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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2531

- 02/27/2014 Authored by Laine and Halverson
The bill was read for the first time and referred to the Committee on Elections
- 03/10/2014 Adoption of Report: Amended and re-referred to the Committee on Civil Law
- 03/12/2014 Adoption of Report: Amended and re-referred to the Committee on Judiciary Finance and Policy
- 03/20/2014 Adoption of Report: Amended and Placed on the General Register
Read Second Time

1.1 A bill for an act
 1.2 relating to campaign finance; making various technical changes; authorizing the
 1.3 board to request reconciliation information; authorizing certain fees; modifying
 1.4 certain definitions and fee amounts; imposing penalties; amending Minnesota
 1.5 Statutes 2012, sections 10A.01, subdivision 5; 10A.02, subdivision 11a; 10A.025,
 1.6 by adding a subdivision; 10A.09, subdivisions 1, 5, by adding a subdivision;
 1.7 10A.12, subdivision 5; 10A.255, subdivision 3; 10A.28, subdivision 4; 211A.02,
 1.8 subdivision 2; Minnesota Statutes 2013 Supplement, sections 10A.01, subdivision
 1.9 10; 10A.02, subdivision 11; 10A.025, subdivision 4; 10A.20, subdivisions 2, 5;
 1.10 repealing Minnesota Statutes 2012, section 10A.09, subdivision 8.

1.11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.12 Section 1. Minnesota Statutes 2012, section 10A.01, subdivision 5, is amended to read:

1.13 Subd. 5. **Associated business.** "Associated business" means an association,
 1.14 corporation, partnership, limited liability company, limited liability partnership, or other
 1.15 organized legal entity from which the individual receives compensation in excess of \$50,
 1.16 except for actual and reasonable expenses, in any month as a director, officer, owner,
 1.17 member, partner, employer or employee, or whose securities the individual holds worth
 1.18 more than \$2,500 ~~or more~~ at fair market value.

1.19 Sec. 2. Minnesota Statutes 2013 Supplement, section 10A.01, subdivision 10, is
 1.20 amended to read:

1.21 Subd. 10. **Candidate.** "Candidate" means an individual who seeks nomination or
 1.22 election as a state constitutional officer, legislator, or judge. An individual is deemed
 1.23 to seek nomination or election if the individual has taken the action necessary under
 1.24 the law of this state to qualify for nomination or election, has received contributions or
 1.25 made expenditures in excess of ~~\$100~~ \$750, or has given implicit or explicit consent for
 1.26 any other person to receive contributions or make expenditures in excess of ~~\$100~~ \$750,

2.1 for the purpose of bringing about the individual's nomination or election. A candidate
2.2 remains a candidate until the candidate's principal campaign committee is dissolved as
2.3 provided in section 10A.243.

2.4 Sec. 3. Minnesota Statutes 2013 Supplement, section 10A.02, subdivision 11, is
2.5 amended to read:

2.6 Subd. 11. **Violations; enforcement.** (a) The board may investigate any alleged
2.7 violation of this chapter. The board may also investigate an alleged violation of section
2.8 211B.04, 211B.12, or 211B.15 by or related to a candidate, treasurer, principal campaign
2.9 committee, political committee, political fund, or party unit, as those terms are defined in
2.10 this chapter. The board must investigate any violation that is alleged in a written complaint
2.11 filed with the board and must within 30 days after the filing of the complaint make findings
2.12 and conclusions as to whether a violation has occurred and must issue an order, except that
2.13 if the complaint alleges a violation of section 10A.25 or 10A.27, the board must either enter
2.14 a conciliation agreement or make public findings and conclusions as to whether a violation
2.15 has occurred and must issue an order within 60 days after the filing of the complaint. The
2.16 deadline for action on a written complaint may be extended by majority vote of the board.

2.17 (b) The board may bring legal actions or negotiate settlements in its own name to
2.18 recover money raised from contributions subject to the conditions in this paragraph.

2.19 (1) No action may be commenced unless the board has made a formal determination,
2.20 after an investigation, that the money was raised for political purposes as defined in
2.21 section 211B.01, subdivision 6, and that the money was used for purposes not permitted
2.22 under this chapter or under section 211B.12.

2.23 (2) Prior to commencing an action, the board must give the association whose money
2.24 was misused written notice by certified mail of its intent to take action under this subdivision
2.25 and must give the association a reasonable opportunity, for a period of not less than 90
2.26 days, to recover the money without board intervention. This period must be extended
2.27 for at least an additional 90 days for good cause if the association is actively pursuing
2.28 recovery of the money. The board may not commence a legal action under this subdivision
2.29 if the association has commenced a legal action for the recovery of the same money.

2.30 (3) Any funds recovered under this subdivision must be deposited in a campaign
2.31 finance recovery account in the special revenue fund and are appropriated as follows:

2.32 (i) an amount equal to the board's actual costs and disbursements in the action,
2.33 including court reporter fees for depositions taken in the course of an investigation, is
2.34 appropriated to the board for its operations;

3.1 (ii) an amount equal to the reasonable value of legal services provided by the Office
3.2 of the Attorney General in the recovery matter, calculated on the same basis as is used
3.3 for charging legal fees to state agencies, is appropriated to the attorney general for the
3.4 attorney general's operations; and

3.5 (iii) any remaining balance is appropriated to the board for distribution to the
3.6 association to which the money was originally contributed.

3.7 (4) Notwithstanding clause (3), item (iii), if the candidate of a principal campaign
3.8 committee is the person who used the association's money for illegal purposes, or if the
3.9 association or political fund whose money was misused is no longer registered with the
3.10 board, any money remaining after the payments specified in clause (3), items (i) and (ii),
3.11 must be transferred to the general account of the state elections campaign account.

3.12 (5) Any action by the board under this paragraph must be commenced not later than
3.13 four years after the improper use of money is shown on a report filed with the board or the
3.14 board has actual knowledge of improper use. No action may be commenced under this
3.15 paragraph for improper uses disclosed on reports for calendar years prior to 2011.

3.16 (6) If the board prevails in an action brought under this subdivision and the court
3.17 makes a finding that the misuse of funds was willful, the court may enter judgment in favor
3.18 of the board and against the person misusing the funds in the amount of the misused funds.

3.19 (c) Within a reasonable time after beginning an investigation of an individual
3.20 or association, the board must notify the individual or association of the fact of the
3.21 investigation. The board must not make a finding of ~~whether there is probable cause to~~
3.22 ~~believe that~~ a violation has occurred without notifying the individual or association of the
3.23 nature of the allegations and affording an opportunity to answer those allegations.

3.24 (d) A hearing before the board or action of the board concerning a complaint or
3.25 investigation other than ~~a finding concerning probable cause findings, conclusions, and~~
3.26 ~~orders~~ or a conciliation agreement is confidential. Until the board makes a public finding
3.27 ~~concerning probable cause~~ or enters a conciliation agreement:

3.28 (1) a member, employee, or agent of the board must not disclose to an individual
3.29 information obtained by that member, employee, or agent concerning a complaint or
3.30 investigation except as required to carry out the investigation or take action in the matter
3.31 as authorized by this chapter; and

3.32 (2) an individual who discloses information contrary to this subdivision is subject
3.33 to a civil penalty imposed by the board of up to \$1,000.

3.34 (e) A matter that is under the board's jurisdiction pursuant to this section and that
3.35 may result in a criminal offense must be finally disposed of by the board before the alleged
3.36 violation may be prosecuted by a city or county attorney.

4.1 Sec. 4. Minnesota Statutes 2012, section 10A.02, subdivision 11a, is amended to read:

4.2 Subd. 11a. **Data privacy.** If, after making a public finding ~~concerning probable~~
4.3 ~~cause~~ or entering a conciliation agreement, the board determines that the record of the
4.4 investigation contains statements, documents, or other matter that, if disclosed, would
4.5 unfairly injure the reputation of an innocent individual, the board may:

4.6 (1) retain the statement, document, or other matter as a private record, as defined in
4.7 section 13.02, subdivision 12, for a period of one year, after which it must be destroyed; or

4.8 (2) return the statement, document, or other matter to the individual who supplied
4.9 it to the board.

4.10 Sec. 5. Minnesota Statutes 2013 Supplement, section 10A.025, subdivision 4, is
4.11 amended to read:

4.12 Subd. 4. **Changes and corrections.** Material changes in information previously
4.13 submitted and corrections to a report or statement must be reported in writing to the board
4.14 within ten days following the date of the event prompting the change or the date upon
4.15 which the person filing became aware of the inaccuracy. The change or correction must
4.16 identify the form and the paragraph containing the information to be changed or corrected.

4.17 A person who willfully fails to report a material change or correction is subject to a
4.18 civil penalty imposed by the board of up to \$3,000. A willful violation of this subdivision
4.19 is a gross misdemeanor.

4.20 The board must send a written notice by certified mail to any individual who fails to
4.21 file a report required by this subdivision. If the individual fails to file the required report
4.22 within ten business days after the notice was sent, the board may impose a late filing fee of
4.23 ~~\$5~~ \$25 per day up to ~~\$100~~ \$1,000 starting on the 11th day after the notice was sent. The
4.24 board ~~must~~ may send an additional notice by certified mail to an individual who fails to
4.25 file a report within ~~14~~ ten business days after the first notice was sent by the board ~~that~~.
4.26 The certified notice must state that if the individual does not file the requested report
4.27 within ten business days after the certified notice was sent, the individual may be subject
4.28 to a civil penalty for failure to file a report. An individual who fails to file a report required
4.29 by this subdivision within ~~seven~~ ten business days after the ~~second~~ certified notice was
4.30 sent by the board is subject to a civil penalty imposed by the board of up to \$1,000.

4.31 Sec. 6. Minnesota Statutes 2012, section 10A.025, is amended by adding a subdivision
4.32 to read:

4.33 Subd. 5. **Reconciliation information; penalty.** An individual or association
4.34 required to file a report under this chapter must provide information requested by the

5.1 board to reconcile discrepancies between the report and reports filed by other individuals
5.2 or associations. The board's request for information must be in writing. If the individual
5.3 or association fails to provide the requested information within ten business days after the
5.4 request was sent, the board may impose a late filing fee of \$25 per day up to \$1,000.

5.5 The board may send notice by certified mail to an individual or association that has
5.6 not timely responded to the board's written request for reconciliation information. The
5.7 certified notice must state that if the individual or association does not respond to the
5.8 board's request for information within ten business days after the certified notice was
5.9 sent, the individual or association may be subject to a civil penalty for failure to provide
5.10 information to the board. An individual or association that does not provide the requested
5.11 information within ten business days after the certified notice was sent is subject to a civil
5.12 penalty imposed by the board of up to \$1,000.

5.13 A person who willfully fails to cooperate with the board to reconcile a report
5.14 discrepancy is subject to a civil penalty imposed by the board of up to \$3,000.

5.15 Sec. 7. Minnesota Statutes 2012, section 10A.09, subdivision 1, is amended to read:

5.16 Subdivision 1. **Time for filing.** ~~Except for a candidate for elective office in the~~
5.17 ~~judicial branch,~~ An individual must file a statement of economic interest with the board:

5.18 (1) within 60 days of accepting employment as a public official or a local official in
5.19 a metropolitan governmental unit;

5.20 (2) within 60 days of assuming office as a district court judge, appeals court judge,
5.21 supreme court justice, or county commissioner;

5.22 ~~(2) (3)~~ within 14 days after filing an affidavit of candidacy or petition to appear on
5.23 the ballot for an elective state constitutional or legislative office or an elective local office
5.24 in a metropolitan governmental unit other than county commissioner;

5.25 ~~(3) (4)~~ in the case of a public official requiring the advice and consent of the senate,
5.26 within 14 days after undertaking the duties of office; or

5.27 ~~(4) (5)~~ in the case of members of the Minnesota Racing Commission, the director
5.28 of the Minnesota Racing Commission, chief of security, medical officer, inspector of
5.29 pari-mutuels, and stewards employed or approved by the commission or persons who
5.30 fulfill those duties under contract, within 60 days of accepting or assuming duties.

5.31 Sec. 8. Minnesota Statutes 2012, section 10A.09, is amended by adding a subdivision
5.32 to read:

6.1 Subd. 1a. **Exception; senior judges.** Notwithstanding subdivision 1, a retired judge
6.2 or justice appointed to serve as a senior judge or justice under section 2.724 is not required
6.3 to comply with the provisions of this section.

6.4 Sec. 9. Minnesota Statutes 2012, section 10A.09, subdivision 5, is amended to read:

6.5 Subd. 5. **Form.** A statement of economic interest required by this section must be
6.6 on a form prescribed by the board. The individual filing must provide the following
6.7 information:

6.8 (1) name, address, occupation, and principal place of business;

6.9 (2) the name of each associated business and the nature of that association;

6.10 (3) a listing of all real property within the state, excluding homestead property, in
6.11 which the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as
6.12 buyer or seller, or an option to buy, whether direct or indirect, if the interest is valued in
6.13 excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of more
6.14 than \$50,000 ~~or more~~;

6.15 (4) a listing of all real property within the state in which a partnership of which the
6.16 individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed
6.17 as buyer or seller, or an option to buy, whether direct or indirect, if the individual's share
6.18 of the partnership interest is valued in excess of \$2,500; or (ii) an option to buy, if the
6.19 property has a fair market value of more than \$50,000 ~~or more~~. A listing under clause
6.20 (3) or (4) must indicate the street address and the municipality or the section, township,
6.21 range and approximate acreage, whichever applies, and the county in which the property
6.22 is located; and

6.23 (5) a listing of any investments, ownership, or interests in property connected with
6.24 pari-mutuel horse racing in the United States and Canada, including a racehorse, in which
6.25 the individual directly or indirectly holds a partial or full interest or an immediate family
6.26 member holds a partial or full interest.

6.27 Sec. 10. Minnesota Statutes 2012, section 10A.12, subdivision 5, is amended to read:

6.28 Subd. 5. **Dues or membership fees.** An association may, if not prohibited by other
6.29 law, deposit in its political fund money derived from dues or membership fees. Under
6.30 section 10A.20, the treasurer of the fund must disclose the name of any member whose
6.31 dues, membership fees, and contributions deposited in the political fund together exceed
6.32 ~~\$100~~ \$200 in a year.

7.1 Sec. 11. Minnesota Statutes 2013 Supplement, section 10A.20, subdivision 2, is
7.2 amended to read:

7.3 Subd. 2. **Time for filing.** (a) The reports must be filed with the board on or before
7.4 January 31 of each year and additional reports must be filed as required and in accordance
7.5 with paragraphs (b) to ~~(d)~~ (f).

7.6 (b) In each year in which the name of a candidate for legislative or district court
7.7 judicial office is on the ballot, the report of the principal campaign committee must be
7.8 filed 15 days before a primary election and ten days before a general election, seven
7.9 days before a special primary election and seven days before a special general election,
7.10 and ten days after a special election cycle.

7.11 (c) In each general election year, a political committee, a political fund, a state
7.12 party committee, and a party unit established by all or a part of the party organization
7.13 within a house of the legislature, and the principal campaign committee of a candidate for
7.14 constitutional or appellate court judicial office must file reports on the following schedule:

7.15 (1) a first-quarter report covering the calendar year through March 31, which is
7.16 due April 14;

7.17 ~~(2) in a year in which a primary election is held in August, a report covering the~~
7.18 ~~calendar year through May 31, which is due June 14;~~

7.19 ~~(3) in a year in which a primary election is held before August, a pre-general-election~~
7.20 ~~report covering the calendar year through July 15, which is due July 29;~~

7.21 ~~(4)~~ (3) a pre-primary-election report due 15 days before a primary election;

7.22 ~~(5)~~ (4) a pre-general-election report due 42 days before the general election; and

7.23 ~~(6)~~ (5) a pre-general-election report due ten days before a general election; and

7.24 ~~(7) for a special election, a constitutional office candidate whose name is on the~~
7.25 ~~ballot must file reports seven days before a special primary and a special election, and ten~~
7.26 ~~days after a special election cycle.~~

7.27 (d) In each general election year, a party unit not included in paragraph (c) must file
7.28 reports 15 days before a primary election and ten days before a general election.

7.29 (e) In each year in which a constitutional office or appellate court judicial seat is
7.30 on the ballot, the principal campaign committee of a candidate for that office or seat
7.31 must file reports on the following schedule:

7.32 (1) a first-quarter report covering the calendar year through March 31, which is
7.33 due April 14;

7.34 (2) a report covering the calendar year through May 31, which is due June 14;

7.35 (3) a pre-primary-election report due 15 days before a primary election;

7.36 (4) a pre-general-election report due 42 days before the general election;

8.1 (5) a pre-general-election report due ten days before a general election; and
 8.2 (6) for a special election, a constitutional office candidate whose name is on the
 8.3 ballot must file reports seven days before a special primary election, seven days before a
 8.4 special general election, and ten days after a special election cycle.

8.5 (e) (f) Notwithstanding paragraphs (a) to (d), (e):

8.6 (1) the principal campaign committee of a candidate who did not file for office is not
 8.7 required to file the report due 15 days before the primary election or the report due seven
 8.8 days before a special primary election; and

8.9 (2) the principal campaign committee of a candidate whose name will not be on the
 8.10 general election ballot is not required to file the report due 42 days before the general
 8.11 election, the report due ten days before a general election, or the report due seven days
 8.12 before a special general election.

8.13 Sec. 12. Minnesota Statutes 2013 Supplement, section 10A.20, subdivision 5, is
 8.14 amended to read:

8.15 Subd. 5. **Pre-election reports.** (a) Any loan, contribution, or contributions:

8.16 (1) to a political committee or political fund from any one source totaling more
 8.17 than \$1,000;

8.18 (2) to the principal campaign committee of a candidate for an appellate court judicial
 8.19 office totaling more than \$2,000;

8.20 (3) to the principal campaign committee of a candidate for district court judge
 8.21 totaling more than \$400; or

8.22 (4) to the principal campaign committee of a candidate for constitutional office or
 8.23 for the legislature totaling more than 50 percent of the election eyele segment contribution
 8.24 limit for the office,

8.25 received between the last day covered in the last report before an election and the election
 8.26 must be reported to the board in the manner provided in paragraph (b).

8.27 (b) A loan, contribution, or contributions required to be reported to the board under
 8.28 paragraph (a) must be reported to the board either:

8.29 (1) in person by the end of the next business day after its receipt; or

8.30 (2) by electronic means sent within 24 hours after its receipt.

8.31 (c) These loans and contributions must also be reported in the next required report.

8.32 (d) This notice requirement does not apply in a primary election to a candidate who
 8.33 is unopposed in the primary, in a primary election to a ballot question political committee
 8.34 or fund, or in a general election to a candidate whose name is not on the general election

9.1 ballot. The board must post the report on its Web site by the end of the next business day
9.2 after it is received.

9.3 (e) This subdivision does not apply to a ballot question or independent expenditure
9.4 political committee or fund that has not met the registration threshold of section 10A.14,
9.5 subdivision 1a. However, if a contribution that would be subject to this section triggers the
9.6 registration requirement in section 10A.14, subdivision 1a, then both registration under
9.7 that section and reporting under this section are required.

9.8 Sec. 13. Minnesota Statutes 2012, section 10A.255, subdivision 3, is amended to read:

9.9 Subd. 3. **Publication of expenditure limit.** By April 15 of each election year
9.10 the board must publish ~~in the State Register~~ on its Web site the expenditure limit for
9.11 each office for that calendar year under section 10A.25 as adjusted by this section. The
9.12 revisor of statutes must code the adjusted amounts in the next edition of Minnesota
9.13 Statutes, section 10A.25, subdivision 2.

9.14 Sec. 14. Minnesota Statutes 2012, section 10A.28, subdivision 4, is amended to read:

9.15 Subd. 4. **Civil action.** If the board is unable after a reasonable time to correct by
9.16 informal methods a matter ~~that constitutes probable cause~~ where there is reason to believe
9.17 that excess expenditures have been made or excess contributions accepted contrary to
9.18 subdivision 1 or 2, the board must make a public finding ~~of probable cause~~ in the matter.
9.19 ~~After making a public finding, the board must bring an action, or transmit the finding to a~~
9.20 ~~county attorney who must bring an action, in the District Court of Ramsey County or, in the~~
9.21 ~~case of a legislative candidate, the district court of a county within the legislative district,~~
9.22 ~~to collect a civil penalty as imposed by the board under subdivision 1 or 2. All money~~
9.23 ~~recovered under this section must be deposited in the general fund of the state treasury.~~

9.24 Sec. 15. Minnesota Statutes 2012, section 211A.02, subdivision 2, is amended to read:

9.25 Subd. 2. **Information required.** The report to be filed by a candidate or committee
9.26 must include:

9.27 (1) the name of the candidate or ballot question;

9.28 (2) the printed name, address, telephone number, signature, and e-mail address, if
9.29 available, of the person responsible for filing the report;

9.30 (3) the total cash on hand designated to be used for political purposes;

9.31 (4) the total amount of ~~receipts~~ contributions and ~~expenditures~~ disbursements for the
9.32 period from the last previous report to five days before the current report is due;

9.33 (5) the amount, date, and purpose for each ~~expenditure~~ disbursement; and

10.1 (6) the name, address, and employer, or occupation if self-employed, of any
10.2 individual or committee that during the year has made one or more contributions that in
10.3 the aggregate exceed \$100, and the amount and date of each contribution. The filing
10.4 officer must restrict public access to the address of any individual who has made a
10.5 contribution that exceeds \$100 and who has filed with the filing officer a written statement
10.6 signed by the individual that withholding the individual's address from the financial report
10.7 is required for the safety of the individual or the individual's family.

10.8 Sec. 16. **REPEALER.**

10.9 Minnesota Statutes 2012, section 10A.09, subdivision 8, is repealed.

10.10 Sec. 17. **EFFECTIVE DATE.**

10.11 Sections 1 to 16 are effective the day following final enactment.

APPENDIX
Repealed Minnesota Statutes: H2531-3

10A.09 STATEMENTS OF ECONOMIC INTEREST.

Subd. 8. **Failure to file; suspension.** A public official, except a member of the legislature or a constitutional officer, who is required to file a statement of economic interest and fails to do so by the prescribed deadline must be suspended without pay by the board in the manner prescribed in the contested case procedures in chapter 14.