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State of Minnesota
HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 3723

03/12/2018 Authored by Drazkowski and Lucero
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy
03/26/2018 Adoption of Report: Amended and re-referred to the Committee on State Government Finance

1.1 A bill for an act
1.2 relating to state government; prohibiting exclusive representatives from requiring
1.3 political contributions; prohibiting the state from facilitating payroll deductions
1.4 for political purposes; requiring corporations to report to shareholders on political
1.5 contributions or expenditures; requiring the Campaign Finance and Public
1.6 Disclosure Board to audit shareholder notification reporting; requiring a shareholder
1.7 vote for certain political contributions or expenditures; imposing civil penalties;
1.8 amending Minnesota Statutes 2016, sections 16A.133; 179A.06, subdivisions 3,
1.9 6; 181.06, by adding a subdivision; 181.063; 211B.15, by adding a subdivision;
1.10 proposing coding for new law in Minnesota Statutes, chapters 10A; 179A; 211B.

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

1.12 Section 1. **[10A.205] CORPORATE POLITICAL ACTIVITY REPORTS.**

1.13 Subdivision 1. **Receipt of reports.** The board must maintain a copy of each shareholder
1.14 notification report received under section 211B.155 on the board's Web site.

1.15 Subd. 2. **Annual audit.** On an annual basis, the board shall randomly audit the extent
1.16 of compliance or noncompliance by corporations required to provide shareholder notification
1.17 under section 211B.155. No later than June 30 of each year, the board shall submit a report
1.18 to the legislature on the results of audits conducted in the preceding year. An audit required
1.19 by this subdivision shall be conducted in the manner provided for audits and investigations
1.20 by the board under section 10A.022, subdivision 2.

1.21 **EFFECTIVE DATE.** This section is effective June 1, 2018.

1.22 Sec. 2. Minnesota Statutes 2016, section 16A.133, is amended to read:

1.23 **16A.133 CREDIT UNION, PARKING, OTHER DEDUCTIONS.**

2.1 Subdivision 1. **Payroll direct deposit and deductions.** An agency head in the executive,
2.2 judicial, and legislative branch shall, upon written request signed by an employee, directly
2.3 deposit all or part of an employee's pay to those credit unions or financial institutions, as
2.4 defined in section 47.015, designated by the employee.

2.5 An agency head must, upon written request of an employee, deduct from the pay of the
2.6 employee a requested amount to be paid to the Minnesota Benefit Association, or to any
2.7 organizations contemplated by section 179A.06, of which the employee is a member. Any
2.8 such deductions must comply with section 181.06, subdivision 3, as applicable.

2.9 Subd. 2. **Parking, and the like.** With the written consent of an employee, an agency
2.10 head shall deduct from the employee's pay the amount needed to pay for services or facilities
2.11 supplied under law to the employee by the state. Food and housing, garage and parking
2.12 facilities, and other facilities and services may be paid for in this way. Any such deductions
2.13 must comply with section 181.06, subdivision 3, as applicable.

2.14 Sec. 3. Minnesota Statutes 2016, section 179A.06, subdivision 3, is amended to read:

2.15 Subd. 3. **Fair share fee.** (a) An exclusive representative may require employees who
2.16 are not members of the exclusive representative to contribute a fair share fee for services
2.17 rendered by the exclusive representative. The fair share fee must be equal to the regular
2.18 membership dues of the exclusive representative, less the cost of benefits financed through
2.19 the dues and available only to members of the exclusive representative. In no event may
2.20 the fair share fee exceed 85 percent of the regular membership dues. The exclusive
2.21 representative shall provide advance written notice of the amount of the fair share fee to
2.22 the employer and to unit employees who will be assessed the fee. The employer shall provide
2.23 the exclusive representative with a list of all unit employees.

2.24 A challenge by an employee or by a person aggrieved by the fee must be filed in writing
2.25 with the commissioner, the public employer, and the exclusive representative within 30
2.26 days after receipt of the written notice. All challenges must specify those portions of the
2.27 fee challenged and the reasons for the challenge. The burden of proof relating to the amount
2.28 of the fair share fee is on the exclusive representative. The commissioner shall hear and
2.29 decide all issues in these challenges.

2.30 The employer shall deduct the fee from the earnings of the employee and transmit the
2.31 fee to the exclusive representative 30 days after the written notice was provided. If a challenge
2.32 is filed, the deductions for a fair share fee must be held in escrow by the employer pending
2.33 a decision by the commissioner.

3.1 (b) Any public employer deduction of union dues or fair share fees from public employee
3.2 wages must comply with the requirements of section 181.06, subdivision 3.

3.3 Sec. 4. Minnesota Statutes 2016, section 179A.06, subdivision 6, is amended to read:

3.4 Subd. 6. **Dues checkoff.** Public employees have the right to request and be allowed dues
3.5 checkoff for the exclusive representative. In the absence of an exclusive representative,
3.6 public employees have the right to request and be allowed dues checkoff for the organization
3.7 of their choice. Employers must comply with the requirements of section 181.06, subdivision
3.8 3, in association with any such requests.

3.9 Sec. 5. [179A.065] VOLUNTARY CONTRIBUTIONS.

3.10 (a) This section applies to an exclusive representative governed by this chapter and
3.11 applies to collective bargaining agreements that are required to be submitted to the legislature
3.12 under section 3.855 or that cover 10,000 or more public employees.

3.13 (b) An exclusive representative may not require a contribution to a candidate, principal
3.14 campaign committee, political party, political committee, political fund, or political action
3.15 committee as a condition of membership or participation in the exclusive representative.

3.16 (c) An exclusive representative wishing to make expenditures for political purposes
3.17 must make the expenditures only from a separate political fund that is apart from any fund
3.18 or account containing money received by an exclusive representative as dues. The exclusive
3.19 representative must ensure that each contribution to the political fund is made voluntarily
3.20 and specifically to that fund. An exclusive representative may not transfer money paid as
3.21 dues to its political fund. For purposes of this section, "political purposes" means an act
3.22 done with the intent or in a way to influence or tend to influence, directly or indirectly, any
3.23 person to refrain from voting or to vote for or against any ballot question, or for or against
3.24 any candidate for public office at any caucus, political convention, primary, or election.

3.25 Sec. 6. Minnesota Statutes 2016, section 181.06, is amended by adding a subdivision to
3.26 read:

3.27 Subd. 3. **Certain payroll deductions; public employees.** (a) For the purposes of this
3.28 subdivision:

3.29 (1) "public employee" has the meaning given in section 179A.03, subdivision 14;

3.30 (2) "covered public employee" means:

4.1 (i) a public employee covered by a collective bargaining agreement required to be
4.2 submitted to the legislature under section 3.855; or

4.3 (ii) a public employee who is a member of an exclusive representative that represents
4.4 10,000 or more members who are public employees in the state.

4.5 (b) Notwithstanding anything to the contrary, payroll deductions or assignments of wages
4.6 to pay the portion of covered public employee union dues or fair share fees used for political
4.7 purposes under section 179A.065 must conform to the requirements of this subdivision.

4.8 (c) An employer must not deduct or allow the deduction of the portion of union dues or
4.9 fair share fees used for political purposes under section 179A.065 from the wages of any
4.10 covered public employee.

4.11 Sec. 7. Minnesota Statutes 2016, section 181.063, is amended to read:

4.12 **181.063 ASSIGNMENT OF WAGES, PUBLIC EMPLOYEES.**

4.13 (a) Any officer or employee of a county, town, city, school district, or the state, or any
4.14 department thereof, has the same right to sell, assign, or transfer salary or wages as any
4.15 officer of or person employed by any corporation, firm, or person.

4.16 (b) Any public employer deduction of fair share fees or union dues from public employee
4.17 wages must comply with the requirements of section 181.06, subdivision 3.

4.18 Sec. 8. Minnesota Statutes 2016, section 211B.15, is amended by adding a subdivision to
4.19 read:

4.20 Subd. 4a. **Shareholder consent.** (a) A corporation may not engage in contribution or
4.21 expenditure activity for political purposes that, in the aggregate, exceeds \$10,000 in a
4.22 calendar year, unless the shareholders of the corporation have approved the contribution or
4.23 expenditure activity by majority vote. The vote must be conducted according to the rules
4.24 and bylaws of the corporation, and may authorize a specific contribution or expenditure, or
4.25 may authorize a total budget for all contribution and expenditure activity by the corporation
4.26 in a calendar year. The date and result of a vote required under this subdivision must be
4.27 included in the shareholder report required by section 10A.205.

4.28 (b) As used in this subdivision, "shareholders" means, in the case of a corporation
4.29 registered to do business in this state, all shareholders of the corporation residing in the
4.30 state; in the case of a corporation incorporated in this state, all shareholders of the corporation;
4.31 and in the case of a partnership registered to do business in this state, all partners.

5.1 Sec. 9. [211B.155] CORPORATE POLITICAL ACTIVITY; NOTIFICATION TO
5.2 SHAREHOLDERS AND PUBLIC REPORT REQUIRED.

5.3 Subdivision 1. Definitions. For purposes of this section, the following terms have the
5.4 meanings given:

5.5 (1) "corporation" has the meaning provided in section 211B.15, subdivision 1; and

5.6 (2) "shareholders" has the meaning provided in section 211B.15, subdivision 4a.

5.7 Subd. 2. Notification to shareholders. (a) At least quarterly, a corporation that directly
5.8 or indirectly makes a contribution or expenditure for political purposes must notify the
5.9 corporation's shareholders in writing of the nature of its contribution and expenditure activity
5.10 during the previous quarter. For purposes of this section, a corporation makes a contribution
5.11 or expenditure if the contribution or expenditure is funded through its general corporate
5.12 treasury, a separate segregated fund, or any other entity or account established and controlled
5.13 by the corporation.

5.14 (b) A notification required by this section must contain:

5.15 (1) the date and amount of each contribution and expenditure;

5.16 (2) if the contribution or expenditure was made to support or oppose a candidate for
5.17 public office, the office sought by the candidate, the candidate's political party affiliation,
5.18 and whether the contribution or expenditure was made in support of, or in opposition to,
5.19 the candidate;

5.20 (3) if the contribution or expenditure was made to support or oppose a ballot question,
5.21 a description of the ballot question and whether the contribution or expenditure was made
5.22 in support of, or in opposition to, the question;

5.23 (4) if the contribution or expenditure was made to advocate or raise awareness about a
5.24 policy issue, the nature of the issue and the corporation's position on the issue;

5.25 (5) if applicable, the date and result of any shareholder votes required to be conducted
5.26 under section 211B.15, subdivision 4a, and the amount and nature of activity authorized by
5.27 the vote; and

5.28 (6) the name of any corporate officer directly advocating for or approving the
5.29 corporation's involvement in support of or opposition to the candidate, ballot question, or
5.30 policy issue.

6.1 (c) A corporation required to provide a notification to shareholders under this section
6.2 must make a copy of the notification accessible on the corporation's Web site for at least
6.3 one year following the date of the notification.

6.4 Subd. 3. **Public report.** A corporation required to provide a notification to shareholders
6.5 under this section must provide a copy of the notification to the Campaign Finance and
6.6 Public Disclosure Board, subject to the requirements and penalties provided in section
6.7 10A.025 for filing reports.

6.8 Subd. 4. **Penalty.** A corporation convicted of violating this section is subject to the
6.9 penalties provided in section 211B.15, subdivision 7.

6.10 **EFFECTIVE DATE.** This section is effective June 1, 2018, and applies to contributions
6.11 and expenditures made on or after that date.