

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 1976

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Introduction and first reading

OFFICIAL STATUS

Referred to State Government Finance and Policy and Elections

1.1 A bill for an act

1.2 relating to ethics in government; requiring conference committee and budget

1.3 negotiations to be open to the public; closing a loophole in disclosure of economic

1.4 interests of public officials to include disclosure of certain independent contracting

1.5 and consulting; prohibiting former legislators, constitutional officers, and agency

1.6 heads from lobbying for seven years after leaving office; requiring additional

1.7 disclosure of lobbying and lobbyist contributions; requiring certain reports of

1.8 lobbying activity; requiring disclosures of campaign contributions from lobbyists,

1.9 principals, and political committees; modifying definition of expressly advocating;

1.10 providing for disclosure of electioneering communications; providing penalties;

1.11 amending Minnesota Statutes 2016, sections 3.055, subdivision 1; 10A.01,

1.12 subdivisions 5, 16a; 10A.04, subdivisions 4, 6; 10A.121, subdivision 1; 10A.20,

1.13 subdivisions 3, 5; 10A.244; 10A.25, subdivision 3a; 10A.27, subdivision 15;

1.14 proposing coding for new law in Minnesota Statutes, chapter 10A.

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

1.16 Section 1. Minnesota Statutes 2016, section 3.055, subdivision 1, is amended to read:

1.17 Subdivision 1. **Meetings to be open.** (a) Meetings of the legislature shall be open to the

1.18 public, including sessions of the senate, sessions of the house of representatives, joint

1.19 sessions of the senate and the house of representatives, and meetings of a standing committee,

1.20 committee division, subcommittee, conference committee, or legislative commission, but

1.21 not including a caucus of the members of any of those bodies from the same house and

1.22 political party nor a delegation of legislators representing a geographic area or political

1.23 subdivision. For purposes of this section, a meeting occurs when a quorum is present and

1.24 action is taken regarding a matter within the jurisdiction of the body.

1.25 (b) In addition to the openness requirements imposed on conference committees by

1.26 paragraph (a), from the time a conference committee is appointed until it is disbanded, any

1.27 negotiations between senate and house of representatives members of the conference

2.1 committee or senate and house of representatives staff members related to the conference
 2.2 committee or the bill referred to the conference committee must be open to the public.

2.3 (c) A meeting between the majority leader of the senate and the speaker of the house or
 2.4 the majority leader of the house of representatives to negotiate budget targets or formally
 2.5 negotiate the state budget must be open to the public.

2.6 (d) A meeting to negotiate budget targets or formally negotiate the state budget must be
 2.7 open to the public if the meeting includes the governor and one or more of the following
 2.8 members of the legislature:

2.9 (1) the majority leader of the senate;

2.10 (2) the speaker of the house or majority leader of the house of representatives; or

2.11 (3) the minority leader of either the senate or house of representatives.

2.12 (e) Each house shall provide by rule for posting notices of meetings, recording
 2.13 proceedings, and making the recordings and votes available to the public.

2.14 Sec. 2. Minnesota Statutes 2016, section 10A.01, subdivision 5, is amended to read:

2.15 Subd. 5. **Associated business.** (a) "Associated business" means an a person or association,
 2.16 corporation, partnership, limited liability company, limited liability partnership, or other
 2.17 organized legal entity from which the individual receives compensation in excess of \$50,
 2.18 except for actual and reasonable expenses, in any month as a director, officer, owner,
 2.19 member, partner, employer or employee, or whose securities the individual holds worth
 2.20 more than \$2,500 at fair market value.

2.21 (b) Associated business also means a lobbyist, principal, or interested person by whom
 2.22 the individual is compensated in excess of \$50, except for actual and reasonable expenses,
 2.23 in any month for providing services as an independent contractor or consultant. If an
 2.24 individual is compensated by a person or association for providing services to a lobbyist,
 2.25 principal, or interested person, associated business includes both the person or association
 2.26 that pays the compensation and the lobbyist, principal, or interested person to whom the
 2.27 services are provided.

2.28 (c) "Interested person" means a person or a representative of a person or association that
 2.29 has a direct financial interest in a decision that the individual receiving the compensation
 2.30 is authorized to make as a public or local official or will be authorized to make upon
 2.31 becoming a public or local official. To be direct, the financial interest of the person or
 2.32 association paying the compensation to the individual must be of greater consequence to

3.1 the payer than the general interest of other residents or taxpayers of the individual's
 3.2 governmental unit.

3.3 Sec. 3. Minnesota Statutes 2016, section 10A.01, subdivision 16a, is amended to read:

3.4 Subd. 16a. **Expressly advocating.** "Expressly advocating" means:

3.5 (1) that a communication clearly identifies a candidate and uses words or phrases of
 3.6 express advocacy; or

3.7 (2) that a communication when taken as a whole and with limited reference to external
 3.8 events, such as the proximity to the election, is susceptible of no reasonable interpretation
 3.9 other than as an appeal advocating the election or defeat of one or more clearly identified
 3.10 candidates.

3.11 Sec. 4. **[10A.035] LOBBYING RESTRICTION.**

3.12 An individual may not act as a lobbyist who attempts to influence legislative or
 3.13 administrative action for seven years after leaving one of the following offices or positions:

3.14 (1) member of the legislature;

3.15 (2) constitutional officer; or

3.16 (3) commissioner, deputy commissioner, assistant commissioner, or head of any state
 3.17 department or agency.

3.18 Sec. 5. Minnesota Statutes 2016, section 10A.04, subdivision 4, is amended to read:

3.19 Subd. 4. **Content.** (a) A report under this section must include information the board
 3.20 requires from the registration form and the information required by this subdivision for the
 3.21 reporting period.

3.22 (b) A lobbyist must report a general description of the subject or subjects on which the
 3.23 lobbyist lobbied on behalf of each principal.

3.24 (c) A lobbyist must report the total amount of all income from the principal for lobbying
 3.25 activities on behalf of the principal. The total is not required to be itemized but the total
 3.26 must include amounts paid to cover the lobbyist's salary and administrative expenses. The
 3.27 report must include any payments to the lobbyist by any other person for lobbying activities
 3.28 on behalf of the principal.

3.29 ~~(b)~~ (d) A lobbyist must report the lobbyist's total disbursements on lobbying, separately
 3.30 listing lobbying to influence legislative action, lobbying to influence administrative action,

4.1 and lobbying to influence the official actions of a metropolitan governmental unit, and a
 4.2 breakdown of disbursements for each of those kinds of lobbying into categories specified
 4.3 by the board, including but not limited to the cost of publication and distribution of each
 4.4 publication used in lobbying; other printing; media, including the cost of production; postage;
 4.5 travel; fees, including allowances; entertainment; telephone and telegraph; and other
 4.6 expenses.

4.7 ~~(e)~~ (e) A lobbyist must report the amount and nature of each gift, item, or benefit,
 4.8 ~~excluding contributions to a candidate,~~ equal in value to \$5 or more, given or paid to any
 4.9 official, as defined in section 10A.071, subdivision 1, and each contribution to a candidate,
 4.10 ~~by the lobbyist or an employer or employee at the direction~~ of the lobbyist. The list must
 4.11 include the name and address of each official to whom the gift, item, ~~or benefit,~~ or
 4.12 contribution was given or paid and the date it was given or paid.

4.13 ~~(d)~~ (f) A lobbyist must report each original source of money in excess of \$500 in any
 4.14 year used for the purpose of lobbying to influence legislative action, administrative action,
 4.15 or the official action of a metropolitan governmental unit. The list must include the name,
 4.16 address, and employer, or, if self-employed, the occupation and principal place of business,
 4.17 of each payer of money in excess of \$500.

4.18 ~~(e) On the report due June 15, the lobbyist must provide a general description of the~~
 4.19 ~~subjects lobbied in the previous 12 months.~~

4.20 (g) A lobbyist must report the amount and date of each contribution given by the lobbyist
 4.21 to a party organization within a house of the legislature.

4.22 (h) A lobbyist must report the amount of a contribution in any amount made to a
 4.23 candidate, principal campaign committee, or party unit. The list must include the name and
 4.24 address of each candidate, principal campaign committee, or party unit to whom the
 4.25 contribution was made.

4.26 Sec. 6. Minnesota Statutes 2016, section 10A.04, subdivision 6, is amended to read:

4.27 Subd. 6. **Principal reports.** (a) A principal must report to the board as required in this
 4.28 subdivision by March 15 for the preceding calendar year.

4.29 (b) Except as provided in paragraph (d), the principal must report the total amount,
 4.30 ~~rounded to the nearest \$20,000,~~ spent by the principal during the preceding calendar year
 4.31 to influence legislative action, the total amount spent by the principal during the preceding
 4.32 calendar year to influence administrative action, and the total amount spent by the principal

5.1 during the preceding calendar year to influence the official action of metropolitan
 5.2 governmental units.

5.3 (c) Except as provided in paragraph (d), the principal must report under this subdivision
 5.4 a total amount that includes:

5.5 (1) all direct payments by the principal to lobbyists in this state;

5.6 (2) all expenditures for advertising, mailing, research, analysis, compilation and
 5.7 dissemination of information, and public relations campaigns related to legislative action,
 5.8 administrative action, or the official action of metropolitan governmental units in this state;
 5.9 and

5.10 (3) all salaries and administrative expenses attributable to activities of the principal or
 5.11 a lobbyist engaged by the principal relating to efforts on behalf of the principal to influence
 5.12 legislative action, administrative action, or the official action of metropolitan governmental
 5.13 units in this state.

5.14 (d) A principal that must report spending to influence administrative action in cases of
 5.15 rate setting, power plant and powerline siting, and granting of certificates of need under
 5.16 section 216B.243 must report those amounts as provided in this subdivision, except that
 5.17 they must be reported separately and not included in the totals required under paragraphs
 5.18 (b) and (c).

5.19 (e) A principal must report the amount of a contribution in any amount made to a
 5.20 candidate, principal campaign committee, or party unit. The list must include the name and
 5.21 address of each candidate, principal campaign committee, or party unit to whom the
 5.22 contribution was made.

5.23 Sec. 7. Minnesota Statutes 2016, section 10A.121, subdivision 1, is amended to read:

5.24 Subdivision 1. **Permitted disbursements.** An independent expenditure political
 5.25 committee or fund, or a ballot question political committee or fund, may:

5.26 (1) pay costs associated with its fund-raising and general operations;

5.27 (2) pay for communications that do not constitute contributions or approved expenditures;

5.28 (3) make contributions to independent expenditure or ballot question political committees
 5.29 or funds;

5.30 (4) make independent expenditures;

5.31 (5) make expenditures to promote or defeat ballot questions;

6.1 (6) return a contribution to its source;

6.2 (7) for a political fund, record bookkeeping entries transferring the association's general
6.3 treasury money allocated for political purposes back to the general treasury of the association;
6.4 ~~and~~

6.5 (8) for a political fund, return general treasury money transferred to a separate depository
6.6 to the general depository of the association; and

6.7 (9) make disbursements for electioneering communications.

6.8 Sec. 8. Minnesota Statutes 2016, section 10A.20, subdivision 3, is amended to read:

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

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

6.15 (c) The report must disclose the name, address, employer, or occupation if self-employed,
6.16 and registration number if registered with the board, of each individual or association that
6.17 has made one or more contributions to the reporting entity, including the purchase of tickets
6.18 for a fund-raising effort, that in aggregate within the year exceed \$200 for legislative or
6.19 statewide candidates or more than \$500 for ballot questions, together with the amount and
6.20 date of each contribution, and the aggregate amount of contributions within the year from
6.21 each source so disclosed. A donation in kind must be disclosed at its fair market value. An
6.22 approved expenditure must be listed as a donation in kind. A donation in kind is considered
6.23 consumed in the reporting period in which it is received. The names of contributors must
6.24 be listed in alphabetical order. Contributions from the same contributor must be listed under
6.25 the same name. When a contribution received from a contributor in a reporting period is
6.26 added to previously reported unitemized contributions from the same contributor and the
6.27 aggregate exceeds the disclosure threshold of this paragraph, the name, address, and
6.28 employer, or occupation if self-employed, of the contributor must then be listed on the
6.29 report.

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

6.32 (e) The report must disclose each loan made or received by the reporting entity within
6.33 the year in aggregate in excess of \$200, continuously reported until repaid or forgiven,

7.1 together with the name, address, occupation, principal place of business, if any, and
7.2 registration number if registered with the board of the lender and any endorser and the date
7.3 and amount of the loan. If a loan made to the principal campaign committee of a candidate
7.4 is forgiven or is repaid by an entity other than that principal campaign committee, it must
7.5 be reported as a contribution for the year in which the loan was made.

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

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

7.10 (h) The report must disclose the following:

7.11 (1) the name, address, and registration number if registered with the board of each
7.12 individual or association to whom aggregate expenditures, approved expenditures,
7.13 independent expenditures, and ballot question expenditures, and disbursements for
7.14 electioneering communications have been made by or on behalf of the reporting entity
7.15 within the year in excess of \$200, together with;

7.16 (2) the amount, date, and purpose of each expenditure and;

7.17 (3) the name and address of, and office sought by, each candidate on whose behalf the
7.18 expenditure was made or, in the case of electioneering communications, each candidate
7.19 identified positively in the communication;

7.20 (4) identification of the ballot question that the expenditure was intended to promote or
7.21 defeat and an indication of whether the expenditure was to promote or to defeat the ballot
7.22 question; and

7.23 (5) in the case of independent expenditures made in opposition to a candidate or
7.24 electioneering communications in which a candidate is identified negatively, the candidate's
7.25 name, address, and office sought.

7.26 A reporting entity making an expenditure on behalf of more than one candidate for state
7.27 or legislative office must allocate the expenditure among the candidates on a reasonable
7.28 cost basis and report the allocation for each candidate.

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

7.31 (j) The report must disclose the amount and nature of an advance of credit incurred by
7.32 the reporting entity, continuously reported until paid or forgiven. If an advance of credit

8.1 incurred by the principal campaign committee of a candidate is forgiven by the creditor or
8.2 paid by an entity other than that principal campaign committee, it must be reported as a
8.3 donation in kind for the year in which the advance of credit was made.

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

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

8.10 (m) The report must disclose the name, address, and registration number if registered
8.11 with the board of each individual or association to whom noncampaign disbursements have
8.12 been made that aggregate in excess of \$200 within the year by or on behalf of the reporting
8.13 entity and the amount, date, and purpose of each noncampaign disbursement.

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

8.16 (o) The report must disclose the name and address of a nonprofit corporation that provides
8.17 administrative assistance to a political committee or political fund as authorized by section
8.18 211B.15, subdivision 17, the type of administrative assistance provided, and the aggregate
8.19 fair market value of each type of assistance provided to the political committee or political
8.20 fund during the reporting period.

8.21 (p) Notwithstanding any dollar limits in this subdivision, the report must individually
8.22 list the amount of a contribution in any amount received from a lobbyist, principal, political
8.23 committee, or political fund. The list must include the name and address of each lobbyist,
8.24 principal, or political committee.

8.25 (q) Notwithstanding any dollar limits in this subdivision, the report must individually
8.26 list the amount of a contribution in any amount made by a political committee or a political
8.27 fund. The list must include the name and address of the recipient of each contribution.

8.28 Sec. 9. Minnesota Statutes 2016, section 10A.20, subdivision 5, is amended to read:

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

8.30 (1) to a political committee or political fund from any one source totaling more than
8.31 \$1,000;

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

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

9.5 (4) to the principal campaign committee of a candidate for constitutional office or for
 9.6 the legislature totaling more than 50 percent of the election segment contribution limit for
 9.7 the office; or

9.8 (5) received from a lobbyist, principal, or political committee in any amount,
 9.9 notwithstanding any dollar limit in this subdivision,

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

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

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

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

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

9.17 (d) This notice requirement does not apply in a primary election to a candidate who is
 9.18 unopposed in the primary, in a primary election to a ballot question political committee or
 9.19 fund, or in a general election to a candidate whose name is not on the general election ballot.
 9.20 The board must post the report on its Web site by the end of the next business day after it
 9.21 is received.

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

9.27 **Sec. 10. [10A.201] ELECTIONEERING COMMUNICATIONS.**

9.28 **Subdivision 1. Electioneering communication.** (a) "Electioneering communication"
 9.29 means a communication distributed by television, radio, satellite, or cable broadcasting
 9.30 system; by means of printed material, signs, or billboards; through the use of telephone
 9.31 communications; or by electronic mail or electronic text messaging that:

- 10.1 (1) refers to a clearly identified candidate;
- 10.2 (2) is made within:
- 10.3 (i) 30 days before a primary election or special primary election for the office sought
- 10.4 by the candidate; or
- 10.5 (ii) 60 days before a general election or special election for the office sought by the
- 10.6 candidate;
- 10.7 (3) is targeted to the relevant electorate; and
- 10.8 (4) is made without the express or implied consent, authorization, or cooperation of, and
- 10.9 not in concert with or at the request or suggestion of, a candidate or a candidate's principal
- 10.10 campaign committee or agent.
- 10.11 (b) Electioneering communication does not include:
- 10.12 (1) the publishing or broadcasting of news items or editorial comments by the news
- 10.13 media;
- 10.14 (2) a communication that constitutes an approved expenditure or an independent
- 10.15 expenditure;
- 10.16 (3) a voter guide, which is a pamphlet or similar printed material, intended to help voters
- 10.17 compare candidates' positions on a set of issues, as long as each of the following is true:
- 10.18 (i) the guide does not focus on a single issue or a narrow range of issues, but includes
- 10.19 questions and subjects sufficient to encompass major issues of interest to the entire electorate;
- 10.20 (ii) the questions and any other description of the issues are clear and unbiased in both
- 10.21 their structure and content;
- 10.22 (iii) the questions posed and provided to the candidates are identical to those included
- 10.23 in the guide;
- 10.24 (iv) each candidate included in the guide is given a reasonable amount of time and the
- 10.25 same opportunity as other candidates to respond to the questions;
- 10.26 (v) if the candidate is given limited choices for an answer to a question, for example:
- 10.27 "support," "oppose," "yes," or "no," the candidate is also given an opportunity, subject to
- 10.28 reasonable limits, to explain the candidate's position in the candidate's own words; the fact
- 10.29 that a candidate provided an explanation is clearly indicated in the guide; and the guide
- 10.30 clearly indicates that the explanations will be made available for public inspection, subject
- 10.31 to reasonable conditions;

11.1 (vi) answers included in the guide are those provided by the candidates in response to
11.2 questions, the candidate's answers are unedited, and the answers appear in close proximity
11.3 to the question to which they respond;

11.4 (vii) if the guide includes candidates' positions based on information other than responses
11.5 provided directly by the candidate, the positions are based on recorded votes or public
11.6 statements of the candidates and are presented in an unedited and unbiased manner; and

11.7 (viii) the guide includes all major party candidates for each office listed in the guide;

11.8 (4) any other communication specified in board rules or advisory opinions as being
11.9 excluded from the definition of electioneering communication; or

11.10 (5) a communication that:

11.11 (i) refers to a clearly identified candidate who is an incumbent member of the legislature
11.12 or a constitutional officer;

11.13 (ii) refers to a clearly identified issue that is or was before the legislature in the form of
11.14 an introduced bill; and

11.15 (iii) is made when the legislature is in session or within ten days after the last day of a
11.16 regular session of the legislature.

11.17 (c) A communication that meets the requirements of paragraph (a) but is made with the
11.18 authorization or express or implied consent of, or in cooperation or in concert with, or at
11.19 the request or suggestion of a candidate, a candidate's principal campaign committee, or a
11.20 candidate's agent is an approved expenditure.

11.21 (d) Distributing a voter guide questionnaire, survey, or similar document to candidates
11.22 and communications with candidates limited to obtaining their responses, without more, do
11.23 not constitute communications that would result in the voter guide being an approved
11.24 expenditure on behalf of the candidate.

11.25 Subd. 2. **Targeted to relevant electorate.** (a) For purposes of this section, a
11.26 communication that refers to a clearly identified candidate is targeted to the relevant electorate
11.27 if the communication is distributed to or can be received by more than 1,500 persons in the
11.28 district the candidate seeks to represent, in the case of a candidate for the house of
11.29 representatives, senate, or a district court judicial office or by more than 6,000 persons in
11.30 the state, in the case of a candidate for constitutional office or appellate court judicial office.
11.31 When determining the number of persons to whom a communication in the form of printed
11.32 material, electronic mail, or electronic text messaging is distributed, an association may
11.33 exclude communications distributed to its own members.

12.1 (b) A communication consisting of printed materials, other than signs, billboards, or
12.2 advertisements published in the print media, is targeted to the relevant electorate if it meets
12.3 the requirements of paragraph (a) and is distributed to voters by means of United States
12.4 mail or through direct delivery to a resident's home or business.

12.5 Subd. 3. **Disclosure of electioneering communications.** (a) Electioneering
12.6 communications made by a political committee, a party unit, or a principal campaign
12.7 committee must be disclosed on the periodic reports of receipts and expenditures filed by
12.8 the association on the schedule and in accordance with the terms of section 10A.20.

12.9 (b) An association other than a political committee, party unit, or principal campaign
12.10 committee may register a political fund with the board and disclose its electioneering
12.11 communications on the reports of receipts and expenditures filed by the political fund. If it
12.12 does so, it must disclose its disbursements for electioneering communication on the schedule
12.13 and in accordance with the terms of section 10A.20.

12.14 (c) An association that does not disclose its disbursements for electioneering
12.15 communications under paragraph (a) or (b) must disclose its electioneering communications
12.16 according to the requirements of subdivision 4.

12.17 Subd. 4. **Statement required for electioneering communications.** (a) Except for
12.18 associations providing disclosure as specified in subdivision 3, paragraph (a) or (b), every
12.19 person who makes a disbursement for the costs of producing or distributing electioneering
12.20 communications that aggregate more than \$1,500 in a calendar year must, within 24 hours
12.21 of each disclosure date, file with the board a disclosure statement containing the information
12.22 described in this subdivision.

12.23 (b) Each statement required to be filed under this section must contain the following
12.24 information:

12.25 (1) the names of: (i) the association making the disbursement; (ii) any person exercising
12.26 direction or control over the activities of the association with respect to the disbursement;
12.27 and (iii) the custodian of the financial records of the association making the disbursement;

12.28 (2) the address of the association making the disbursement;

12.29 (3) the amount of each disbursement of more than \$200 during the period covered by
12.30 the statement, a description of the purpose of the disbursement, and the identification of the
12.31 person to whom the disbursement was made;

12.32 (4) the names of the candidates identified or to be identified in the communication;

13.1 (5) if the disbursements were paid out of a segregated bank account that consists of funds
13.2 donated specifically for electioneering communications, the name and address of each
13.3 person who gave the association more than \$200 in aggregate to that account during the
13.4 period beginning on the first day of the preceding calendar year and ending on the disclosure
13.5 date; and

13.6 (6) if the disbursements for electioneering communications were made using general
13.7 treasury money of the association, an association that has paid more than \$5,000 in aggregate
13.8 for electioneering communications during the calendar year must file with its disclosure
13.9 statement a written statement that includes the name, address, and amount attributable to
13.10 each person that paid the association membership dues or fees, or made donations to the
13.11 association that, in total, aggregate more than \$5,000 of the money used by the association
13.12 for electioneering communications. The statement must also include the total amount of the
13.13 disbursements for electioneering communications attributable to persons not subject to
13.14 itemization under this clause. The statement must be certified as true by an officer of the
13.15 association that made the disbursements for the electioneering communications.

13.16 (c) To determine the amount of the membership dues or fees, or donations made by a
13.17 person to an association and attributable to the association's disbursements for electioneering
13.18 communications, the association must separately prorate the total disbursements made for
13.19 electioneering communications during the calendar year over all general treasury money
13.20 received during the calendar year.

13.21 (d) If the amount spent for electioneering communications exceeds the amount of general
13.22 treasury money received by the association during that year:

13.23 (1) the electioneering communications must be attributed first to all receipts of general
13.24 treasury money received during the calendar year in which the electioneering communications
13.25 were made;

13.26 (2) any amount of current year electioneering communications that exceeds the total of
13.27 all receipts of general treasury money during the current calendar year must be prorated
13.28 over all general treasury money received in the preceding calendar year; and

13.29 (3) if the allocation made in clauses (1) and (2) is insufficient to cover the subject
13.30 electioneering communications, no further allocation is required.

13.31 (e) After a portion of the general treasury money received by an association from a
13.32 person has been designated as the source of a disbursement for electioneering
13.33 communications, that portion of the association's general treasury money received from that
13.34 person may not be designated as the source of any other disbursement for electioneering

14.1 communications or as the source for any contribution to an independent expenditure political
14.2 committee or fund.

14.3 Subd. 5. **Disclosure date.** For purposes of this section, the term "disclosure date" means
14.4 the earlier of:

14.5 (1) the first date on which an electioneering communication is publicly distributed,
14.6 provided that the person making the electioneering communication has made disbursements
14.7 for the direct costs of producing or distributing one or more electioneering communication
14.8 aggregating in excess of \$1,500; or

14.9 (2) any other date during the same calendar year on which an electioneering
14.10 communication is publicly distributed, provided that the person making the electioneering
14.11 communication has made disbursements for the direct costs of distributing one or more
14.12 electioneering communication aggregating in excess of \$1,500 since the most recent
14.13 disclosure date.

14.14 Subd. 6. **Contracts to disburse.** For purposes of this section, a person shall be treated
14.15 as having made a disbursement if the person has entered into an obligation to make the
14.16 disbursement.

14.17 Subd. 7. **Statement of attribution.** (a) An electioneering communication must include
14.18 a statement of attribution.

14.19 (1) For communications distributed by printed material, signs, and billboards, the
14.20 statement must say, in conspicuous letters: "Paid for by [association name] [address]."

14.21 (2) For communications distributed by television, radio, satellite, or cable broadcasting
14.22 system, the statement must be included at the end of the communication and must orally
14.23 state at a volume and speed that a person of ordinary hearing can comprehend: "The preceding
14.24 communication was paid for by the [association name]."

14.25 (3) For communications distributed by telephone, the statement must precede the
14.26 communication and must orally state at a volume and speed that a person of ordinary hearing
14.27 can comprehend: "The following communication is paid for by the [association name]."

14.28 (b) If the communication is paid for by an association registered with the board, the
14.29 statement of attribution must use the association's name as it is registered with the board.
14.30 If the communication is paid for by an association not registered with the board, the statement
14.31 of attribution must use the association's name as it is disclosed to the board on the
14.32 association's disclosure statement associated with the communication.

15.1 Subd. 8. **Failure to file; penalty.** (a) If a person fails to file a statement required by this
 15.2 section by the date the statement is due, the board may impose a late filing fee of \$50 per
 15.3 day, not to exceed \$1,000, commencing the day after the statement was due.

15.4 (b) The board must send notice by certified mail to a person who fails to file a statement
 15.5 within ten business days after the statement was due that the person may be subject to a
 15.6 civil penalty for failure to file the statement. A person who fails to file the statement within
 15.7 seven days after the certified mail notice was sent by the board is subject to a civil penalty
 15.8 imposed by the board of up to \$1,000.

15.9 (c) An association that provides disclosure under section 10A.20 rather than under this
 15.10 section is subject to the late filing fee and civil penalty provisions of section 10A.20 and is
 15.11 not subject to the penalties provided in this subdivision.

15.12 (d) An association that makes electioneering communications under this section and
 15.13 willfully fails to provide the statement required by subdivision 4, paragraph (b), clause (6),
 15.14 within the time specified is subject to an additional civil penalty of up to four times the
 15.15 amount of the electioneering communications disbursements that should have been included
 15.16 on the statement.

15.17 Sec. 11. Minnesota Statutes 2016, section 10A.244, is amended to read:

15.18 **10A.244 VOLUNTARY INACTIVE STATUS; POLITICAL FUNDS.**

15.19 Subdivision 1. **Election of voluntary inactive status.** An association that has a political
 15.20 fund registered under this chapter may elect to have the fund placed on voluntary inactive
 15.21 status if the following conditions are met:

15.22 (1) the association makes a written request for inactive status;

15.23 (2) the association has filed all periodic reports required by this chapter and has received
 15.24 no contributions into its political fund and made no expenditures or disbursements, including
 15.25 disbursements for electioneering communications, through its political fund since the last
 15.26 date included on the association's most recent report; and

15.27 (3) the association has satisfied all obligations to the state for late filing fees and civil
 15.28 penalties imposed by the board or the board has waived this requirement.

15.29 Subd. 2. **Effect of voluntary inactive status.** After an association has complied with
 15.30 the requirements of subdivision 1:

15.31 (1) the board must notify the association that its political fund has been placed in
 15.32 voluntary inactive status and of the terms of this section;

16.1 (2) the board must stop sending the association reports, forms, and notices of report due
16.2 dates that are periodically sent to entities registered with the board;

16.3 (3) the association is not required to file periodic disclosure reports for its political fund
16.4 as otherwise required under this chapter;

16.5 (4) the association may not accept contributions into its political fund and may not make
16.6 expenditures, contributions, or disbursements, including disbursements for electioneering
16.7 communications, through its political fund; and

16.8 (5) if the association maintains a separate depository account for its political fund, it
16.9 may continue to pay bank service charges and receive interest paid on that account while
16.10 its political fund is in inactive status.

16.11 Subd. 3. **Resumption of active status or termination.** (a) An association that has placed
16.12 its political fund in voluntary inactive status may resume active status upon written notice
16.13 to the board.

16.14 (b) A political fund placed in voluntary inactive status must resume active status within
16.15 14 days of the date that it has accepted contributions or made expenditures, contributions,
16.16 or disbursements, including disbursements for electioneering communications, that aggregate
16.17 more than \$750 since the political fund was placed on inactive status. If, after meeting this
16.18 threshold, the association does not notify the board that its fund has resumed active status,
16.19 the board may place the association's political fund in active status and notify the association
16.20 of the change in status.

16.21 (c) An association that has placed its political fund in voluntary inactive status may
16.22 terminate the registration of the fund without returning it to active status.

16.23 Subd. 4. **Penalty for financial activity while in voluntary inactive status.** If an
16.24 association fails to notify the board of its political fund's resumption of active status under
16.25 subdivision 3, the board may impose a civil penalty of \$50 per day, not to exceed \$1,000
16.26 commencing on the 15th calendar day after the fund resumed active status.

16.27 Sec. 12. Minnesota Statutes 2016, section 10A.25, subdivision 3a, is amended to read:

16.28 Subd. 3a. **Independent expenditures and electioneering communications.** The principal
16.29 campaign committee of a candidate must not make independent expenditures or
16.30 disbursements for electioneering communications.

17.1 Sec. 13. Minnesota Statutes 2016, section 10A.27, subdivision 15, is amended to read:

17.2 Subd. 15. **Contributions or use of general treasury money.** (a) An association may,
 17.3 if not prohibited by other law, contribute its general treasury money to an independent
 17.4 expenditure or ballot question political committee or fund, including its own independent
 17.5 expenditure or ballot question political committee or fund, without complying with
 17.6 subdivision 13.

17.7 (b) Before the day when the recipient committee or fund's next report must be filed with
 17.8 the board under section 10A.20, subdivision 2 or 5, an association that has contributed more
 17.9 than \$5,000 in aggregate to independent expenditure political committees or funds during
 17.10 the calendar year or has contributed more than \$5,000 in aggregate to ballot question political
 17.11 committees or funds during the calendar year must provide in writing to the recipient's
 17.12 treasurer a statement that includes the name, address, and amount attributable to each person
 17.13 that paid the association dues or fees, or made donations to the association that, in total,
 17.14 aggregate more than \$5,000 of the contribution from the association to the independent
 17.15 expenditure or ballot question political committee or fund. The statement must also include
 17.16 the total amount of the contribution attributable to persons not subject to itemization under
 17.17 this section. The statement must be certified as true by an officer of the donor association.

17.18 (c) To determine the amount of membership dues or fees, or donations made by a person
 17.19 to an association and attributable to the association's contribution to the independent
 17.20 expenditure or ballot question political committee or fund, the donor association must:
 17.21 separately prorate the total independent expenditures and ballot question expenditures made
 17.22 during the calendar year over all general treasury money received during the calendar year.

17.23 ~~(1) apply a pro-rata calculation to all unrestricted dues, fees, and contributions received~~
 17.24 ~~by the donor association in the calendar year; or~~

17.25 ~~(2) as provided in paragraph (d), identify the specific individuals or associations whose~~
 17.26 ~~dues, fees, or contributions are included in the contribution to the independent expenditure~~
 17.27 ~~political committee or fund.~~

17.28 ~~(d) Dues, fees, or contributions from an individual or association must be identified in~~
 17.29 ~~a contribution to an independent expenditure political committee or fund under paragraph~~
 17.30 ~~(c), clause (2), if:~~

17.31 ~~(1) the individual or association has specifically authorized the donor association to use~~
 17.32 ~~the individual's or association's dues, fees, or contributions for this purpose; or~~

18.1 ~~(2) the individual's or association's dues, fees, or contributions to the donor association~~
18.2 ~~are unrestricted and the donor association designates them as the source of the subject~~
18.3 ~~contribution to the independent expenditure political committee or fund.~~

18.4 (d) If the amount contributed to independent expenditure and ballot question political
18.5 committees or funds in a calendar year exceeds the amount of general treasury money
18.6 received by the association during that year:

18.7 (1) the contributions must be attributed first to all receipts of general treasury money
18.8 received during the calendar year in which the contributions were made;

18.9 (2) any amount of current-year contributions that exceeds the total of all receipts of
18.10 general treasury money during the current calendar year must be prorated over all general
18.11 treasury money received in the preceding calendar year; and

18.12 (3) if the allocation made in clauses (1) and (2) is insufficient to cover the subject
18.13 independent expenditures and ballot question expenditures, no further allocation is required.

18.14 (e) After a portion of the general treasury money received by an association from a
18.15 person has been designated as the source of a contribution to an independent expenditure
18.16 or ballot question political committee or fund, that portion of the association's general
18.17 treasury money received from that person may not be designated as the source of any other
18.18 contribution to an independent expenditure or ballot question political committee or fund,
18.19 or as the source of funds for a disbursement for electioneering communications made by
18.20 that association.

18.21 Sec. 14. **EFFECTIVE DATE.**

18.22 Sections 1 to 13 are effective the day following final enactment.