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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **538**

02/02/2015 Authored by Drazkowski; Hancock; Anderson, M.; Vogel; Backer and others

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

03/23/2015 Adoption of Report: Re-referred to the Committee on Taxes

A bill for an act

1.1 relating to campaign finance; repealing the political contribution refund;  
1.2 repealing the public subsidy program and related expenditure limits; amending  
1.3 Minnesota Statutes 2014, sections 10A.01, subdivision 26; 10A.105, subdivision  
1.4 1; 10A.257, subdivision 1; 270A.03, subdivision 7; 289A.50, subdivision 1;  
1.5 290.01, subdivision 6; repealing Minnesota Statutes 2014, sections 10A.25,  
1.6 subdivisions 1, 2, 2a, 3, 3a, 5, 10; 10A.255, subdivisions 1, 3; 10A.30; 10A.31,  
1.7 subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, 11; 10A.315; 10A.321;  
1.8 10A.322, subdivisions 1, 2, 4; 10A.323; 10A.324, subdivisions 1, 3; 13.4967,  
1.9 subdivision 2; 290.06, subdivision 23; Minnesota Rules, parts 4503.1400,  
1.10 subparts 2, 3, 4, 5, 6, 7, 8, 9; 4503.1450.  
1.11

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

1.13 Section 1. Minnesota Statutes 2014, section 10A.01, subdivision 26, is amended to read:

1.14 Subd. 26. **Noncampaign disbursement.** "Noncampaign disbursement" means  
1.15 a purchase or payment of money or anything of value made, or an advance of credit  
1.16 incurred, or a donation in kind received, by a principal campaign committee for any of  
1.17 the following purposes:

- 1.18 (1) payment for accounting and legal services;  
1.19 (2) return of a contribution to the source;  
1.20 (3) repayment of a loan made to the principal campaign committee by that committee;  
1.21 (4) ~~return of a public subsidy~~;  
1.22 (5) payment for food, beverages, and necessary utensils and supplies, entertainment,  
1.23 and facility rental for a fund-raising event;  
1.24 (6) (5) services for a constituent by a member of the legislature or a constitutional  
1.25 officer in the executive branch, including the costs of preparing and distributing a  
1.26 suggestion or idea solicitation to constituents, performed from the beginning of the term  
1.27 of office to adjournment sine die of the legislature in the election year for the office

2.1 held, and half the cost of services for a constituent by a member of the legislature or a  
 2.2 constitutional officer in the executive branch performed from adjournment sine die to 60  
 2.3 days after adjournment sine die;

2.4 ~~(7)~~ (6) payment for food and beverages consumed by a candidate or volunteers while  
 2.5 they are engaged in campaign activities;

2.6 ~~(8)~~ (7) payment for food or a beverage consumed while attending a reception or  
 2.7 meeting directly related to legislative duties;

2.8 ~~(9)~~ (8) payment of expenses incurred by elected or appointed leaders of a legislative  
 2.9 caucus in carrying out their leadership responsibilities;

2.10 ~~(10)~~ (9) payment by a principal campaign committee of the candidate's expenses  
 2.11 for serving in public office, other than for personal uses;

2.12 ~~(11)~~ (10) costs of child care for the candidate's children when campaigning;

2.13 ~~(12)~~ (11) fees paid to attend a campaign school;

2.14 ~~(13)~~ (12) costs of a postelection party during the election year when a candidate's  
 2.15 name will no longer appear on a ballot or the general election is concluded, whichever  
 2.16 occurs first;

2.17 ~~(14)~~ (13) interest on loans paid by a principal campaign committee on outstanding  
 2.18 loans;

2.19 ~~(15)~~ (14) filing fees;

2.20 ~~(16)~~ (15) post-general election holiday or seasonal cards, thank-you notes, or  
 2.21 advertisements in the news media mailed or published prior to the end of the election cycle;

2.22 ~~(17)~~ (16) the cost of campaign material purchased to replace defective campaign  
 2.23 material, if the defective material is destroyed without being used;

2.24 ~~(18)~~ (17) contributions to a party unit;

2.25 ~~(19)~~ (18) payments for funeral gifts or memorials;

2.26 ~~(20)~~ (19) the cost of a magnet less than six inches in diameter containing legislator  
 2.27 contact information and distributed to constituents;

2.28 ~~(21)~~ (20) costs associated with a candidate attending a political party state or national  
 2.29 convention in this state;

2.30 ~~(22)~~ (21) other purchases or payments specified in board rules or advisory opinions  
 2.31 as being for any purpose other than to influence the nomination or election of a candidate  
 2.32 or to promote or defeat a ballot question; and

2.33 ~~(23)~~ (22) costs paid to a third party for processing contributions made by a credit  
 2.34 card, debit card, or electronic check.

2.35 The board must determine whether an activity involves a noncampaign disbursement  
 2.36 within the meaning of this subdivision.

3.1 A noncampaign disbursement is considered to be made in the year in which the  
 3.2 candidate made the purchase of goods or services or incurred an obligation to pay for  
 3.3 goods or services.

3.4 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to elections  
 3.5 held on or after that date.

3.6 Sec. 2. Minnesota Statutes 2014, section 10A.105, subdivision 1, is amended to read:

3.7 Subdivision 1. **Single committee.** A candidate must not accept contributions  
 3.8 from a source, other than self, in aggregate in excess of \$750 ~~or accept a public subsidy~~  
 3.9 unless the candidate designates and causes to be formed a single principal campaign  
 3.10 committee for each office sought. A candidate may not authorize, designate, or cause to be  
 3.11 formed any other political committee bearing the candidate's name or title or otherwise  
 3.12 operating under the direct or indirect control of the candidate. However, a candidate may  
 3.13 be involved in the direct or indirect control of a party unit.

3.14 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to elections  
 3.15 held on or after that date.

3.16 Sec. 3. Minnesota Statutes 2014, section 10A.257, subdivision 1, is amended to read:

3.17 Subdivision 1. **Unused funds.** For election cycles ending on or before December  
 3.18 31, 2016, after all campaign expenditures and noncampaign disbursements for an election  
 3.19 cycle have been made, an amount up to 25 percent of the 2014 election cycle expenditure  
 3.20 limit for the office may be carried forward. Any remaining amount up to the total amount of  
 3.21 the 2014 public subsidy from the state elections campaign fund must be returned to the state  
 3.22 treasury for credit to the general fund under section 10A.324. Any remaining amount in  
 3.23 excess of the 2014 total public subsidy must be contributed to the state elections campaign  
 3.24 account or a political party for multicandidate expenditures as defined in section 10A.275.

3.25 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to elections  
 3.26 held on or after that date.

3.27 Sec. 4. Minnesota Statutes 2014, section 270A.03, subdivision 7, is amended to read:

3.28 Subd. 7. **Refund.** "Refund" means an individual income tax refund ~~or political~~  
 3.29 ~~contribution refund,~~ pursuant to chapter 290, or a property tax credit or refund, pursuant to  
 3.30 chapter 290A, or a sustainable forest payment to a claimant under chapter 290C.

4.1 For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision  
 4.2 8, and amounts granted to persons by the legislature on the recommendation of the joint  
 4.3 senate-house of representatives Subcommittee on Claims shall be treated as refunds.

4.4 In the case of a joint property tax refund payable to spouses under chapter 290A,  
 4.5 the refund shall be considered as belonging to each spouse in the proportion of the total  
 4.6 refund that equals each spouse's proportion of the total income determined under section  
 4.7 290A.03, subdivision 3. In the case of a joint income tax refund under chapter 289A, the  
 4.8 refund shall be considered as belonging to each spouse in the proportion of the total  
 4.9 refund that equals each spouse's proportion of the total taxable income determined under  
 4.10 section 290.01, subdivision 29. The commissioner shall remit the entire refund to the  
 4.11 claimant agency, which shall, upon the request of the spouse who does not owe the debt,  
 4.12 determine the amount of the refund belonging to that spouse and refund the amount to  
 4.13 that spouse. For court fines, fees, and surcharges and court-ordered restitution under  
 4.14 section 611A.04, subdivision 2, the notice provided by the commissioner of revenue under  
 4.15 section 270A.07, subdivision 2, paragraph (b), serves as the appropriate legal notice  
 4.16 to the spouse who does not owe the debt.

4.17 **EFFECTIVE DATE.** This section is effective for political contribution refund  
 4.18 claims based on contributions made on or after July 1, 2015.

4.19 Sec. 5. Minnesota Statutes 2014, section 289A.50, subdivision 1, is amended to read:

4.20 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this  
 4.21 section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully  
 4.22 due and who files a written claim for refund will be refunded or credited the overpayment  
 4.23 of the tax determined by the commissioner to be erroneously paid.

4.24 (b) The claim must specify the name of the taxpayer, the date when and the period  
 4.25 for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer  
 4.26 claims was erroneously paid, the grounds on which a refund is claimed, and other  
 4.27 information relative to the payment and in the form required by the commissioner. An  
 4.28 income tax, estate tax, or corporate franchise tax return, or amended return claiming an  
 4.29 overpayment constitutes a claim for refund.

4.30 (c) When, in the course of an examination, and within the time for requesting a  
 4.31 refund, the commissioner determines that there has been an overpayment of tax, the  
 4.32 commissioner shall refund or credit the overpayment to the taxpayer and no demand  
 4.33 is necessary. If the overpayment exceeds \$1, the amount of the overpayment must  
 4.34 be refunded to the taxpayer. If the amount of the overpayment is less than \$1, the

5.1 commissioner is not required to refund. In these situations, the commissioner does not  
5.2 have to make written findings or serve notice by mail to the taxpayer.

5.3 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent  
5.4 care exceeds the tax against which the credit is allowable, the amount of the excess is  
5.5 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~  
5.6 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the  
5.7 refunding of such an overpayment shown on the original return filed by a taxpayer.

5.8 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,  
5.9 penalties, and interest reported in the return of the entertainment entity or imposed by  
5.10 section 290.9201, the excess must be refunded to the entertainment entity. If the excess is  
5.11 less than \$1, the commissioner need not refund that amount.

5.12 (f) If the surety deposit required for a construction contract exceeds the liability of  
5.13 the out-of-state contractor, the commissioner shall refund the difference to the contractor.

5.14 (g) An action of the commissioner in refunding the amount of the overpayment does  
5.15 not constitute a determination of the correctness of the return of the taxpayer.

5.16 (h) There is appropriated from the general fund to the commissioner of revenue the  
5.17 amount necessary to pay refunds allowed under this section.

5.18 **EFFECTIVE DATE.** This section is effective for political contribution refund  
5.19 claims based on contributions made on or after July 1, 2015.

5.20 Sec. 6. Minnesota Statutes 2014, section 290.01, subdivision 6, is amended to read:

5.21 Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to  
5.22 a tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term~~  
5.23 ~~"taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

5.24 **EFFECTIVE DATE.** This section is effective for political contribution refund  
5.25 claims based on contributions made on or after July 1, 2015.

5.26 Sec. 8. **REPEALER.**

5.27 (a) Minnesota Statutes 2014, sections 10A.25, subdivisions 1, 2, 2a, 3, 3a, 5, and 10;  
5.28 10A.255, subdivisions 1 and 3; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7,  
5.29 7a, 10, 10a, 10b, and 11; 10A.315; 10A.321; 10A.322, subdivisions 1, 2, and 4; 10A.323;  
5.30 and 10A.324, subdivisions 1 and 3, and Minnesota Rules, parts 4503.1400, subparts 2, 3,  
5.31 4, 5, 6, 7, 8, and 9; and 4503.1450, are repealed.

5.32 (b) Minnesota Statutes 2014, sections 13.4967, subdivision 2; and 290.06,  
5.33 subdivision 23, are repealed.

6.1            **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2015, and applies to  
6.2 elections held on or after that date. Paragraph (b) is effective for contributions made  
6.3 after June 30, 2015.

**10A.25 SPENDING LIMITS.**

Subdivision 1. **Limits are voluntary.** The expenditure limits imposed by this section apply only to a candidate who has signed an agreement under section 10A.322 to be bound by them as a condition of receiving a public subsidy for the candidate's campaign.

Subd. 2. **Amounts.** (a) In a segment of an election cycle, the principal campaign committee of the candidate must not make campaign expenditures nor permit approved expenditures to be made on behalf of the candidate that result in aggregate expenditures in excess of the following:

(1) for governor and lieutenant governor, running together, \$3,651,200 in the election segment and \$1,564,800 in the nonelection segment;

(2) for attorney general, \$626,000 in the election segment and \$208,700 in the nonelection segment;

(3) for secretary of state and state auditor, separately, \$417,300 in the election segment and \$104,400 in the nonelection segment;

(4) for state senator, \$90,000 in the election segment and \$30,000 in a nonelection segment;

(5) for state representative, \$62,600 in the election segment.

(b) In addition to the amount in paragraph (a), clause (1), a candidate for endorsement for the office of lieutenant governor at the convention of a political party may make campaign expenditures and approved expenditures of five percent of that amount to seek endorsement.

(c) If a special election cycle occurs during a general election cycle, expenditures by or on behalf of a candidate in the special election do not count as expenditures by or on behalf of the candidate in the general election.

(d) The expenditure limits in this subdivision for an office are increased by ten percent for a candidate who has not previously held the same office, whose name has not previously been on the primary or general election ballot for that office, and who has not in the past ten years raised or spent more than \$750 in a run for any other office whose territory now includes a population that is more than one-third of the population in the territory of the new office. In the case of a legislative candidate, the office is that of a member of the house of representatives or senate without regard to any specific district.

Subd. 2a. **Aggregated expenditures.** If a candidate makes expenditures from more than one principal campaign committee for nomination or election to statewide office in the same segment of an election cycle, the amount of expenditures from all of the candidate's principal campaign committees for statewide office for that segment of the election cycle must be aggregated for purposes of applying the limits on expenditures under subdivision 2.

Subd. 3. **Governor and lieutenant governor a single candidate.** For the purposes of this chapter, a candidate for governor and a candidate for lieutenant governor, running together, are considered a single candidate. Except as provided in subdivision 2, paragraph (b), all expenditures made by or all approved expenditures made on behalf of the candidate for lieutenant governor are considered to be expenditures by or approved expenditures on behalf of the candidate for governor.

Subd. 3a. **Independent expenditures.** The principal campaign committee of a candidate must not make independent expenditures.

Subd. 5. **Contested primary races.** Notwithstanding the limits imposed by subdivision 2, the winning candidate in a contested race in a primary who received fewer than twice as many votes as any one of the candidate's opponents in that primary may make expenditures and permit approved expenditures to be made on behalf of the candidate equal to 120 percent of the applicable limit as set forth in subdivision 2, but no more than 100 percent of the limit until after the primary.

Subd. 10. **Effect of opponent's conduct.** (a) After the deadline for filing a spending limit agreement under section 10A.322, a candidate who has agreed to be bound by the expenditure limits imposed by this section as a condition of receiving a public subsidy for the candidate's campaign may choose to be released from the expenditure limits but remain eligible to receive a public subsidy if the candidate has an opponent who has not agreed to be bound by the limits and has received contributions or made or become obligated to make expenditures during that election cycle in excess of the following limits:

(1) up to the close of the reporting period before the primary election, receipts or expenditures equal to 20 percent of the expenditure limit for that office as set forth in subdivision 2; or

(2) after the close of the reporting period before the primary election, cumulative receipts or expenditures during that election cycle equal to 50 percent of the expenditure limit for that office as set forth in subdivision 2.

Before the primary election, a candidate's "opponents" are only those who will appear on the ballot of the same party in the primary election.

## APPENDIX

### Repealed Minnesota Statutes: 15-2059

(b) A candidate who has not agreed to be bound by expenditure limits, or the candidate's principal campaign committee, must file written notice with the board and provide written notice to any opponent of the candidate for the same office within 24 hours of exceeding the limits in paragraph (a). The notice must state only that the candidate or candidate's principal campaign committee has received contributions or made or become obligated to make campaign expenditures in excess of the limits in paragraph (a).

(c) Upon receipt of the notice, a candidate who had agreed to be bound by the limits may file with the board a notice that the candidate chooses to be no longer bound by the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure limits that is based on the conduct of an opponent in the state primary election may not be filed more than one day after the State Canvassing Board has declared the results of the state primary.

(d) A candidate who has agreed to be bound by the expenditure limits imposed by this section and whose opponent in the general election has chosen, as provided in paragraph (c), not to be bound by the expenditure limits because of the conduct of an opponent in the primary election is no longer bound by the limits but remains eligible to receive a public subsidy.

#### **10A.255 ADJUSTMENT BY CONSUMER PRICE INDEX.**

Subdivision 1. **Method of calculation.** The dollar amounts in section 10A.25, subdivision 2, must be adjusted for general election years as provided in this section. Each general election year, the executive director of the board must determine the percentage increase in the Consumer Price Index from December of the year preceding the last general election year to December of the year preceding the year in which the determination is made. The dollar amounts used for the preceding general election year must be multiplied by that percentage. The product of the calculation must be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The product must be rounded up to the next highest \$100 increment. The index used must be the revised Consumer Price Index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

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

#### **10A.30 STATE ELECTIONS CAMPAIGN ACCOUNT.**

Subdivision 1. **Establishment.** An account is established in the special revenue fund of the state known as the "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.

Subd. 3. **Special elections account.** An account is established in the special revenue fund of the state known as the "state special elections campaign account."

#### **10A.31 DESIGNATION OF INCOME TAX PAYMENTS.**

Subdivision 1. **Designation.** An individual resident of this state who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that \$5 be paid from the general fund of the state into the state elections campaign account. If a husband and wife file a joint return, each spouse may designate that \$5 be paid. No individual is allowed to designate \$5 more than once in any year. The taxpayer may designate that the amount be paid into the account of a political party or into the general account.

Subd. 3. **Form.** The commissioner of revenue must provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the individual to indicate a wish to pay \$5 (\$10 if filing a joint return) from the general fund of the state to finance election campaigns. The form must also contain language prepared by the commissioner that permits the individual to direct the state to pay the \$5 (or \$10 if filing 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.

APPENDIX

Repealed Minnesota Statutes: 15-2059

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. 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. 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.

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.

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

APPENDIX

Repealed Minnesota Statutes: 15-2059

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.

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.

**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

## APPENDIX

### Repealed Minnesota Statutes: 15-2059

in the general 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;
- (2) have filed the affidavit of contributions required by section 10A.323; and
- (3) were opposed in either the primary election or the general election.

(b) The public subsidy 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.

Subd. 7a. **Withholding of public subsidy.** If a candidate who is eligible for payment of public subsidy under this section has not filed the report of receipts and expenditures required under section 10A.20 before a primary election, any public subsidy for which that candidate is eligible must be withheld by the board until the candidate complies with the filing requirements of section 10A.20 and the board has sufficient time to review or audit the report. If a candidate who is eligible for public subsidy does not file the report due before the primary election under section 10A.20 by the date that the report of receipts and expenditures filed before the general election is due, that candidate shall not be paid public subsidy for that election.

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 account since the previous certification. By December 15, the board must distribute to each candidate according to the allocations in subdivisions 5 and 5a the amounts to which the candidates are entitled.

Subd. 10a. **Form of distribution.** A distribution to a candidate must be in the form of a check made "payable to the campaign fund of .....(name of candidate)....."

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

Subd. 11. **Write-in candidate.** For the purposes of this section, a write-in candidate is a candidate only upon complying with sections 10A.322 and 10A.323.

#### **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 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 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.

#### **10A.321 ESTIMATES OF MINIMUM AMOUNTS TO BE RECEIVED.**

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 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, and the amount of money expected to be available after 100 percent of the tax returns have been processed.

## APPENDIX

Repealed Minnesota Statutes: 15-2059

Subd. 2. **Publication, certification, and notification procedures.** Before the first day of filing for office, the board must publish and forward to all filing officers the estimates calculated and certified under subdivision 1 along with a copy of section 10A.25, subdivision 10. Within one week after the last day for filing for office, the secretary of state must certify to the board the name, address, office sought, and party affiliation of each candidate who has filed with that office an affidavit of candidacy or petition to appear on the ballot. The auditor of each county must certify to the board the same information for each candidate who has filed with that county an affidavit of candidacy or petition to appear on the ballot. Within two weeks after the last day for filing for office, the board must notify all candidates of their estimated minimum amount. The board must include with the notice a form for the agreement provided in section 10A.322 along with a copy of section 10A.25, subdivision 10.

### **10A.322 SPENDING LIMIT AGREEMENTS.**

Subdivision 1. **Agreement by candidate.** (a) As a condition of receiving a public subsidy, a candidate must sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27, subdivision 10; 10A.324; and 10A.38.

(b) Before the first day of filing for office, the board must forward agreement forms to all filing officers. The board must also provide agreement forms to candidates on request at any time. The candidate must file the agreement with the board at least three weeks before the candidate's state primary. An agreement may not be filed after that date. An agreement once filed may not be rescinded.

(c) The board must notify the commissioner of revenue of any agreement signed under this subdivision.

(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement not later than the day after the close of the filing period for the special election for which the candidate filed.

Subd. 2. **How long agreement is effective.** The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, and the contribution limit in section 10A.27, subdivision 10, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the end of the first election cycle completed after the agreement was filed, whichever occurs first.

Subd. 4. **Refund receipt forms; penalty.** The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that:

(1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. The willful issuance of an official refund receipt form or a facsimile of one to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is a misdemeanor.

### **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;

## APPENDIX

### Repealed Minnesota Statutes: 15-2059

(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.

#### **10A.324 RETURN OF PUBLIC SUBSIDY.**

Subdivision 1. **When return required.** A candidate must return all or a portion of the public subsidy received from the state elections campaign account or the public subsidy received under section 10A.315, under the circumstances in this section or section 10A.257, subdivision 1.

To the extent that the amount of public subsidy received exceeds the aggregate of: (1) actual expenditures made by the principal campaign committee of the candidate; and (2) approved expenditures made on behalf of the candidate, the treasurer of the candidate's principal campaign committee must return an amount equal to the difference to the board. The cost of postage that was not used during an election cycle and payments that created credit balances at vendors at the close of an election cycle are not considered expenditures for purposes of determining the amount to be returned. Expenditures in excess of the candidate's spending limit do not count in determining aggregate expenditures under this paragraph.

Subd. 3. **How return determined.** Whether or not a candidate is required under subdivision 1 to return all or a portion of the public subsidy must be determined from the report required to be filed with the board by that candidate by January 31 of the year following an election. An amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board must deposit the check or money order in the state treasury for credit to the general fund. The amount returned must not exceed the amount of public subsidy received by the candidate.

#### **13.4967 OTHER TAX DATA CODED ELSEWHERE.**

Subd. 2. **Political contribution refund.** Certain political contribution refund data in the Revenue Department are classified under section 290.06, subdivision 23.

#### **290.06 RATES OF TAX; CREDITS.**

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.

APPENDIX

Repealed Minnesota Statutes: 15-2059

(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.

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.

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

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

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 2. **Period covered by agreement.** A public subsidy agreement is effective for the entire election cycle regardless of when the agreement is signed.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 3. **Effect of signing public subsidy agreement after first year of election cycle.** By signing a public subsidy agreement after the first year of an election cycle, a candidate agrees to abide by spending and contribution limits for candidates with public subsidy agreements for the entire election cycle. The candidate is subject to the same remedies for prior violations of contribution and spending limits as a candidate who signed a public subsidy agreement during the first year of the election cycle.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 4. **Effect on right to participate in political contribution refund program.** The right to issue receipts under the political contribution refund program established in Minnesota Statutes, section 290.06, subdivision 23, arises only when the public subsidy agreement is actually signed.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 5. **Expiration at end of special election cycle.** Public subsidy agreements for all candidates in a district in which a special election is held expire at the end of the special election cycle regardless of whether the candidate actually ran in the special election.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 6. **Return of public subsidy.** If a candidate who has received public subsidy money fails to file a year-end report of receipts and expenditures in an election year, the board may determine the amount of public subsidy which must be returned based on the last report filed by the candidate.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 7. **Nonreceipt of public subsidy funds.** A public subsidy agreement is binding regardless of whether the candidate actually receives funds from the state elections campaign fund.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 8. **Affidavit of contributions for special elections.** For a special election for which the filing period does not coincide with a general election, the candidate must submit the affidavit of contributions not later than five days after filing an affidavit of candidacy or nominating petition for the office sought.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 9. **Increase for first-time candidates.** Candidates who qualify for first-time candidate status receive a ten percent increase in the campaign expenditure limit in all years of the applicable election cycle.

**4503.1450 DISTRIBUTION OF GENERAL ACCOUNT PUBLIC SUBSIDY FUNDS.**

Subpart 1. **Agreement.** The general account public subsidy agreement required in Minnesota Statutes, section 10A.31, subdivision 7, may be provided to candidates on a separate form, or incorporated into the public subsidy agreement. The agreement must require that the candidate spend or be legally obligated to spend at least 50 percent of the general account public subsidy payment by the end of the reporting period prior to the general election. The agreement must also provide that if the candidate does not meet this requirement, the candidate must repay the board the difference between the candidates general account public subsidy payment and the candidates total campaign expenditures as of the end of the reporting period prior to the general election. The agreement must further provide that the candidate must reimburse the board for any reasonable collection costs incurred in securing the repayment of the unused general account public subsidy payment.

Subp. 2. **Failure to repay.** A candidate who fails to repay money required by the agreement cannot be paid additional general account public subsidy funds during the current or future

APPENDIX

Repealed Minnesota Rule: 15-2059

election cycles until the entirety of the unexpended general account funds, and any associated collection fees, are either repaid to the board or discharged by a court action.

Subp. 3. **Estimate of general account public subsidy payment.** For purposes of determining a candidate's fulfillment of the terms of the agreement, the board must use the September 1 certification of available funds from the commissioner of the Department of Revenue to estimate the general account public subsidy payment for the candidate's office. Using first class mail, the board must inform each candidate eligible for a general account payment of the minimum amount that must be spent to comply with the terms of the agreement.