State of Minnesota

Campaign Finance and Public Disclosure Board Suite 190, Centennial Building. 658 Cedar Street. St. Paul, MN 55155-1603

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Issued to: Jake Loesch Citizens League 400 Robert Street N. Suite 1820 St. Paul, MN 55101

RE: Application of Gift Prohibition to Members of the Legislature

ADVISORY OPINION 466

SUMMARY

An association that is not a lobbyist principal may pay travel expenses for a public official provided that a lobbyist or lobbyist principal did not request that the public official receive the travel, and a lobbyist or lobbyist principal did not provide funding for the travel expenses.

FACTS

On behalf of the Citizens League (CL), you request an advisory opinion from the Campaign Finance and Public Disclosure Board based on the following facts provided to the Board in a written request and discussed in a phone conversation.

- 1. The CL is a 501(c)(3) organization and a Minnesota nonprofit corporation, and currently receives funding from individuals, foundations, and corporations and organizations that are lobbyist principals in Minnesota. The CL is not currently a lobbyist principal; the organization was last represented by a lobbyist in 2020.
- The CL wishes to start a new initiative, the Minnesota Legislative Exchange (MLE). The premise of the MLE is to encourage members of the Minnesota State Legislature to build relationships, camaraderie, and collaboration across the political aisle by visiting another member from the opposite party in their district and spending time together outside the State Capitol.
- 3. The MLE would reach an agreement with a legislator from either the Democratic-Farmer-Labor Party (DFL) or the Republican Party of Minnesota (RPM) to visit a legislator of the opposing party in their legislative district. At some point there would be a reciprocal trip where the visiting legislator would host the other legislator in their district.

- 4. The CL would design the itinerary for the visit in communication with the host district legislator. The CL would arrange and manage all the travel logistics, and set up the meetings, tours and activities. Trips would likely last from twelve to thirty-six hours depending on the size of the district and the travel time required.
- 5. The CL would pay for the travel costs of the visiting legislator; including air fare, car rental or reimbursement for mileage if a personal vehicle is used, the cost of meals, and lodging if an overnight stay is required. The host legislator would be asked to use their own funds for costs incurred during the visit.
- 6. The CL would also pay the travel costs of the spouse or significant other of the visiting legislator, or a senior staff member to accompany the visiting legislator.
- 7. The trip itineraries would be designed to be entirely educational and substantive, focused on creating conversations that build bipartisan relationships and explore public policy solutions.
- 8. After the trips, the intention is that the two legislators would identify policy issues that they could work on together. The CL would support and encourage that work by building connections to policy experts on the issues at Minnesota-based organizations.
- 9. There would be no political campaigning on the trips.
- 10. The CL does not intend for the trips to be an opportunity for lobbying. However, it is possible that registered lobbyist(s) may be present for some part of the itinerary, for example if the itinerary included a stop at a company or organization that is represented by lobbyists. In those instances, the CL will cover the costs of any meals that might accompany the meeting.
- 11. The CL is aware that lobbyists and principals are prohibited from giving gifts to public officials, as provided in Minnesota Statutes section 10A.071. The CL wishes to ensure that the MLE program will not violate this provision, or any other provision in Chapter 10A that may apply to the activities on the MLE.

Issue One

May the CL use its general operations funding, which includes unrestricted contributions from lobbyist principals, to support the MLE?

Opinion One

No. The MLE program will be a major initiative for the CL. CL donors, including lobbyist principals, will certainly be aware of the program and know that their contributions are, in part, funding a program that provides gifts of travel and lodging to legislators. Minnesota Rules Part 4512.0300 provides that a gift is given by the association paying for the gift. Donations from lobbyist principals that are, in part, used to fund the program, in combination with the lobbyist principal's knowledge that the donation may be used for gifts to public officials, results in lobbyist principals paying for the gift within the meaning of this rule.¹

To avoid using contributions from lobbyists and lobbyist principals to fund the MLE program, the CL could set up a separate segregated account from the general operating fund of the CL. The separate segregated account, which is basically a separate bank account, would only contain contributions from individuals who are not lobbyists and associations that are not lobbyist principals.

Issue Two

If a company that is a lobbyist principal were interested in supporting the MLE program, could the lobbyist principal provide funding to CL through their charitable foundation?

Opinion Two

No. The lobbyist principal is making the decision to contribute to the MLE program. Directing a charitable foundation affiliated with the lobbyist principal to make the contribution, or routing the contribution through another association, does not separate the decision to make the contribution from the lobbyist principal.

A charitable foundation may make a contribution to support the MLE program as long as the charitable foundation is not itself a lobbyist principal, and the foundation was not directed to make the contribution by a lobbyist or a lobbyist principal.

Issue Three

Are there other provisions in Chapter 10A that the CL should consider when operating the MLE program?

Opinion Three

If operated as described the MLE program is not lobbying, does not create reportable gifts from a lobbyist or principal to a public official, and is not a campaign contribution to the legislators that participate in the program. Therefore, the CL will not need to register and report the activities of the MLE program to the Board.

¹ The Board reached a similar conclusion in <u>Advisory Opinion 277</u>.

The Board understands that the CL will promote the MLE program, that the CL may have photographs taken of legislators participating in the MLE program, and that the photographs may be provided to the legislators. If the legislator uses the photographs in material prepared by their principal campaign committee, then the photographs are an in-kind contribution to that candidate's committee. Nonprofit corporations are generally prohibited from contributing to candidates,² and even if the contribution is allowed it could lead to a situation where the CL would need to register and report to the Board as a political fund³. To avoid that outcome the CL could either reach an agreement with the legislators that the photographs will not be used by their principal campaign committee, or have the legislator's principal campaign committee purchase the photographs from the CL at their fair market value so that the photographs are not a contribution.

Issued: February 13, 2025

Faris Rashid, Chair C Campaign Finance and Public Disclosure Board

² <u>Minnesota Statutes section 211B.15</u>, <u>subdivision 15</u>, provides an exception to the general prohibition on corporate contributions for nonprofit corporations if they meet certain qualifications.

³ <u>Minnesota Statutes section 10A.27</u>, <u>subdivision 13</u>, requires a disclosure statement from an unregistered association that makes a contribution in excess of \$200, and registration as a political committee or fund if an association contributes in excess of \$200 to more than three principal campaign committees within a calendar year.