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State of Minnesota
HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 3806

03/14/2018 Authored by Peterson and O'Driscoll

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: Re-referred to the Committee on State Government Finance

1.1 A bill for an act

1.2 relating to campaign finance; modifying the state elections campaign account;

1.3 expanding access to the public subsidy program; eliminating political party

1.4 designations on state income and property tax return forms; amending Minnesota

1.5 Statutes 2016, sections 10A.31, subdivisions 1, 3, 4, 5, 7, 10, 10b; 10A.315;

1.6 10A.321, subdivision 1; 290.06, subdivision 23; repealing Minnesota Statutes

1.7 2016, sections 10A.30, subdivision 2; 10A.31, subdivisions 3a, 5a, 6, 6a; Minnesota

1.8 Statutes 2017 Supplement, section 10A.323.

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

1.10 Section 1. Minnesota Statutes 2016, section 10A.31, subdivision 1, is amended to read:

1.11 Subdivision 1. **Designation.** An individual resident of this state who files an income tax

1.12 return or a renter and homeowner property tax refund return with the commissioner of

1.13 revenue may designate on their original return that \$5 be paid from the general fund of the

1.14 state into the state elections campaign account. If a husband and wife file a joint return,

1.15 each spouse may designate that \$5 be paid. No individual is allowed to designate \$5 more

1.16 than once in any year. ~~The taxpayer may designate that the amount be paid into the account~~

1.17 ~~of a political party or into the general account.~~

1.18 Sec. 2. Minnesota Statutes 2016, section 10A.31, subdivision 3, is amended to read:

1.19 Subd. 3. **Form.** The commissioner of revenue must provide on the first page of the

1.20 income tax form and the renter and homeowner property tax refund return a space for the

1.21 individual to indicate a wish to pay \$5 (\$10 if filing a joint return) from the general fund of

1.22 the state to finance election campaigns. ~~The form must also contain language prepared by~~

1.23 ~~the commissioner that permits the individual to direct the state to pay the \$5 (or \$10 if filing~~

1.24 ~~a joint return) to: (1) one of the major political parties; (2) any minor political party that~~

~~qualifies under subdivision 3a; or (3) all qualifying candidates as provided by subdivision~~
7. The renter and homeowner property tax refund return must include instructions that the
individual filing the return may designate \$5 on the return only if the individual has not
designated \$5 on the income tax return.

Sec. 3. Minnesota Statutes 2016, section 10A.31, subdivision 4, is amended to read:

Subd. 4. **Appropriation.** (a) The amounts designated by individuals for the state elections
campaign account, less three percent, ~~are appropriated from the general fund,~~ must be
transferred and credited to the ~~appropriate account in the~~ state elections campaign account,
and are annually appropriated for distribution as set forth in ~~subdivisions 5, 5a, 6, and 7~~ this
section. The remaining three percent must be kept in the general fund for administrative
costs.

(b) In addition to the amounts in paragraph (a), \$1,020,000 for each general election is
appropriated from the general fund for transfer to the general account of the state elections
campaign account.

Sec. 4. Minnesota Statutes 2016, section 10A.31, subdivision 5, is amended to read:

Subd. 5. **Allocation.** ~~(a) General account.~~ In each calendar year the money in the general
account must be allocated to candidates as follows:

(1) 21 percent for the offices of governor and lieutenant governor together;

(2) 4.2 percent for the office of attorney general;

(3) 2.4 percent each for the offices of secretary of state and state auditor;

(4) in each calendar year during the period in which state senators serve a four-year
term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state
representative; and

(5) in each calendar year during the period in which state senators serve a two-year term,
35 percent each for the offices of state senator and state representative.

~~(b) Party account. In each calendar year the money in each party account must be
allocated as follows:~~

~~(1) 14 percent for the offices of governor and lieutenant governor together;~~

~~(2) 2.8 percent for the office of attorney general;~~

~~(3) 1.6 percent each for the offices of secretary of state and state auditor;~~

~~(4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative;~~

~~(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative; and~~

~~(6) ten percent or \$50,000, whichever is less, for the state committee of a political party; one-third of any amount in excess of that allocated to the state committee of a political party under this clause must be allocated to the office of state senator and two-thirds must be allocated to the office of state representative under clause (4).~~

~~Money allocated to each state committee under clause (6) must be deposited in a separate account and must be spent for only those items enumerated in section 10A.275. Money allocated to a state committee under clause (6) must be paid to the committee by the board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the returns were processed by the Department of Revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the Department of Revenue's weekly unedited reports of income tax returns and property tax refund returns processed in the month, as notified by the Department of Revenue to the board. The amounts paid to each state committee are subject to biennial adjustment and settlement at the time of each certification required of the commissioner of revenue under subdivisions 7 and 10. If the total amount of payments received by a state committee for the period reflected on a certification by the Department of Revenue is different from the amount that should have been received during the period according to the certification, each subsequent monthly payment must be increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.~~

Sec. 5. Minnesota Statutes 2016, section 10A.31, subdivision 7, is amended to read:

Subd. 7. **Distribution of general account.** (a) As soon as the board has obtained the results of the primary election from the secretary of state, but no later than one week after certification of the primary results by the State Canvassing Board, the board must distribute the available money in the general state elections campaign account, as certified by the commissioner of revenue one week before the state primary and according to allocations set forth in subdivision 5, in equal amounts to all candidates of a major political party whose names are to appear on the ballot in the general election and who:

(1) have signed a spending limit agreement under section 10A.322; and

~~(2) have filed the affidavit of contributions required by section 10A.323; and~~

~~(3)~~ (2) were opposed in either the primary election or the general election.

(b) The public subsidy paid under this subdivision may not ~~be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account to exceed 50 percent of the expenditure limit for the candidate or 50 percent of the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.~~

Sec. 6. Minnesota Statutes 2016, section 10A.31, subdivision 10, is amended to read:

Subd. 10. **December distribution.** In the event that on the date of either certification by the commissioner of revenue as provided in subdivision ~~6 or~~ 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue must certify to the board by December 1 the amount accumulated in ~~each~~ the account since the previous certification. By December 15, the board must distribute to each candidate according to the ~~allocations in subdivisions 5 and 5a~~ allocation in subdivision 5 the amounts to which the candidates are entitled.

Sec. 7. Minnesota Statutes 2016, section 10A.31, subdivision 10b, is amended to read:

Subd. 10b. **Remainder.** Money accumulated after the final certification must be kept in the ~~respective accounts~~ state elections campaign account for distribution in the next general election year.

Sec. 8. Minnesota Statutes 2016, section 10A.315, is amended to read:

10A.315 SPECIAL ELECTION SUBSIDY.

(a) Each eligible candidate for a legislative office in a special election must be paid a public subsidy equal to the ~~sum of:~~

~~(1) the party account money at the last general election for the candidate's party for the office the candidate is seeking; and~~

~~(2) the general account~~ amount of state elections campaign money paid to a candidate for the same office at the last general election.

(b) A candidate who wishes to receive this public subsidy must submit a signed agreement under section 10A.322 to the board ~~and must meet the contribution requirements of section 10A.323~~. The special election subsidy must be distributed in the same manner as money in the ~~party and general accounts~~ state elections campaign account is distributed to legislative candidates in a general election.

(c) The amount necessary to make the payments required by this section is appropriated from the general fund for transfer to the state special elections campaign account for distribution by the board as set forth in this section.

Sec. 9. Minnesota Statutes 2016, section 10A.321, subdivision 1, is amended to read:

Subdivision 1. **Calculation and certification of estimates.** The commissioner of revenue must calculate and certify to the board one week before the first day for filing for office in each election year an estimate of the total amount in the ~~state general account of the state elections campaign account~~ and the amount of money each candidate who qualifies, as provided in section 10A.31, ~~subdivisions 6 and~~ subdivision 7, may receive from the ~~candidate's party account in the state elections campaign account~~. This estimate must be based upon the allocations and formulas in section 10A.31, ~~subdivisions 5 and 5a, any necessary vote totals provided by the secretary of state to apply the formulas in section 10A.31, subdivisions 5 and 5a, subdivision 5,~~ and the amount of money expected to be available after 100 percent of the tax returns have been processed.

Sec. 10. Minnesota Statutes 2016, section 290.06, subdivision 23, is amended to read:

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim

per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

(b) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party ~~qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a~~ as defined in section 200.02, subdivision 23.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

7.1 (g) The amount necessary to pay claims for the refund provided in this section is
7.2 appropriated from the general fund to the commissioner of revenue.

7.3 (h) For a taxpayer who files a claim for refund via the Internet or other electronic means,
7.4 the commissioner may accept the number on the official receipt as documentation that a
7.5 contribution was made rather than the actual receipt as required by paragraph (a).

7.6 Sec. 11. **REPEALER.**

7.7 (a) Minnesota Statutes 2016, sections 10A.30, subdivision 2; and 10A.31, subdivisions
7.8 3a, 5a, 6, and 6a, are repealed.

7.9 (b) Minnesota Statutes 2017 Supplement, section 10A.323, is repealed.

10A.30 STATE ELECTIONS CAMPAIGN ACCOUNT.

Subd. 2. **Separate account.** Within the state elections campaign account there must be maintained a separate political party account for the state committee and the candidates of each political party and a general account.

10A.31 DESIGNATION OF INCOME TAX PAYMENTS.

Subd. 3a. **Qualification of political parties.** (a) A major political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a major political party by July 1 of the taxable year.

(b) A minor political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a minor party statewide by July 1 of the taxable year.

(c) The secretary of state shall notify each major and minor political party by the first Monday in January of each odd-numbered year of the conditions necessary for the party to participate in income tax form and property tax refund return programs.

(d) The secretary of state shall notify each political party, the commissioner of revenue, and the Campaign Finance and Public Disclosure Board by July 1 of each year and following certification of the results of each general election of the political parties that qualify for inclusion on the income tax form and property tax refund return as provided in subdivision 3.

Subd. 5a. **Party account for legislative candidates.** To ensure that money will be returned to the counties from which it was collected and to ensure that the distribution of money rationally relates to the support for particular parties or for particular candidates within legislative districts, money from the party accounts for legislative candidates must be distributed as provided in this subdivision.

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election must receive money from the candidate's party account allocated to candidates for the state senate or state house of representatives, whichever applies, according to the following formula:

For each county within the candidate's district, the candidate's share of the dollars designated by taxpayers who resided in that county and credited to the candidate's party account and allocated to that office must be:

(1) the sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, divided by

(2) the sum of the votes cast in the entire county in the last general election for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, multiplied by

(3) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For a party under whose name no candidate's name appeared on the ballot statewide in the last general election, amounts in the party's account must be allocated based on (i) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (ii) the number of the people voting in the entire county in the last general election, multiplied by (iii) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

In the first general election after the legislature is redistricted, "the candidate's district" means the newly drawn district and voting data from the last general election must be applied to the area encompassing the newly drawn district, notwithstanding that the area was in a different district in the last general election.

APPENDIX
Repealed Minnesota Statutes: HF3806-0

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party is the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (1) and (2). The average vote must be added to the sums in clauses (1) and (2) before the calculation is made for all districts in the county.

Subd. 6. **Distribution of party accounts.** As soon as the board has obtained from the secretary of state the results of the primary election, but no later than one week after certification by the State Canvassing Board of the results of the primary, the board must distribute the available money in each party account, as certified by the commissioner of revenue one week before the state primary, to the candidates of that party who have signed a spending limit agreement under section 10A.322 and filed the affidavit of contributions required by section 10A.323, who were opposed in either the primary election or the general election, and whose names are to appear on the ballot in the general election, according to the allocations set forth in subdivisions 5 and 5a. The public subsidy from the party account may not be paid in an amount greater than the expenditure limit of the candidate or the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10.

Subd. 6a. **Party account money not distributed.** Money from a party account not distributed to candidates for state senator or representative in any election year must be returned to the general fund of the state, except that the subsidy from the party account an unopposed candidate would otherwise have been eligible to receive must be paid to the state committee of the candidate's political party to be deposited in a special account under subdivision 5, paragraph (b), clause (6), and used for only those items permitted under section 10A.275. Money from a party account not distributed to candidates for other offices in an election year must be returned to the party account for reallocation to candidates as provided in subdivision 5, paragraph (b), in the following year.

10A.323 AFFIDAVIT OF CONTRIBUTIONS.

(a) In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must:

(1) between January 1 of the previous year and the cutoff date for transactions included in the report of receipts and expenditures due before the primary election, accumulate contributions from individuals eligible to vote in this state in at least the amount indicated for the office sought, counting only the first \$50 received from each contributor, excluding in-kind contributions:

- (i) candidates for governor and lieutenant governor running together, \$35,000;
- (ii) candidates for attorney general, \$15,000;
- (iii) candidates for secretary of state and state auditor, separately, \$6,000;
- (iv) candidates for the senate, \$3,000; and
- (v) candidates for the house of representatives, \$1,500;

(2) file an affidavit with the board stating that the principal campaign committee has complied with this paragraph. The affidavit must state the total amount of contributions that have been received from individuals eligible to vote in this state, excluding:

- (i) the portion of any contribution in excess of \$50;
- (ii) any in-kind contribution; and
- (iii) any contribution for which the name and address of the contributor is not known and recorded; and

(3) submit the affidavit required by this section to the board in writing by the deadline for reporting of receipts and expenditures before a primary under section 10A.20, subdivision 4.

(b) A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the filing period for the general election must accumulate the contributions specified in paragraph (a) and must submit the affidavit required by this section to the board within five days after the close of the filing period for the special election for which the candidate filed.

APPENDIX
Repealed Minnesota Statutes: HF3806-0

(c) A candidate or the candidate's treasurer must be able to electronically file the affidavit required under this section in the same manner as other reports required by this chapter. The board must not require the candidate or candidate's treasurer to notarize the affidavit of contribution.