

ANNUAL REPORT

JULY 1, 2008 - JUNE 30, 2009



MINNESOTA CAMPAIGN FINANCE and PUBLIC DISCLOSURE BOARD

Issued: October 2009

CAMPAIGN FINANCE and PUBLIC DISCLOSURE BOARD

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Minnesota

*Campaign Finance and
Public Disclosure Board*

DATE: October 6, 2009

TO: The Honorable Timothy Pawlenty, Governor
The Honorable James Metzen, President of the Senate
The Honorable Larry Pogemiller, Senate Majority Leader
The Honorable Margaret Anderson Kelliher, Speaker of the House
The Honorable Anthony Sertich, House Majority Leader
The Honorable David Senjem, Senate Minority Leader
The Honorable Kurt Zellers, House Minority Leader

FROM: A. Hilda Bettermann, Chair
Campaign Finance and Public Disclosure Board

SUBJECT: Annual Report, July 1, 2008, through June 30, 2009

Pursuant to Minnesota Statutes, chapter 10A.02, subd. 8 (a), the Campaign Finance and Public Disclosure Board submits its Annual Report.

The Board, consistent with its objectives and administrative procedures, provided guidance to the thousands of individuals and associations whose disclosure of certain political, economic interest, and lobbying activities is regulated by the Campaign Finance and Public Disclosure Act, Minnesota Statutes, chapter 10A.

Included in this Annual Report is information about the campaign finance disclosure associated with the 2008 election year, two special elections held in fiscal year 2009, the electronic filing of lobbyist and lobbyist principal reports, and the electronic filing of Statements of Economic Interest by public officials.

Through its activities the Board strives to accomplish the Mission Statement of the Board; which is to promote public confidence in state government decision-making through development, administration, and enforcement of disclosure and public financing programs which will ensure public access to and understanding of information filed with the board.

We recognize the importance the state places on public disclosure laws and the regulation of campaign finance activity and appreciate the trust placed in the Board and its staff by the Minnesota Legislature and the Office of the Governor.

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EXECUTIVE SUMMARY

The Campaign Finance and Public Disclosure Board is charged with the administration of the Campaign Finance and Public Disclosure Act. During fiscal year 2009 Board staff continued to keep abreast of technology and the public's continued desire for easy access to information filed with the Board. The Board's website provides searchable databases using a variety of defined inquiries to access information disclosed on reports and statements filed by candidates, political committees, political funds, and political party units. To get information to clients more timely, filed candidate and lobbyist reports are scanned and uploaded to the website. Scanned documents include all information on the report and are available on the website the day after the report due date. In addition, lists of principal campaign committees, political committees, political funds, lobbyists, and public officials are updated daily. For clients without access to a computer, public use computers are available in the Board office.

Lobbyists and lobbyist principals who are required to file with the Board are provided a user name and password to enable them to file their reports electronically. User names and passwords are also provided to all public officials required to file a *Supplementary Statement of Economic Interest* enabling them to file electronically. Paper reports are made available upon request to those lobbyists, principals, and public officials who are unable to file electronically.

The Board held nine regular session meetings and eight executive session meetings; one nominating subcommittee meeting; and a board retreat. The Board issued six advisory opinions; investigated three complaints and issued Findings of probable cause in two of them; investigated 32 potential violations of Chapter 10A involving 31 entities which concluded with 14 Conciliation Agreements and 18 Findings of probable cause. The Board produced eight publications.

Board staff conducted training classes to aid volunteer treasurers and candidates in recordkeeping, reporting, and Campaign Finance Reporter software; conducted one lobbyist training session, served on faculties of several Continuing Legal Education seminars; and spoke to various groups and classes at local colleges and universities about the requirements of Chapter 10A.

Public subsidy payments were made to eligible candidates in two special elections, the 2008 state general election, and to the state committees of four political parties during fiscal year 2009.

Internally, the Board has responded to the reality of lean state budgets by reorganizing staff duties resulting in a permanent decrease in staff complement from nine to eight. Additionally, the Board has shifted payroll, human resource functions, and accounting tasks related to expenditures to the Small Agency Resource team (SmART) operated by the Department of Administration. By transferring internal

operating responsibilities to SmART, the Board has been able to allocate remaining resources to better serve the public and individuals and entities regulated by the Board.

INTRODUCTION TO THE BOARD

Authority

The Campaign Finance and Public Disclosure Board was established by the state legislature in 1974 through enactment of Chapter 10A of the Minnesota Statutes. Throughout its history the Board has enforced the provisions of Chapter 10A, promulgated and enforced Minnesota Rules 4501 through 4525, and issued advisory opinions to guide clients in meeting the requirements.

Function

Core functions of the Board include administration and management of the:

- registration and public disclosure by state legislative, constitutional office and judicial office candidates, political party units, political committees, and political funds;
- state public subsidy program that provides public funding to qualified state candidates and the state committees of political parties and allows those candidates and all political party units to give political contribution refund receipts to eligible campaign contributors;
- registration and public disclosure by lobbyists and their principals attempting to influence state legislative action, administrative action, and the official action of metropolitan governmental units; and disclosure of economic interest, conflicts of interest, and representation of a client for a fee under certain circumstances for designated state and metropolitan governmental unit officials.

Membership

The Board consists of six citizen members who are responsible for the administration of the Campaign Finance and Public Disclosure Act. Members of the Board are appointed by the Governor to staggered four-year terms. Their appointments must be confirmed by a three-fifths vote of the members of each house of the legislature. No more than three members of the Board may support the same political party. The Board holds regular monthly meetings, which are open to the public and executive session meetings which are closed to the public, annually elects its leadership, and reports on its activities to the governor, the legislature, and the public.

Mission Statement

To promote public confidence in state government decision-making through development, administration, and enforcement of disclosure and public financing programs which will ensure public access to and understanding of information filed with the Board.

Goals and Objectives

- Facilitate easier and more universal compliance with the Campaign Finance and Public Disclosure Act, Chapter 10A of the Minnesota Statutes.
- Provide fair and consistent enforcement of the Act.
- Help citizens become better informed about public issues related to the Act.

Website

The Board website provides client services, including:

- Board meeting notices and minutes;
- Findings and Conciliation Agreements;
- Advisory Opinions;
- Annual Reports;
- Campaign Finance Summaries;
- Lobbyist Disbursement Summaries;
- Annual Report of Lobbyist Principal Expenditures;
- Lists of lobbyists and associations, candidate committees, political committees, political funds, party units, and public officials;
- Copies of all campaign finance and lobbyist reports;
- Electronic filing for lobbyists and lobbyist principals;
- Electronic filing of the *Annual Statement of Economic Interest* for public officials;
- All Board publications and forms;
- Searchable databases of campaign finance information;
- Board and staff contact information with e-mail links;
- Biographies and pictures of current Board members;
- Links to Minnesota Statutes and Board Administrative Rules and candidate's websites.

During fiscal year 2009 approximately 160,555 different people visited the Board's website.

BOARD MEMBERS



Hilda Bettermann

Hilda Bettermann was appointed in April 2004, by Governor Tim Pawlenty and reappointed in January 2008 for a term ending in January 2012. She is a former member of the legislature from the Republican Party where she served in the Minnesota House of Representatives for eight years. Ms. Bettermann is currently a Board member of the Brandon History Center and the Douglas County Hospital Board. She is also a former member of the Central Lakes Area Sanitary District Advisory Council, Rural Health Advisory Council, the Workers Compensation Council and the MNSCU Trustee Advisory Council.



Terri Ashmore

Terri Ashmore was appointed in January 2003, by Governor Tim Pawlenty and reappointed in January 2007 for a term ending in January 2011. She is a member of the Republican Party of Minnesota and has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the date of her appointment. Ms. Ashmore is the Managing Director of the Basilica of St. Mary. She serves on the Board of the Lundstrum Center of the Performing Arts which provides arts education and experiences for children and youth in North Minneapolis and volunteers for the Jeremiah Program, a housing and education program for single mothers.



Felicia Boyd

Felicia Boyd was appointed in April 2004, by Governor Tim Pawlenty and reappointed in January 2008 for a term ending in January 2012. She is a member of the Republican Party of Minnesota with no restrictions on previous activities. Ms. Boyd is a partner in the law firm of Faegre & Benson, where she practices in complex intellectual property litigation. She has successfully led plaintiff and defense litigation on infringement claims related to patents, copyrights, trademarks, and trade dress, including multiple jury trials. She is a graduate of the University of Minnesota Law School and St. Olaf College.



Bob Milbert

Bob Milbert was appointed in January 2003, by Governor Tim Pawlenty and reappointed in January 2007 for a term ending in January 2011. He is a former member of the legislature from the Democratic Farmer Labor party where he served as a member of the Minnesota House of Representatives for 16 years. He is a graduate of Dartmouth College. Mr. Milbert is the CEO of Milbert Company, a Culligan Water dealership. He was a member of the South St. Paul City Council for 12 years and currently serves as a member of the River Heights Chamber of Commerce. He is a Board member of the Minnesota Amateur Sports Commission, a former member of the USA Hockey Foundation, and volunteers for the United Way.



John Scanlon

John Scanlon was appointed in October, 2008, by Governor Tim Pawlenty for a term ending in January, 2010. He fills a Board position requiring a member who does not support the Republican party but otherwise has no restrictions on previous political activities. Mr. Scanlon is an assistant general counsel with 3M Company. He currently provides general legal counsel to several 3M divisions and U.S.-based subdivisions in a variety of substantive areas of law including contract, antitrust, product liability, product representation, and distribution. Previously he was an attorney with Dorsey and Whitney in Minneapolis and a law clerk to U.S. District Court Judge Paul A. Magnuson. Mr. Scanlon is a graduate of the University of Notre Dame and Notre Dame Law School. He is active with 3M Community Affairs, where he served on its Health and Human Services Advisory Committee and United Way Committee, and with St. Pascal Baylon Church in St. Paul, where he chairs the Pastoral Council. He is a member and speaker in the Autism Society of Minnesota's "Discovery Series" and has previously served on the Merrick Community Services Board of Directors and its Foundation's Board of Directors.

Greg McCullough



Greg McCullough was appointed in May 2009 by Governor Tim Pawlenty for a term ending in January 2013. He fills a Board position requiring a member who does not support the Republican Party but otherwise has no restrictions on previous political activities. Mr. McCullough is the senior director of marketing with The Opus Group, where he leads the company's marketing and communications programs across the country. He is a graduate of Northwestern University in Evanston, Ill., where he earned BA and MS degrees, and the University of Minnesota, where he earned his MBA. Mr. McCullough has served as a guest lecturer at the University of Minnesota and the University of Saint Thomas, as a manager of United Way corporate campaigns, a member of the Northwestern University Alumni Admissions Council, and as a coach with the Edina Soccer Association.

SUMMARY OF BOARD ACTIVITIES

Meetings

The Campaign Finance and Public Disclosure Board held nine regular session meetings, eight executive session meetings, one nominating subcommittee meeting, and a board retreat.

Advisory Opinion Procedure

The Board is authorized to issue advisory opinions on the requirements of the Campaign Finance and Public Disclosure Act (Minn. Stat. chapter 10A) and the Hennepin County Disclosure Law (Minn. Stat. §§ 383B.041 - 383B.058).

Individuals or associations may ask for advisory opinions based on real or hypothetical situations to guide their compliance with these laws.

A request for an advisory opinion and the opinion itself are nonpublic data. The Board provides a Consent to Release Information form to individuals requesting opinions as part of the procedures under this law. If the requester does not consent to the publication of the requester's identity, the Board generally publishes a public version of the opinion, which does not identify the requester.

A written advisory opinion issued by the Board is binding on the Board in any subsequent Board proceeding concerning the person making or covered by the request and is a defense in a judicial proceeding that involves the subject matter of the opinion and is brought against the person making or covered by the request unless: 1) the Board has amended or revoked the opinion before the initiation of the Board or judicial proceeding, has notified the person making or covered by the request of its action, and has allowed at least 30 days for the person to do anything that might be necessary to comply with the amended or revoked opinion; 2) the request has omitted or misstated material facts; or 3) the person making or covered by the request has not acted in good faith in reliance on the opinion.

Advisory opinions issued in fiscal year 2009 are listed under each program.

Publications

The Campaign Finance and Public Disclosure Board issued the following publications:

- Annual Report for Fiscal Year 2008;
- Candidates Handbooks (Governor and Lt. Governor, Attorney General, Secretary of State and State Auditor, Senate, House, and Judicial);
- Lobbyist Handbook;
- Political Committee and Political Fund Handbook;

- Political Party Units Handbook;
- 2008 Campaign Finance Summary;
- Guide to Interpretation of Minnesota Statutes 10A.071, Prohibition of Certain Gifts; and
- Lobbying Disbursement Summary January – December 2008.

Board Members Activities

Participated in a board retreat focused on board development, discussion of relevant legislative updates, contested cases, and fee collection.

Education Outreach

Presented information regarding Lobbying in Minnesota to

- University of Minnesota Health Advocacy Class
- Law School class
- Continuing Legal Education

Staff Training

- Attended the annual Council on Government Ethics Laws Conference;
- Attended the State Information Technology Symposium;
- Attended State Financial Management Seminar;
- Attended State Purchasing Requirements Seminar;
- Business Writing and Grammar Seminar;
- Java, XML and Advanced Web/Data Technologies Seminar;
- Legal Writing Seminar;
- Anatomy of a Contested Case Hearing;
- Attended Heartland Regulators Conference;
- Transition to MS Office 2007 Seminar;
- Professional Communication Seminar;
- Advanced Web Programming Seminar.

Client Training

Date	Subject	Attendees
July 21, 2008	Campaign Finance Reporter Software	15
July 22, 2008	Campaign Finance Reporter Software	13
July 22, 2008	Campaign Finance Compliance	27
July 25, 2008	Campaign Finance Reporter Software	4
July 30, 2008	Campaign Finance for Judicial Candidates	35
July 31, 2008	Campaign Finance Compliance	3
August 4, 2008	Campaign Finance Reporter Software	3
August 6, 2008	Campaign Finance Compliance	7
August 11, 2008	Campaign Finance Reporter Software	9
October 2, 2008	Campaign Finance Compliance	9
October 2, 2008	Campaign Finance Reporter Software	12
January 22, 2009	Lobbyist Compliance and Reporting	25
February 6, 2009	Lobbying in Minnesota	15
February 18, 2009	Campaign Finance Reporter Software	6
February 19, 2009	Lobbying in Minnesota	12
February 26, 2009	Campaign Finance Compliance	14
March 17, 2009	Campaign Finance Compliance	15
March 18, 2009	Campaign Finance Reporter Software	10
April 14, 2009	Campaign Finance Reporter Software	13
April 27, 2009	Campaign Finance Compliance	8
June 16, 2009	Campaign Finance Compliance	17
June 23, 2009	Board Orientation and Web Resources	8
June 17, 2009	Campaign Finance Reporter Software	11

During the year the board developed and implemented an online registration system for client training sessions, eliminating the need for a client to call the Board and for a staff member to manually register the client.

CAMPAIGN FINANCE PROGRAM

Program Description

The Board administers and regulates the provisions of Chapter 10A of the Minnesota Statutes that govern campaign finance laws for principal campaign committees, political committees, political funds, and political party units.

During an election year campaign committees of candidates who file for office are required to file three Reports of Receipts and Expenditures: pre-primary-election, pre-general-election, and year-end reports.

Advisory Opinions Relating to Campaign Finance Program

- Independence of expenditures when a consultant performs services for both a candidate and a political entity intending to make independent expenditures for the same candidate.

A consultant providing political services to a candidate may also provide political services to a political committee or fund or a party unit making independent expenditures affecting that same candidate if sufficient policies and procedures are in place to isolate the work being done for the candidate from that being done for the organization making independent expenditures. No. 400

- Treatment of telephone survey costs as campaign expenditures or non-campaign disbursements.

Where a telephone survey does not clearly provide a service to the voters who are called and where the survey provides the candidate who conducts it with information about voters positions on issues, as well as information by which to gauge the potential for obtaining contributions from those voters, the costs of the survey must be reported as campaign expenditures on the candidate's periodic Reports of Receipts and Expenditures. No 403

- Costs of candidate recruitment and education.

Costs of candidate recruitment do not fall under the jurisdiction of Minnesota Statutes Chapter 10A. The value of a candidate school or a training clinic is a campaign contribution if provided to a candidate, but is not under the jurisdiction of Chapter 10A if provided to an individual who is not already a candidate. No 404

- Definition of political committee.

A “political committee” is an association whose “major purpose” is to influence the nomination or election of candidates. Determination of an association’s major purpose is made on a case-by-case basis and may consider the association’s public statements of its purpose. A political committee must register with the Board once it has received contributions of more than \$100 or has made contributions or expenditures of more than \$100. No. 405

- Creation and operation of conduit funds.

A “conduit fund” organized and administered in accordance with the express and implied provisions of Minnesota Statutes, Section 211B.15, subd. 16, is not a political committee or political fund under Chapter 10A of the Minnesota Statutes and is not required to register with the Board. A corporation may contract with an individual or another corporation for the administration of its sponsored conduit fund. An individual or a corporation may administer multiple conduit funds as long as the assets and records of each fund are separately maintained. No 406

Filed Complaints

The Board investigated three complaints and issued Findings based on each.

- Complaint of Robert Dove regarding the Phillip Sterner for House Election Committee. The Board investigated a complaint alleging campaign expenditure reporting violations of Chapter 10A of the Minnesota Statutes. The Board found that there was probable cause to believe that violations of the statutes existed.
- Complaint of Richard V. Novack regarding Minnesota Majority. The Board investigated a complaint alleging reporting violations of Chapter 10A of the Minnesota Statutes. The Board found no basis to require Minnesota Majority to register a political fund.
- Complaint of Alan Weinblat representing Atheen Johnson regarding the 6th District Republican Party, the Friends of Kathy Lohmer Committee and the Citizens of Lee Bohlsen Committee. The Board investigated a complaint alleging in-kind reporting violations of Chapter 10A of the Minnesota Statutes. The Board found that there was probable cause to believe that violations of the statutes existed.

Staff review – Campaign Finance Reports

Each filed report was reviewed by Board staff for compliance with the disclosure law requirements including accurate accounting and reporting, and adherence to applicable contribution and expenditure limits.

Compliance by political committees and political funds during election years:

State House of Representatives, Judicial Candidates on the ballot,
Political Party Units, Political Committees and Political Funds.

Election year	Reports filed	Amendments filed
2008	3,989	555
2006	4,055	520

Filing Deadlines Late Filing Fees

The board sent information packets with information about both the pre-primary-election and the pre-general-election *Reports of Receipts and Expenditures*.

Pre-primary-election reports were filed:

- 345 – from Principal campaign committees including the Senate special election candidates.
- 740 – from political committees, political funds and political party units.

Pre-general-election reports were filed:

- 344 – from Principal campaign committees including the Senate special election candidates.
- 732 – from political committees, political funds and political party units.

Including year-end reports for calendar year 2008, filed in Fiscal year 2009, approximately 1,456 Reports of Receipts and Expenditures were filed by principal campaign committees. Approximately 2,533 reports were filed by political committees, political funds and political party units.

Of the 3,989 reports filed, approximately 11 % were filed late.

Fees for the late filing of the Report of Receipts and Expenditures:

- 48 principal campaign committees paid late fees totaling \$3,923. 11 principal campaign committees were granted waivers of late fees totaling \$3,165.
- 71 political committees and political funds paid late fees totaling \$10,230. 26 political committees or political funds were granted waivers totaling \$12,448.
- 52 political party units paid late fees totaling \$5,360.

Civil penalty for failure to file a report

A principal campaign committee, political committee, political fund, or political party unit is subject to a civil penalty of up to \$1,000 for failure to file reports and statements within fourteen days after two certified notices have been sent.

Civil penalties for the late filing of the *Report of Receipts and Expenditures*:

- Eight principal campaign committees paid civil penalties totaling \$3,300. 5 principal campaign committees were granted waivers of civil penalties totaling \$2,100.
- Three political committees and political funds paid civil penalties totaling \$1,400. 5 political committees and political funds were granted waivers totaling \$2,700.
- Two political party units paid civil penalties totaling \$600.

Internal investigations

The Board reviewed 32 potential violations of Chapter 10A of the Minnesota Statutes, involving 31 entities and made 18 Findings concerning probable cause.

- 14 of the entities entered into Conciliation Agreements;
- 14 entities were fined a total of \$7,506.67; and
- 14 entities returned a total of \$1,137 to contributors.

Contribution limits

- Single source contributions from individuals, political committees, and political funds.

All candidates for state executive and legislative offices must abide by statutory contribution limits.

The Board reviewed four potential violations of this law based on reports filed by principal campaign committees for calendar years 2007 and 2008. All cases were concluded by Conciliation Agreement. The Board imposed civil penalties totaling \$600 on the four committees. The principal campaign committees were required to return a total of \$500 to contributors. The candidate committees were required to provide a copy of each check used to return a contribution to a contributor.

- Single source contributions to principal campaign committees from lobbyist, political committees and political funds.

All lobbyist, political committees and political funds must abide by statutory contribution limits when donating to a state executive and legislative office candidate committee.

The Board reviewed three potential violations of this law based on reports filed for calendar year 2008. All cases were concluded by Conciliation Agreements. The Board imposed civil penalties totaling \$250 on two political committees and \$100 on a lobbyist.

- Contributions from special sources (lobbyists, political committees, political funds, and contributions from individuals of more than \$100 and more than one-half the amount of the contribution limit).

All candidates for state executive and legislative offices must limit their contributions from special sources.

The Board reviewed five violations of this law based on reports filed by five principal campaign committees for calendar year 2008. All cases were concluded by Conciliation Agreements. The Board imposed civil penalties totaling \$837 on the five committees. The principal campaign committees were required to return a total of \$837 to contributors.

Contributions during legislative session

- Candidates for legislature or for constitutional office are prohibited from soliciting or accepting certain contributions during a regular legislative session.

The Board reviewed five potential violations of this law, based on reports filed. Findings of probable cause were issued against three candidate committees, one lobbyist, and one political fund. The Board imposed civil penalties of \$1,000 on the fund, \$500 for the lobbyist, and \$500 for each candidate committee.

Contributions from a local candidate committee

- Candidates for legislature or for constitutional office are prohibited from accepting contributions from a candidate's committee for political subdivision office.

The Board reviewed one potential violation of this law, based on reports filed. Findings of probable cause were issued. The committee was directed to forward the contribution to the State of Minnesota in lieu of returning the funds to the donor.

Contributions from unregistered associations

- Acceptance of contributions from an unregistered association. **All candidates for state executive and legislative offices, political committees, political funds, and political party units are prohibited from accepting contributions of more than \$100 from associations that are not registered with the Board unless the donor provides specified financial disclosure at the time the contribution is made.**

The Board reviewed six potential violations of this law, based on reports filed in calendar years 2007 and 2008. Findings of probable cause were issued against four committees. The Board imposed civil penalties of \$2,889 and the committees were required to return the contributions in excess of \$100 to the unregistered associations.

- Contributions made by an unregistered association.

Associations not registered with the Board are prohibited from making contributions of more than \$100 to candidates for state executive and legislative offices, political committees, political funds, and political party units registered with the Board unless the donor provides specified financial disclosure at the time the contribution is made.

The Board reviewed five potential violations of this law, based on reports filed in calendar years 2007 and 2008. Findings of probable cause were issued against the unregistered associations. The Board imposed civil penalties totaling \$989.

Commingling funds

- Commingling of funds by a political committee.

Principal campaign committees, political committees, political funds, and political party units are prohibited from commingling committee funds with the funds of officers, members, or associates.

The Board reviewed one potential violation of this law based on a report filed by a political committee for calendar year 2007. The Board issued Findings of probable cause and imposed a civil fine of \$200 for the commingling of committee and association funds.

Expenditure limit

- Expenditures over the limit for a candidate.

All candidates for state executive and legislative offices who wish to receive public subsidy must agree to spending limits in both election and nonelection years.

The Board reviewed one potential violation of this law based on reports filed in calendar year 2008. The case was concluded by Conciliation Agreement. The Board imposed a civil penalty of \$719.67.

Failure to register with the Board

The Board investigated one instance where a conduit fund operated in a manner that required registration with the Board as a Political Fund. In a Conciliation Agreement to resolve the matter, the organization operating the conduit fund agreed to cease operation, disperse assets, and pay a civil fine to the Board in the amount of \$5,000.

CAMPAIGN FINANCE REPORTER SOFTWARE

Software Description

The Board provides computer software for recording and reporting receipts and expenditures to assist principal campaign committees, political committees, political funds, and political party units with the compliance and disclosure requirements of Chapter 10A of the Minnesota Statutes.

The software provides compliance warnings as records are entered, generates electronic reports for filing that reduces the data entry demands on Board staff, and provides contact management tools for use by committees and funds.

Software training is provided by the board and the schedule is maintained on the website.

Electronic Filing

Principal campaign committees, political committees, political funds, and political party units have been using the campaign finance software since June of 1998.

Reporting year	Principal campaign committees	Political committees, political funds, and political party units
2008	278	135
2007	201	114
2006	228	126
2005	174	75

PUBLIC SUBSIDY PROGRAM

Program Description

The Board administers and regulates the distribution of payments for the state's public subsidy program that provides public funding to qualified state candidates and the state committees of political parties and allows those candidates and parties to give political contribution refund receipts to individual contributors.

2009 Special Election Payments

Public subsidy payments in special elections are made with appropriations from the state general fund.

Public subsidy funds were distributed in two special elections held in fiscal year 2009. The amount of public subsidy available in a special election is the same amount for that office and party in the preceding general election:

- Senate District 16 (November 4, 2008) – three candidates; three candidates received public subsidy totaling \$23,366.
- Senate District 63 (November 4, 2008) – two candidates; two candidates received public subsidy totaling \$30,804.

2008 State General Election

The Campaign Finance and Public Disclosure Board distributed \$1,608,165 in public subsidy payments to 263 candidates running for the state House of Representatives in fiscal year 2009. The 263 candidates who received a public subsidy payment represent 96% of the 274 major or minor party candidates who were on the general election ballot.

Public subsidy payments are made from the General Account and the Party Accounts of the State Elections Campaign Fund. Money is allocated to the Fund based on taxpayer checkoffs on state tax returns. The Fund is also supplemented by an appropriation of \$1,120,000 per general election from the general fund of the state.

The General Account is allocated between offices on a statutory formula and the amount available for each office is then divided by the number of candidates qualifying for the payment. Green Party

candidates do not qualify for general account payments because of their minor party status. Green Party candidates were eligible to receive party account payments.

To be eligible to participate in the public subsidy program, a candidate must sign and file a Public Subsidy Agreement with the Board in which the candidate agrees to abide by statutory campaign expenditure limits and agrees to limit contributions by the candidate to the candidate's principal campaign committee. A candidate must also raise a specified amount in individual contributions and file an affidavit stating that this requirement has been met. Overall 292 of the 317 candidates who filed for a legislative seat in July of 2008, (or 92%) voluntarily signed public subsidy agreements to abide by spending limits and other conditions of the agreement.

Political Party Payments

The state committees of political parties receive 10% of the tax checkoffs to the party account of the State Elections Campaign Fund.

Based on monthly certification from the Department of Revenue for fiscal year 2009 payments were as follows:

Democratic Farmer Labor	\$47,930
Green Party of Minnesota	4,107
Independence Party of Minnesota	5,709
Republican Party of Minnesota	<u>30,118</u>
Total payments to State Party Committees:	<u>\$87,864</u>

LOBBYIST PROGRAM

Program Description

The Board administers and regulates the provisions of Chapter 10A of the Minnesota Statutes that govern registration and public disclosure by lobbyists and their principals attempting to influence state legislative action, administrative action, and the official action of metropolitan governmental units.

Lobbyists are required to report disbursements for lobbying purposes to the Campaign Finance and Public Disclosure Board two times each year. Lobbyist principals are required to file an annual report disclosing expenditures.

Advisory Opinion Relating to Lobbying Program

- Gifts by a political subdivision's employee-lobbyist to an official of the same political subdivision.

A lobbyist may provide an official with transportation of insignificant value without violating Minnesota's prohibition on gifts from lobbyists to officials. A lobbyist may pay for food and beverage for an official of a political subdivision if the lobbyist is a full-time employee of the same political subdivision and the lobbyist is reimbursed in full by the political subdivision for the cost of the official's food and beverage. A lobbyist is prohibited from paying for food and beverage for an official with the lobbyist's unreimbursed personal funds. No 402

Filed Complaint

No complaints were filed during fiscal year 2009.

Staff Review of lobbyist disclosure reports

Each report was reviewed by Board staff for compliance with the lobbyist disclosure law.

Reporting year	Reports filed	Amendments filed
2008	4,022	41
2007	3,798	8
2006	3,445	3
2005	3,325	4
2004	3,260	6

Internal Investigations

No internal investigations were conducted during fiscal year 2009.

Filing Deadlines

Approximately 1,486 registered individuals representing 1,380 associations filed 4,022 *Lobbyist Disbursement Reports* in Calendar year 2008. Of the 4,022 reports filed, approximately 17% were filed late.

Fees for the late filing of the *Lobbyist Disbursement Report*:

- 12 lobbyists paid late fees totaling \$480; and
- one lobbyist was granted a waiver of \$500.

Civil penalty for failure to file a report

A lobbyist is subject to a civil penalty of up to \$1,000 for failure to file a *Lobbyist Disbursement Report* within fourteen days after two certified notices have been sent.

Civil penalties for the late filing of the *Lobbyist Disbursement Report*:

- three lobbyists paid civil penalties totaling \$900; and
- one lobbyist was granted a waiver totaling \$4,400 relating to four associations.

Electronic filing

Lobbyist Disbursement Reports may be filed electronically.

Reporting year	Reports filed	Reports filed electronically	% of reports filed electronically
2008	4,022	3,713	92%
2007	3,798	3,420	90%
2006	3,445	3,031	88%
2005	3,325	1,791	54%
2004	3,260	1,387	43%

Annual Report of Lobbyist Principal

An individual or association that spends more than \$500 in a calendar year to engage, compensate, or authorize expenditure of money by a lobbyist; or spends more than \$50,000 in a calendar year on efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units is required to file an *Annual Report of Lobbyist Principal*.

Filing Deadlines

Approximately 1,308 lobbyist principals filed the *Annual Report of Lobbyist Principal*, due on March 15, 2009, covering calendar year 2008. Of these reports 94% of them were filed electronically. Of the 1308 reports, approximately 28% were filed late.

Fees for the late filing of the *Annual Report of Lobbyist Principal*:
19 lobbyist principals paid late fees totaling \$855 and \$100 of late fees were waived.

Civil Penalty for failure to file a report

A lobbyist principal is subject to a civil penalty of up to \$1,000 for failure to file an *Annual Report of Lobbyist Principal* within fourteen days after two certified notices have been sent.

- three lobbyist principals paid civil penalties totaling \$1,300; and
- one lobbyist principal was granted a waiver of \$1,000.

Electronic filing

Annual Report of Lobbyist Principal may be filed electronically.

Reporting year	Reports filed	Reports filed electronically	% of reports Filed electronically
2008	1,308	1,224	94%
2007	1,260	1,117	89%
2006	1,190	951	80%
2005	1,120	445	40%

PROHIBITION ON GIFTS

Program Description

The Board administers and regulates the provisions of Chapter 10A of the Minnesota Statutes that govern the prohibition of gifts from lobbyists and lobbyist principals to public officials.

Advisory Opinions Issued

- Gifts by a political subdivision's employee-lobbyist to an official of the same political subdivision

A lobbyist may provide an official with transportation of insignificant value without violating Minnesota's prohibition on gifts from lobbyists to officials. A lobbyist may pay for food and beverage for an official of a political subdivision if the lobbyist is a full-time employee of the same political subdivision and the lobbyist is reimbursed in full by the political subdivision for the cost of the official's food and beverage. A lobbyist is prohibited from paying for food and beverage for an official with the lobbyist's unreimbursed personal funds. No 402

ECONOMIC INTEREST PROGRAM

Program Description

The Board administers and regulates the provisions of Chapter 10A of the Minnesota Statutes that govern disclosure of economic interests by public officials and local officials in metropolitan governmental units.

Supplementary Statements of Economic Interest are required to be filed annually, if there are changes to be reported from the previously filed statement. All incumbent candidates and appointed officials must file annually by April 15th if there are changes to be reported from the previously filed statement

Staff review of statements

Each filed statement was reviewed by Board staff for compliance with disclosure law requirements. An official whose Statement was incomplete was required to file an amended Statement.

Reporting year	Number of Public officials	Supplementary reports filed	Supplementary reports filed electronically
2009	2,187	1,053	960
2008	2,115	1,206	1,153
2007	1,285	439	272

Filing deadlines

- **Original Statements of Economic Interest**

Approximately 576 Notices of Appointment appointing or reappointing a public official who is required to file an Original Statement of Economic Interest were received in fiscal year 2009.

Fees for the late filing of an Original Statement of Economic Interest:

- 6 public officials paid late filing fees totaling \$290; and
- one public official was granted a waiver totaling \$100.

- **Supplementary Statements of Economic Interest**

All incumbent candidates and appointed officials must file annually by April 15, if there are changes to be reported from the previously filed statement

Civil penalty for failure to file a statement

A public official is subject to a civil penalty of up to \$1,000 for failure to file an *Original Statement of Economic Interest* within fourteen days after two certified notices have been sent.

- No civil penalties were paid by public officials.
- A waiver for \$1,000 was granted for one public official.

POTENTIAL CONFLICTS OF INTEREST

Program Description

A public or local official who in the discharge of the official's duties would be required to take an action or make a decision that would substantially affect the official's financial interest or those of an associated business must under certain circumstances file a *Potential Conflict of Interest Notice*, or a written statement describing the potential conflict. If there is insufficient time to comply with the written requirements oral notice must be given to the official's immediate supervisor of the possible conflict. If the official is not permitted or is otherwise unable to abstain from action in connection with the matter, the public official must file the Notice with the Board and a local official must file with the governing body of the official's political subdivision. The statement must be filed within one week of the action taken.

Filing

No *Potential Conflict of Interest Notices* were filed with the Board by public officials in fiscal year 2009.

REPRESENTATION DISCLOSURE

Program Description

A public official who represents a client for a fee before any individual board, commission, or agency that has rule making authority in a hearing conducted under Minnesota Statutes, Chapter 14, and in the cases of rate setting, power plant and powerline siting, and granting of certificates of need under Minn. Stat. §216B.243, must file a *Representation Disclosure Statement* within 14 days after the appearance has taken place, disclosing the official's part in the action.

Filing

No *Representation Disclosure Statements* were filed with the Board by public officials in fiscal year 2009.

OTHER BOARD PROGRAMS

Public Employees Retirement Association (PERA) Trustee Candidates

Candidates for election as PERA Trustees are required to file certain campaign finance disclosure reports with the Campaign Finance and Public Disclosure Board under Minn. Stat. § 353.03, subd. 1.

Under this statute, the Board prescribes and furnishes to trustee candidates the reporting form and instructions for completing the form.

The Board received no filings for fiscal year 2009.

Enterprise Minnesota, Inc

The agency name was changed from Minnesota Technology, Inc (MTI) to Enterprise Minnesota in 2008.

Minn. Stats. §§116O.03 and 116O.04 require certain disclosure by the Board of directors and the president of Enterprise Minnesota upon appointment and annually thereafter during their term in office.

Under these statutes, the Board prescribes and furnishes to the directors and president the reporting form and instructions for completing the form. No reports were filed with the Board in fiscal year 2009. There is no penalty for not filing a report.

State Board of Investment (SBI)

Minn. Stat. §11A.075 requires certain disclosure by SBI members upon appointment and SBI employees upon hire and by both annually thereafter until termination of appointment or employment.

Under this statute, the Board prescribes and furnishes to the members and employees the reporting form and instructions for completing the form. In April 2009, 21 reports were filed with the Board.

State Pension Plans

Members of a governing Board of a covered pension plan and the chief administrative officer of the plan are required to file certain *Statements of Economic Interest* with the governing Board under Minn. Stat. § 356A.06, subd. 4.

Under this statute, the Office of the State Auditor prescribes the statement and instructions for completing the statement which covers the previous calendar year. The chief administrative officer of each

covered pension plan must submit to the Campaign Finance and Public Disclosure Board a certified list of all pension Board members who filed statements with the pension Board no later than January 15th.

Approximately 755 pension plans are required to file with the Board under this law. In fiscal year 2009, approximately 346 pension funds filed the required certification with the Board. The Board does not have jurisdiction over enforcement of this certification requirement.

STAFF DUTIES

Executive Director

Facilitate achievement of the Board's goals and objectives. Set agenda and prepare materials for Board and committee meetings. Direct all agency and staff operations. Draft advisory opinions for Board consideration. Serve as the Board's representative to the Legislative and Executive Branch. Educate and assist clients in compliance with reporting requirements, limits, and prohibitions. Serve as the Board's Secretary.

Assistant Executive Director

Serve as advisor to the Executive Director and assist in management of the operations for the agency. Conduct complex investigations and prepare drafts for Board consideration. Reconcile and report on the Board's financial systems. Supervise the agency's compliance programs and information resources.

Office Manager

Office Services Supervisor II

Administer daily financial and biennial budgeting programs. Draft Board meeting minutes, annual report, and forms and handbooks to assist clients in meeting statutory requirements. Prepare agency fiscal notes for legislative consideration. Serve as agency liaison to other state agencies.

Compliance Officer

Investigator

Investigate complaints and draft Conciliation Agreements and Findings for Board consideration. Serve as investigative liaison to the Board, Executive Director, and Attorney General's office. Monitor cases for Revenue Recapture and Minnesota Department of Revenue Collections Division. Prepare and submit reports to the Department of Finance regarding civil penalties. Prepare and conduct training classes for clients on campaign finance reporting requirements.

Programs Administrator

Office & Administrative

Specialist Principal

Provide for distribution, collection, data entry, and filing of disclosure required by Minn. Stat. chapter 10A. Collect, store, and retrieve data for the preparation and analysis of summaries of documents filed with the Board. Provide database advice and guidance to Board staff and clients.

**Information Technology
Specialist II**

Develop, maintain, and manage complex database applications to support administration of all Board programs and activities. Provide technical service, assistance and training to Board staff. Develop, administer, and provide technical support for the Board's website. Provide client training and support in the use of the Campaign Finance Reporter Software.

**Information Technology
Specialist III**

Insure that the technology resources of the Board support applicable business rules and statutory obligations. Provide application design development and administration in response to management requests. Provide high-level programming. Design and support multiple complex relational databases.

**Programs Assistant
Office and Administrative
Specialist Intermediate**

Provide assistance with data entry and initial desk review for all filed reports. Assist with mailing, copying, and filing of all documents filed with the Board office in all agency programs. Maintain agency receipts for deposit with the State Treasurer. Provide general administrative and program support.

STAFF SALARIES

July 1, 2008- June 30, 2009

Position	Staff	Salary
Executive Director	Gary Goldsmith	\$89,082
Assistant Executive Director	Jeffrey Sigurdson	\$88,167
Office Services Supervisor II	LuAnn Swanson	\$57,205
Investigator	Joyce Larson	\$51,386
Information Technology Specialist III	Jon Peterson	\$52,929
Information Technology Specialist II	Jon Glass	\$51,907
Office and Administrative Specialist Principal	Marcia Waller	\$38,091
Office and Administrative Specialist Intermediate	Yalana Johnstone	\$33,655
TOTAL 2009 SALARIES		\$440,221

FINANCIAL INFORMATION

INCOME SUMMARY

Appropriation	
<i>Reflects \$1000 deduction for Professional Contracts</i>	\$734,000
Photocopy Revenue	381
Service Processes Fees Recovered	111
Carry Forward from Fiscal Year 2008	7,358
TOTAL	\$741,850

EXPENDITURE SUMMARY

Operating budget expenditures	\$727,582
Returned to State at End of Fiscal Year	14,268
TOTAL	\$741,850

Board Operating Budget

The Campaign Finance and Public Disclosure Board is funded by a direct appropriation from the Minnesota Legislature. The fiscal year budget begins July 1 and ends June 30.

Salary and Benefits

Full time staff (salary and fringe)	\$581,760
Workers compensation	225
Achievement/Incentive	4,600
Per diem	2,475
Unemployment Benefit	7,697
Sub Totals	\$596,757

Operating Expenses

Office rent	35,020
Postage	12,594
Telephone	5,805
Photocopy machine leases	6,286
In-State travel – staff	525
Out-State travel - staff	2,524
Printing	2,047
Board meeting expenses	2,986
Staff / Board development	15,865
Subscriptions, Memberships	742
Supplies/Equipment	30,799
Purchased services	12,656
Legal costs	876
Repairs and Maintenance	572
E-Government InterTech	1,527
Sub Totals	\$130,825

TOTAL **\$727,582**

Deposits

Unless otherwise noted, all receipts collected by the Campaign Finance and Public Disclosure Board are deposited in the general fund of the state.

Late Filing Fees

Principal Campaign Committees	\$3,923	48	Committees
48 Hour Notice	4,550	8	Committees
Political Committees and Funds	10,230	71	Committees and funds
Political Party Units	5,360	52	Party units
Economic Interest Statements	290	6	Public Officials
Lobbyist Disbursement Reports	480	12	Lobbyists
Lobbyist Principal Annual Reports	855	19	Principals
TOTAL LATE FILING FEES	\$25,688	216	

Civil Penalties

Unregistered associations			
No disclosure provided	\$7,199	7	Unregistered associations
Political Committees and Funds accepted	600	2	Committees and funds
Political Party Units accepted	449	2	Party Units
Contribution limits violations – accepted			
Candidates accepted in excess of limit	\$600	4	Principal campaign committees
Special source (20%) aggregate limit	679	5	Candidate committees
Contribution limits violations – given to candidates			
Excess political committee contributions	\$250	2	Committee and fund
Excess lobbyist contributions	100	1	Lobbyist
Contributions during session			
Political Committee and Funds giving	\$1,000	1	Committee and fund
Candidate giving	1,000	2	Principal campaign committee
Failure to file report			
Candidate Committees	\$3,300	8	Candidate committees
Political Committees and Funds	1,400	3	Committees and funds
Political Party Units	600	1	Party unit
Lobbyists	900	3	Lobbyists
Lobbyist Principals	1,300	3	Lobbyist principals
Exceeding spending limit	\$920	2	Candidate committees
Commingling of funds	\$200	1	Committees and funds
TOTAL CIVIL PENALTIES	\$20,497	47	

Return of public subsidy	\$8,298	7	Candidate Committees
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Gifts to State

Returned Contribution	\$340	1	Candidate Committee
Contributions on Termination	1,063	1	Candidate Committee
TOTAL DEPOSIT STATE GENERAL FUND	\$55,886		

DEPOSITED IN THE GENERAL ACCOUNT OF THE STATE ELECTIONS CAMPAIGN FUND

State Elections Campaign Fund

Anonymous contributions	\$310	6	Committees
SUBTOTAL	\$310	6	

Deposited in the general account of the State Elections Campaign Fund

Photocopy Revenue

Photocopies	\$381	33	
33 individuals paid (retained by the Board to offset photo copier costs)			
State sales tax	27	3	
St. Paul sales tax	2	3	

TOTAL COPY RECEIPTS \$410

Miscellaneous Income

Return of Service Process Fees	\$111	2	
Retained by Board for legal fees paid to serve clients			

TOTAL RECEIPTS \$56,717