to file amended report	\$1,000	1
Economic Interest Statement	\$0	0
Independent expenditure violation	\$0	0
Other	\$17	1
Total Civil Penalties	\$14,572	35
Total Late Fees and Civil Penalties Deposited in State General Fund	\$44,535	254