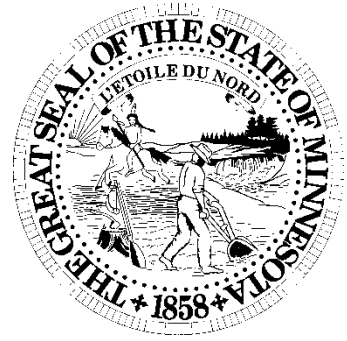


Minnesota

Campaign Finance and Public Disclosure Board



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GUIDE TO NONCAMPAIGN DISBURSEMENT CLASSIFICATIONS

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Introduction

Minnesota Statutes section 211B.12 provides that money collected for political purposes cannot be converted to personal use. Candidate committees must use money collected for political purposes either for expenditures reasonably related to the conduct of an election campaign or for noncampaign disbursements.

Minnesota Statutes section 10A.01, subdivision 26, and Minnesota Rules 4503.0900, subpart 1, list the noncampaign disbursements that may be made by principal campaign committees. Noncampaign disbursements do not count against a committee's spending limit.¹

The Campaign Finance and Public Disclosure Board has issued a number of advisory opinions and enforcement decisions regarding noncampaign disbursements over the years. The Board now seeks to provide greater guidance to committees regarding the use of the various noncampaign disbursement categories by summarizing those decisions, along with the relevant statutes and rules, in this guide.

Noncampaign Disbursement Classifications

The statutes and rules recognize 29 separate categories of noncampaign disbursements. If an expenditure does not fit into one of the listed classifications it is considered to be a campaign expenditure.² The Board has consistently noted that campaign funds are contributions made to a committee, often by individual citizens, to help elect the candidate. For that reason, the Board has concluded that statutes permitting the use of committee funds for purposes not related to getting elected (i.e., noncampaign disbursements) should be applied narrowly.³

The fact that an expenditure does not meet the definition of a noncampaign disbursement does not mean that the expense is prohibited. The expense may still be considered a campaign expenditure if it is made to influence the election of the candidate.

Board Decisions

The following sections summarize relevant advisory opinions (noted by number) and enforcement actions (noted by subject and date) by general subject matter.

Food and beverage and fundraiser expenses

Payment for food, beverages, and necessary utensils and supplies, entertainment, and facility rental for a fund-raising event

The cost of paying for a candidate's band to play at a fundraising event is classified as a noncampaign disbursement for entertainment at a fundraising event. The cost of paying for a candidate's band to play

¹ Noncampaign disbursements are excluded from the definition of "campaign expenditure." See Minn. Stat. § 10A.01, subd. 9.

² "A 'campaign expenditure' means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question." Minn. Stat. § 10A.01, subd. 9.

³ See Findings in the matter of the Joe Atkins for State Representative Committee (May 27, 2016).

at a community event that is neither a campaign event nor a campaign fundraiser is not a permissible use of committee funds. (#362)

This category does not apply to payments for food, beverages, or entertainment made by the candidate at fundraisers held by entities other than the candidate's own principal campaign committee. (Findings in the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006).

Payment for food and beverages consumed by a candidate and volunteers while engaged in campaign activities

This category does not apply to food and beverages provided to volunteers who are distributing constituent services literature during the time when such literature qualifies as a noncampaign disbursement. Volunteers distributing constituent service publications during the time when those publications qualify as a noncampaign disbursement are by definition not campaigning for the legislator. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016).

This category applies only to food and beverages provided to volunteers campaigning for the committee's own candidate. It does not apply to food and beverages provided to volunteers while they are campaigning for other state candidates because those costs are in-kind contributions to the other candidates. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016).

Meals provided during non-election years at meetings with individuals who are writing campaign material for use during the upcoming election and with individuals who volunteered for the campaign in prior years to plan activities for the next election are permissible. There are no time constraints on this noncampaign disbursement category and planning for an election in a non-election year may reasonably be considered to be a campaign activity. This category, however, does not extend to the cost of meals or beverages provided as a thank you to volunteers and supporters. A committee treasurer should ensure that the purpose of the meeting qualifies as a campaign activity that supports the election of the candidate. (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

Meals that are required by local organizations that the candidate joins to raise his or her profile in the community and to promote the campaign are permissible. (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

Payment for food or a beverage consumed while attending a reception or meeting directly related to legislative duties

This category applies only to meals purchased for the officeholder, not for others attending a meeting. (In the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006); *restated in* (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016).

This category is limited to organized receptions or meetings and is not available for lunches or dinners with staff or colleagues, even if legislative business is discussed at these meals. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016).

Payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses

Providing a meal is not a required part of the interview process for hiring staff to operate a gubernatorial transition office and the meal may not be classified as a noncampaign disbursement. (#346).

A principal campaign committee may not classify the cost of providing food for staff of an elected official at a social get-together after a training session as a noncampaign disbursement. It is not reasonably required or even expected that an elected official provide dinner for staff attending an after-hours event. (#354).

The purchase of meals for legislative staff is not a cost of serving in office that may be paid for with campaign funds. (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

Other

Buying a person a meal, or buying oneself a meal at a constituent meeting, is not a service for constituents within the meaning of the noncampaign disbursement classification. (In the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006).

Technology purchases:

The purchase of computer equipment with committee funds is a campaign expenditure. (#89, 209, 211, 228).

The purchase of a fax machine with committee funds is a campaign expenditure even if the primary purpose of the machine is for noncampaign disbursement services. Payment for capital goods from committee funds is always a campaign expenditure and no basis exists for dividing the cost between the campaign expenditure and noncampaign disbursement classifications. (#127).

The Board has long recognized that the purchase of a computer for use by a registered committee is a permitted campaign expenditure as long as the computer is only used for purposes related to the committee. A computer purchased with committee funds when the candidate is not running for office and which cannot reasonably be related to the campaign is a conversion to personal use. (Investigation of the Timothy Manthey for Senate Committee, October 7, 2014).

The use of committee funds to pay for an elected official's cellphone access may be considered an expense of serving in public office if the phone is used for communications related to serving in office. A committee may also pay for a candidate's cellphone service if the phone is used to support the campaign. The cost of a cellphone plan used in support of the campaign is reported as a campaign expenditure. Paying for family cell phone lines is a conversion to personal use. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016); (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

Membership in organizations and conferences:

Belonging to a local organization like the Rotary Club can raise the profile of the candidate to voters in the candidate's district and generally serves as an opportunity to promote the campaign. For that reason the Board has accepted reports by campaign committees that disclose membership dues to local

organizations as campaign expenditures. (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

The costs of attending functions which directly relate to, and assist a legislator in, the performance of official duties are noncampaign disbursements. A primary reason these costs are incurred is to assist in performing as a legislator. (#255).

The cost of attending conferences at which subjects before the legislature are discussed (e.g., National Conference of State Legislatures) may be paid for with committee funds and reported as a noncampaign disbursement. (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

Mileage reimbursement and travel expenses:

Travel, lodging, and other costs to attend certain task force meetings and conferences are noncampaign disbursements if the reason that the candidate attends these events is to assist the legislator in performing his or her duties and the candidate would not attend the event if he or she were not a legislator. (#277).

Under certain circumstances, funds from a principal campaign committee may be used to pay for travel expenses incurred by a candidate in order to participate in work group and conference committee meetings related to a special session of the legislature. (#329).

Mileage reimbursements paid to an intern who provided constituent services for a member of the legislature may be classified as a noncampaign disbursement. (#378).

Mileage reimbursements for trips back to the candidate's district to collect and process constituent mail and to meet with constituents are noncampaign disbursements. (In the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006).

Mileage reimbursements for legislative trips to meetings and events are noncampaign disbursements and likely classified as expenses of serving in office. Costs of attending conferences related to legislative duties are also classified as expenses of serving in office. (In the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006).

The cost of travel to a conference outside the state is an expense of serving in public office where the conference is relevant to a committee on which the legislator serves. (In the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006).

Reimbursement for travel to a location to give a presentation or appear on a panel because of status as a legislator is a permissible noncampaign disbursement. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016).

Mileage reimbursements for driving to work at the Capitol, or to a private office even if legislative work is conducted at that office, are not permitted as noncampaign disbursements. The noncampaign disbursement category for costs of serving in office specifically states that the costs are "other than for personal uses." The cost of getting to work is a personal expense for almost every employed person; not a cost unique to serving in the legislature. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016). Board staff, however, has recognized that costs of getting to

work for out-state legislators may be unique and subject to different treatment. There is no formal Board guidance on this question.

Trips that are for general fact finding and relationship building (e.g., visiting DC congressional delegation) are not reasonable costs of serving in office that may be paid for with campaign committee funds. (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

Payment for legal services:

Under certain circumstances, funds from a principal campaign committee may be used to pay for legal services if the services relate to the candidate's chances of election and the candidate does not personally benefit from the services. (#328).

Costs of civil litigation not related to a campaign are not expenses of serving in office that may be classified as noncampaign disbursements. (#314, 318).

Cost of replacement campaign material:

The cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used

The use of insurance proceeds to replace destroyed campaign signs is a noncampaign disbursement. (#239).

The cost of replacing campaign lawn signs which were stolen before they were ever used is a noncampaign disbursement to the extent that it does not exceed the cost of the stolen signs. (#256).

Post-election costs:

Costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first

Costs paid by a principal campaign committee for a party given in an election year, after the general election, and upon the retirement from public office of the candidate are noncampaign disbursements. (#285).

After the close of filing for office and if the candidate has not filed for office, and is therefore precluded from appearing in the election, costs paid by the candidate's committee for a party in the election year may be classified as a noncampaign disbursement even if the party is held before the general election. (#424).

Recount costs

A contribution to a fund established to support a candidate's participation in a recount of ballots affecting that candidate's election is a noncampaign disbursement. A recount of ballots will ascertain the result of the election, but it will not influence that election. (#415). Note: This noncampaign disbursement is not provided by rule or statute, but was recognized by the Board under its statutory authority to recognize new noncampaign disbursements through the advisory opinion process.

Costs of serving in office:

Payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities

Payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses

Board advisory opinions on the costs of serving in office have been consistent in informing committees that this category does not apply broadly to any and all expenses that may relate to being a legislator. Rather, the Board has recognized that this category is appropriate only for expenditures that would not have been incurred if the individual was not specifically a legislator. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016).

The use of committee funds to pay for a candidate's cellphone access may be considered an expense of serving in public office. Paying for family cell phone lines is a conversion to personal use. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016); (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

Committee funds used for expenses directly related to serving in public office that are incurred after the general election, but before the candidate is actually sworn in, are classified as noncampaign disbursements. (#253).

Costs of computer training that is needed to enable a legislator to use a state-provided personal computer may be classified as a noncampaign disbursement. (#266).

Certain expenses related to the operation of a transition office for governor may be paid by a principal campaign committee as noncampaign disbursements. (#391) However, providing a meal is not a required part of the interview process for hiring staff to operate a gubernatorial transition office and the meal cannot be classified as a noncampaign disbursement. (#346).

The costs of attending functions which directly relate to, and assist a legislator in, the performance of official duties are noncampaign disbursements. A primary reason these costs are incurred is to assist in performing as a legislator. (#255).

The cost of attending conferences at which subjects before the legislature are discussed (e.g., National Conference of State Legislatures) may be paid for with committee funds and reported as a noncampaign disbursement. (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016).

A principal campaign committee may not classify the cost of providing food for staff of an elected official at a social get-together after a training session as a noncampaign disbursement. It is not reasonably required or even expected that an elected official provide dinner for staff attending an after-hours event. (#354).

The purchase of meals for legislative staff is not a cost of serving in office that may be paid for with campaign funds. (Findings in the matter of the Joe Hoppe Volunteer Committee, May 27, 2016). Costs of providing home health care for a close relative of the candidate, and for whom the candidate usually provides home health care, incurred while the candidate is travelling are not noncampaign disbursements. Every office holder incurs various personal costs as a result of service in office. Such

costs are only indirectly related to the official's public service and are not the ordinary expenses that are required of all officials. (#411). However, there is a specific noncampaign disbursement for the cost of childcare provided to the candidate's children while the candidate is campaigning.

The cost of business cards is an expense of serving in public office that may be reported as a noncampaign disbursement. (Findings Regarding a Complaint against Representative Greg Davids, Jan. 15, 2004).

Housing costs associated with travel to the Capitol as part of legislative duties during periods when the legislative per diem reimbursement is not available are properly reported as costs of serving in office. (In the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006).

The cost of a speeding ticket cannot be classified as a cost of serving in office even if the candidate was on the way home from a late session when he got the ticket. These expenses are limited to the ordinary and reasonable costs associated with activities that are expected or required of a public official. A speeding ticket is not an activity expected or required of a public official. (Revised Findings and Order in the Matter of the Complaint of Steven Timmer Regarding Representative Ernest Leidiger and Steven Nielsen, May 1, 2012).

See the section on mileage reimbursement and travel for additional expenditures that can and cannot be claimed as costs of serving in office.

Constituent services:

Services for a constituent by a member of the legislature or a constitutional officer in the executive branch, including the costs of preparing and distributing a suggestion or idea solicitation to constituents, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die

The cost to an incumbent or a winning candidate of providing services to residents in the district after the general election in an election year for the office held

Committee funds that are used to educate or inform other legislators and candidates about legislative issues in which the candidate is interested do not qualify as noncampaign disbursements for constituent services. Constituent services must actually serve the constituent in some way and not simply enhance the candidate's reputation. (#248).

The provision of bus transportation by a legislator's principal campaign committee so that the legislator's constituents may attend an educational day at the Capitol during session is a noncampaign disbursement. (#307).

The costs of an informational mailing to constituents are reported as noncampaign disbursements for constituent services. (#313).

A political party unit that contributes time on a local cable TV program to a candidate is making an in-kind contribution to the candidate that counts against the party unit contribution limit of the candidate. The in-kind expenditure is categorized as either a campaign expenditure or a noncampaign disbursement by the

candidate depending on the status of the candidate, the date(s) on which the program is broadcast, and other factors. (#365).

The cost of producing an informational magnet that will be distributed to constituents is a noncampaign disbursement. Distribution of the magnet and an explanatory note are constituent services, the costs of which are to be reported as noncampaign disbursements or campaign expenditures depending on the time when distribution is made. (#388).

When 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. (#403).

Buying a person a meal, or buying oneself a meal at a constituent meeting, is not a service for constituents within the meaning of the noncampaign disbursement classification. (In the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006).

Postage spent on constituent services that neither solicit campaign funds nor ask for votes is properly classified as a noncampaign disbursement. Costs of establishing a constituent services office in a candidate's district may be considered a noncampaign disbursement during the appropriate period. (Findings Regarding a Complaint against Representative Greg Davids, Jan. 15, 2004).

Buying pens with the candidate's name, public office or title, and telephone number printed on them is not a constituent service but, instead, a campaign expenditure. (In the matter of the Complaint Against the People for (Gregory) Davids Committee, Aug. 15, 2006).

A constituent services piece may not advocate for the re-election of the legislator or solicit campaign contributions. (Findings in the matter of the Joe Atkins for State Representative Committee, May 27, 2016).

Office equipment, phone lines, rent, utilities and supplies may be considered constituent services during the relevant time periods if the subject office and its equipment are operated solely for responding to constituents and providing constituent services. (Findings Regarding a Complaint against Representative Greg Davids, Jan. 15, 2004).

See the section on mileage reimbursement and travel for additional expenditures that are permitted or prohibited when classified as costs of constituent services.

A candidate's committee may, under certain circumstances, pay for use of office space as a constituent service. Payments from the committee to a business must reflect actual use to avoid an inadvertent corporate contribution that might occur if the amount paid is not fair market value for the services received. A log of constituent meetings with the number, dates, and duration of visits is needed to meet the record keeping requirements and to calculate what percentage of time the office is used for constituent services. Any additional identifiable office costs, for example the use of a copier or a dedicated phone line, must be added to the fair market value of the space provided. In addition, personal phone calls or visits that are short in duration, limited in number, and do not significantly interfere with the employee's work do not result in a prohibited corporate contribution and are considered contributions from the employee. A corporate contribution may nevertheless occur if the employee's activity causes an actual increase in the corporation's operating costs, for example if the employee is given greater latitude

to make personal phone calls or uses a photocopier. (#442). Candidates intending to use this noncampaign disbursement are advised to consult with Board staff to fully understand the requirements of this noncampaign disbursement.

Other:

Funds donated by a terminating candidate committee to the state general fund or to a county obligated to incur special election expenses due to that candidate's resignation are noncampaign disbursements. (433).

The cost of signs advertising a legislator's name, telephone number, and status as an official must be reported as campaign expenditures. (#275,442).

Minn. Stat. § 10A.01

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

- (1) payment for accounting and legal services;
- (2) return of a contribution to the source;
- (3) repayment of a loan made to the principal campaign committee by that committee;
- (4) return of a public subsidy;
- (5) payment for food, beverages, and necessary utensils and supplies, entertainment, and facility rental for a fund-raising event;
- (6) services for a constituent by a member of the legislature or a constitutional officer in the executive branch, including the costs of preparing and distributing a suggestion or idea solicitation to constituents, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;
- (7) payment for food and beverages consumed by a candidate or volunteers while they are engaged in campaign activities;
- (8) payment for food or a beverage consumed while attending a reception or meeting directly related to legislative duties;
- (9) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;
- (10) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;
- (11) costs of child care for the candidate's children when campaigning;
- (12) fees paid to attend a campaign school;
- (13) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;
- (14) interest on loans paid by a principal campaign committee on outstanding loans;
- (15) filing fees;
- (16) post-general election holiday or seasonal cards, thank-you notes, or advertisements in the news media mailed or published prior to the end of the election cycle;

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

(18) contributions to a party unit;

(19) payments for funeral gifts or memorials;

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

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

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

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

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

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

Minn. R. 4503.0900

Subpart 1. Additional definitions. In addition to those listed in Minnesota Statutes, section 10A.01, subdivision 26, the following expenses are noncampaign disbursements:

- A. transportation, meals, and lodging paid to attend a campaign school;
- B. costs of campaigning incurred by a person with a disability, as defined in Minnesota Statutes, section 363A.03, subdivision 12, and which are made necessary by the disability;
- C. the cost to an incumbent or a winning candidate of providing services to residents in the district after the general election in an election year for the office held;
- D. payment of advances of credit in a year after the year in which the advance was reported as an expenditure;
- E. payment of fines assessed by the board; and
- F. costs of running a transition office for a winning gubernatorial candidate during the first six months after election.

Subp. 2. [Repealed, 21 SR 1779]

Subp. 3. Reporting purpose of noncampaign disbursements. Itemization of an expense which is classified as a noncampaign disbursement must include sufficient information to justify the classification.

Minn. Stat. § 211B.12

Legal Expenditures

Use of money collected for political purposes is prohibited unless the use is reasonably related to the conduct of election campaigns, or is a noncampaign disbursement as defined in section 10A.01, subdivision 26. The following are permitted expenditures when made for political purposes:

- (1) salaries, wages, and fees;
- (2) communications, mailing, transportation, and travel;
- (3) campaign advertising;
- (4) printing;
- (5) office and other space and necessary equipment, furnishings, and incidental supplies;
- (6) charitable contributions of not more than \$100 to any charity organized under section 501(c)(3) of the Internal Revenue Code annually, except that the amount contributed is not limited by this clause if the political committee, political fund, party unit, principal campaign committee, or campaign fund of a candidate for political subdivision office that made the contribution dissolves within one year after the contribution is made; and
- (7) other expenses, not included in clauses (1) to (6), that are reasonably related to the conduct of election campaigns. In addition, expenditures made for the purpose of providing information to constituents, whether or not related to the conduct of an election, are permitted expenses. Money collected for political purposes and assets of a political committee or political fund may not be converted to personal use.