

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2035

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Introduction and first reading
Referred to State Government Finance and Policy and Elections

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to ethics in government; conflicts of interest; providing that acceptance
1.3 of certain campaign contributions creates a conflict of interest on issues related to
1.4 the contributor; imposing a civil penalty; requiring disclosure of all lobbyist
1.5 contributions; increasing public subsidy payment for candidates who agree to
1.6 refuse donations from specified sources; amending Minnesota Statutes 2018,
1.7 sections 10A.07, by adding a subdivision; 10A.20, subdivision 3; 10A.31,
1.8 subdivision 7; 10A.315; 10A.322, by adding a subdivision.

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

1.10 Section 1. Minnesota Statutes 2018, section 10A.07, is amended by adding a subdivision
1.11 to read:

1.12 Subd. 5. Conflicts based on contributions. (a) If a legislator or constitutional officer,
1.13 or that official's principal campaign committee, accepts a contribution of more than \$500
1.14 during the legislator's or constitutional officer's current term of office or within one year
1.15 before the current term of office from a lobbyist, principal, political committee, or political
1.16 fund, the legislator or constitutional officer has a conflict of interest with regard to an action
1.17 or decision on any question coming before the legislator or constitutional officer in which
1.18 the contributing individual or association has a financial interest that is of greater consequence
1.19 to the contributor than the general interest of other residents or taxpayers of the state. If a
1.20 legislator or constitutional officer, or that official's principal campaign committee, refuses
1.21 a contribution or returns a contribution within 90 days of receipt, there is no conflict of
1.22 interest under this paragraph.

1.23 (b) If a conflict of interest arises under this subdivision, the legislator or constitutional
1.24 officer must disclose it in the manner provided in subdivision 1 and take the actions required
1.25 by subdivision 2.

2.1 (c) A person who violates this subdivision is subject to a civil penalty imposed by the
2.2 board of up to \$3,000.

2.3 Sec. 2. Minnesota Statutes 2018, section 10A.20, subdivision 3, is amended to read:

2.4 Subd. 3. **Contents of report.** (a) The report required by this section must include each
2.5 of the items listed in paragraphs (b) to (q) that are applicable to the filer. The board shall
2.6 prescribe forms based on filer type indicating which of those items must be included on the
2.7 filer's report.

2.8 (b) The report must disclose the amount of liquid assets on hand at the beginning of the
2.9 reporting period.

2.10 (c) The report must disclose the name, address, employer, or occupation if self-employed,
2.11 and registration number if registered with the board, of each individual or association that
2.12 has made one or more contributions to the reporting entity, including the purchase of tickets
2.13 for a fund-raising effort, that in aggregate within the year exceed \$200 for legislative or
2.14 statewide candidates or more than \$500 for ballot questions, ~~together with~~ except that a
2.15 contribution from a registered lobbyist in any amount must be disclosed. The report must
2.16 include the amount and date of each contribution, and the aggregate amount of contributions
2.17 within the year from each source so disclosed. A donation in kind must be disclosed at its
2.18 fair market value. An approved expenditure must be listed as a donation in kind. A donation
2.19 in kind is considered consumed in the reporting period in which it is received. The names
2.20 of contributors must be listed in alphabetical order. Contributions from the same contributor
2.21 must be listed under the same name. When a contribution received from a contributor in a
2.22 reporting period is added to previously reported unitemized contributions from the same
2.23 contributor and the aggregate exceeds the disclosure threshold of this paragraph, the name,
2.24 address, and employer, or occupation if self-employed, of the contributor must then be listed
2.25 on the report.

2.26 (d) The report must disclose the sum of contributions to the reporting entity during the
2.27 reporting period.

2.28 (e) The report must disclose each loan made or received by the reporting entity within
2.29 the year in aggregate in excess of \$200, continuously reported until repaid or forgiven,
2.30 together with the name, address, occupation, principal place of business, if any, and
2.31 registration number if registered with the board of the lender and any endorser and the date
2.32 and amount of the loan. If a loan made to the principal campaign committee of a candidate
2.33 is forgiven or is repaid by an entity other than that principal campaign committee, it must
2.34 be reported as a contribution for the year in which the loan was made.

3.1 (f) The report must disclose each receipt over \$200 during the reporting period not
3.2 otherwise listed under paragraphs (c) to (e).

3.3 (g) The report must disclose the sum of all receipts of the reporting entity during the
3.4 reporting period.

3.5 (h) The report must disclose the name, address, and registration number if registered
3.6 with the board of each individual or association to whom aggregate expenditures, approved
3.7 expenditures, independent expenditures, and ballot question expenditures have been made
3.8 by or on behalf of the reporting entity within the year in excess of \$200, together with the
3.9 amount, date, and purpose of each expenditure, including an explanation of how the
3.10 expenditure was used, and the name and address of, and office sought by, each candidate
3.11 on whose behalf the expenditure was made, identification of the ballot question that the
3.12 expenditure was intended to promote or defeat and an indication of whether the expenditure
3.13 was to promote or to defeat the ballot question, and in the case of independent expenditures
3.14 made in opposition to a candidate, the candidate's name, address, and office sought. A
3.15 reporting entity making an expenditure on behalf of more than one candidate for state or
3.16 legislative office must allocate the expenditure among the candidates on a reasonable cost
3.17 basis and report the allocation for each candidate.

3.18 (i) The report must disclose the sum of all expenditures made by or on behalf of the
3.19 reporting entity during the reporting period.

3.20 (j) The report must disclose the amount and nature of an advance of credit incurred by
3.21 the reporting entity, continuously reported until paid or forgiven. If an advance of credit
3.22 incurred by the principal campaign committee of a candidate is forgiven by the creditor or
3.23 paid by an entity other than that principal campaign committee, it must be reported as a
3.24 donation in kind for the year in which the advance of credit was made.

3.25 (k) The report must disclose the name, address, and registration number if registered
3.26 with the board of each political committee, political fund, principal campaign committee,
3.27 or party unit to which contributions have been made that aggregate in excess of \$200 within
3.28 the year and the amount and date of each contribution.

3.29 (l) The report must disclose the sum of all contributions made by the reporting entity
3.30 during the reporting period.

3.31 (m) The report must disclose the name, address, and registration number if registered
3.32 with the board of each individual or association to whom noncampaign disbursements have
3.33 been made that aggregate in excess of \$200 within the year by or on behalf of the reporting

4.1 entity and the amount, date, and purpose of each noncampaign disbursement, including an
4.2 explanation of how the expenditure was used.

4.3 (n) The report must disclose the sum of all noncampaign disbursements made within
4.4 the year by or on behalf of the reporting entity.

4.5 (o) The report must disclose the name and address of a nonprofit corporation that provides
4.6 administrative assistance to a political committee or political fund as authorized by section
4.7 211B.15, subdivision 17, the type of administrative assistance provided, and the aggregate
4.8 fair market value of each type of assistance provided to the political committee or political
4.9 fund during the reporting period.

4.10 (p) Legislative, statewide, and judicial candidates, party units, and political committees
4.11 and funds must itemize contributions that in aggregate within the year exceed \$200 for
4.12 legislative or statewide candidates or more than \$500 for ballot questions on reports submitted
4.13 to the board. The itemization must include the date on which the contribution was received,
4.14 the individual or association that provided the contribution, and the address of the contributor.
4.15 Additionally, the itemization for a donation in kind must provide a description of the item
4.16 or service received. Contributions that are less than the itemization amount must be reported
4.17 as an aggregate total.

4.18 (q) Legislative, statewide, and judicial candidates, party units, political committees and
4.19 funds, and committees to promote or defeat a ballot question must itemize expenditures and
4.20 noncampaign disbursements that in aggregate exceed \$200 in a calendar year on reports
4.21 submitted to the board. The itemization must include the date on which the committee made
4.22 or became obligated to make the expenditure or disbursement, the name and address of the
4.23 vendor that provided the service or item purchased, and a description of the service or item
4.24 purchased, including an explanation of how the expenditure was used. Expenditures and
4.25 noncampaign disbursements must be listed on the report alphabetically by vendor.

4.26 Sec. 3. Minnesota Statutes 2018, section 10A.31, subdivision 7, is amended to read:

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

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

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

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

5.4 (b) The public subsidy under this subdivision may not be paid in an amount that would
5.5 cause the sum of the public subsidy paid from the party account plus the public subsidy
5.6 paid from the general account to exceed 50 percent of the expenditure limit for the candidate
5.7 or 50 percent of the expenditure limit that would have applied to the candidate if the candidate
5.8 had not been freed from expenditure limits under section 10A.25, subdivision 10.

5.9 Money from the general account not paid to a candidate because of the 50 percent limit
5.10 must be distributed equally among all other qualifying candidates for the same office until
5.11 all have reached the 50 percent limit or the balance in the general account is exhausted.

5.12 (c) The public subsidy paid to a candidate who agrees to accept no donations from a
5.13 political committee, political fund, lobbyist, or association not registered with the board
5.14 under section 10A.322, subdivision 1a, is increased by 50 percent of the amount of those
5.15 contributions the candidate would have otherwise been able to accept under section 10A.27,
5.16 subdivision 11.

5.17 Sec. 4. Minnesota Statutes 2018, section 10A.315, is amended to read:

5.18 **10A.315 SPECIAL ELECTION SUBSIDY.**

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

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

5.23 (2) the general account money paid to a candidate for the same office at the last general
5.24 election.

5.25 (b) A candidate who wishes to receive this public subsidy must submit a signed agreement
5.26 under section 10A.322 to the board and must meet the contribution requirements of section
5.27 10A.323. The special election subsidy must be distributed in the same manner as money in
5.28 the party and general accounts is distributed to legislative candidates in a general election.

5.29 (c) The public subsidy paid to a candidate who agrees to accept no donations from a
5.30 political committee, political fund, lobbyist, or association not registered with the board
5.31 under section 10A.322, subdivision 1a, is increased by 50 percent of the amount the candidate
5.32 would have otherwise been able to accept under section 10A.27, subdivision 11.

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

6.4 Sec. 5. Minnesota Statutes 2018, section 10A.322, is amended by adding a subdivision to
6.5 read:

6.6 Subd. 1a. **Additional agreement on donations.** The written agreement form must also
6.7 include the option for a candidate to agree to accept no donations from a political committee,
6.8 political fund, lobbyist, or association not registered with the board. A candidate is not
6.9 required to agree to this provision in order to receive the public subsidy under section
6.10 10A.31, subdivision 7, paragraph (a), or section 10A.315, paragraphs (a) and (b).