

**Handbook for Independent Expenditure and Ballot
Question Political Committees and Funds**
Last Revised 8/29/2018

Welcome.....4

Starting an independent expenditure or ballot question political committee or fund.....6

 Do I need to form a political committee or fund?.....6

 What is the difference between a political committee and a political fund?6

 What is the difference between a general purpose political committee or fund and an independent
 expenditure or ballot question political committee or fund?.....7

 How do you decide what kind of political committee or fund to form?9

 Who should be the committee chair and the committee or fund treasurer?.....9

 Does the independent expenditure or ballot question political committee or fund need a bank
 account?.....11

 How often do you need to deposit contributions?12

 How do you register with the Board?12

 What is the time limit for registering?13

 What penalties apply if you don't follow the laws for starting a committee or fund?.....13

Receiving contributions.....14

 What is a contribution?14

 How should you handle loans?16

 Who can give you contributions?17

 Additional disclosure requirements for contributions from groups not registered with the Board...17

 How does an unregistered association determine whether one person was the source of more than
 \$5,000 of a contribution to an IE or BQ committee or fund?.....18

 Who can't give you contributions?19

 What do you do if you accept a contribution from a prohibited source or from an unregistered
 association that does not give you a required disclosure form?19

 How should you handle joint contributions?20

 What records do you have to keep?21

 What penalties apply to contributions that don't follow the rules?22

Spending money.....24

 What can an independent expenditure political committee or fund do with its money?24

What are independent expenditures?	24
What actions will defeat the independence of an expenditure?.....	25
What can a ballot question committee or fund do with its money?	27
What are ballot question expenditures?	28
What are the disclaimer requirements for ballot question and independent expenditures?	28
What are in-kind expenditures?	30
What are in-kind contributions to other committees or funds?.....	30
A note about making loans to others	30
What spending records must be kept?.....	30
What penalties apply to improper spending?	32
Reporting to the Board.....	33
When do you need to file reports with the Board?	33
What are the reporting requirements just before an election (24-hour notice reports)?	34
How do you report to the Board?	35
How do you get an exemption from the electronic filing requirement?	36
How do you report if you still file a paper form?	36
How do you find registration numbers for contributors and recipients registered with the Board?..	36
How do you decide if money received by your independent expenditure or ballot question committee or fund should be reported as a contribution or as income?.....	37
How to decide if a payment made by your independent expenditure or ballot question committee or fund should be reported as an expenditure or as a contribution to another registered entity?	38
What do you report to the Board?.....	38
How do you fix mistakes on a report?.....	42
What penalties apply to reporting?	42
Terminating the committee or fund and electing inactive status for a political fund.....	44
How do you put your independent expenditure or ballot question political fund on inactive status?..	44
How do you terminate the operations of the committee or fund?	45
What penalties apply to committees and funds when they are terminating?	46
Common questions	47
How to get a federal tax ID number (EIN) for political purposes.....	47
How do you find registration numbers for contributors and recipients registered with the Board?..	48
How do you decide if money received by your independent expenditure or ballot question committee or fund should be reported as a contribution or as income?.....	49

How to decide if a payment made by your independent expenditure or ballot question committee or fund should be reported as an expenditure or as a contribution to another registered entity?	49
Fundraising reporting examples	50
Conducting raffles or drawings	51
Conducting auctions	51
Having policies to help control your money.....	52
Criminal penalties.....	53
Getting help	54
What is the role of Advisory Opinions?	54
Complaints	55
How do you contact the Board?	55

Welcome

This handbook was written for you by the staff of the Campaign Finance and Public Disclosure Board. The Board was created by the Legislature back in the 1970's. Its job is to oversee and publish information about money used to influence state elections. This includes elections for state candidates and elections where people vote on amendments to the Minnesota Constitution. You can learn more about the mission and members of the Board on our website at cfb.mn.gov.

This handbook is for groups that are spending money, or just thinking about spending money, on elections for state offices or amendments to the state constitution. The state offices are governor, lieutenant governor, secretary of state, attorney general, state senator, state representative, state supreme court justice, state court of appeals judge, and state district court judge. This handbook will tell you how to start and run an independent expenditure or ballot question political committee or fund. If you read and understand the information in this handbook, you can run these committees or funds, or be a treasurer, with confidence.

If you print this handbook, please check the Board website periodically for updates. Look at the "Last revised" date on the first page of the online handbook to see if you have the latest version.

We have not tried to answer every possible question in this handbook. When you can't find the answer to a question here, please call us. You can find out which staff member can best help you by looking at the Getting Help section. You also can look at our website for additional information. All the forms you need also are available on our website.

Independent expenditure and ballot question committees and funds have strict limits on what they can do with their money. Independent expenditure committees and funds can spend money only on independent expenditures in candidate elections and on ballot question elections. If your group wants to donate money to political parties or to state candidates or wants to work with candidates or political parties to influence elections, it cannot be an independent expenditure committee or fund.

Ballot question committees and funds can spend money only on ballot questions. If your group wants to spend money or work to influence elections other than to amend the state constitution, it cannot be a ballot question committee or fund.

Another important difference between independent expenditure and ballot question political committees and funds and general purpose political committees and funds is that independent expenditure and ballot question political committees and funds can accept contributions from corporations. General purpose political committees and funds cannot accept corporate contributions.

If your group wants to do things that independent expenditure and ballot question political committees and funds are not allowed to do or does not plan to accept corporate money, it should register as a general purpose political committee or fund. There is a separate handbook available for general purpose committees and funds.

If your group is only going to spend money on independent expenditures, it must register with the Board after it spends more than \$1,500 in a year on those expenditures. The triggering amount for registration for a group that is only going to spend money on ballot question expenditures is \$5,000.

After it registers, the group will do its election spending through either a political committee or a political fund. The next section explains how to decide what type of registration fits your group. After it is registered, your independent expenditure or ballot question political committee or fund must regularly report to the Board about the money it receives and spends. The information on the report is posted on the Board's website so the public knows who is spending money to influence the public's votes.

Each independent expenditure or ballot question political committee or fund has one person in charge of the money. That person is called the treasurer. The treasurer has an important job, which is making sure that the committee or fund follows the campaign finance laws. The treasurer's job takes time and requires a person who is willing to accept a lot of responsibility.

The treasurer must receive, keep records on, and report all money coming into and going out of the independent expenditure or ballot question committee or fund. The treasurer must make sure that the committee or fund follows the campaign finance laws. If the committee or fund enters into transactions that violate state laws or fails to file proper reports on time, it is the treasurer who is responsible to the Board. You should not become a treasurer unless you are willing and able to take on these responsibilities. If you already are a treasurer, you should be sure that you know what is expected of you and you should help the committee or fund find another treasurer if you are unwilling or unable to accept the treasurer's responsibilities.

Starting an independent expenditure or ballot question political committee or fund

Overview

This chapter tells you whether you need to start a political committee or a political fund, how to choose the type of committee or fund that best fits your group's purpose, and how to set up an independent expenditure or ballot question political committee or fund.

Topics covered

[Do I need to form a political committee or fund?](#)

[What is the difference between a political committee and a political fund?](#)

[What is the difference between a general purpose political committee or fund and an independent expenditure or ballot question political committee or fund?](#)

[How do you decide what kind of committee or fund to form?](#)

[Who should be the committee chair and the committee or fund treasurer?](#)

[Does the committee or fund need a bank account?](#)

[How often do you need to deposit contributions?](#)

[How do you register with the Board?](#)

[What is the time limit for registering?](#)

[What penalties apply if you don't follow the laws for starting a committee or a fund?](#)

Do I need to form a political committee or fund?

You must form some type of political committee or fund if you are part of a group of two or more people and:

- your group will receive more than \$750, or spend more than \$750, to influence the election of a state candidate;
- your group will receive more than \$1,500, or spend more than \$1,500, only for independent expenditures; or
- your group will receive more than \$5,000, or spend more than \$5,000, only to influence the vote on a constitutional amendment ballot question.

What is the difference between a political committee and a political fund?

There are four basic types of political structures for campaign finance purposes: political parties; candidate campaign committees; political committees; and political funds. Political committees start with groups of two or more individuals who join together for the specific purpose of spending money to influence elections. Political funds start with an existing group association that wants to use some of its money to influence elections.

A **political committee** exists for only one purpose: to influence elections. That election can be the election of one or more candidates, an election in which people vote on amendments to the state constitution, or both types of elections.

Two or more people joining together for the sole purpose of influencing elections would register their group as a political committee. Because everything that a political committee does is to influence elections, all of its finances are disclosed on its reports to the Board.

If the group already exists for some major purpose other than influencing elections, the group would not be a political committee. A group whose major purpose is something other than influencing elections, however, still may want to spend some of its money to influence an election. The money that the group collects or uses to influence elections is called its **political fund**.

When a group registers a political fund, it is telling the Board that it will be using some of its money to influence elections and that it will track that money for disclosure purposes. A political fund is just an accumulation of the group's money; it is not an entity separate from the group itself. The group maintains records of its political fund account in its regular bookkeeping system or through some other accounting mechanism of its choice. The group only reports the activities of the political fund account to the Board and does not report on anything else that the group does. The money that constitutes a group's political fund may come from membership fees or dues collected by the group that created the fund or from contributions to the group made specifically to influence candidate or ballot question elections.

In this handbook and in other Board publications, we sometimes refer to a political fund as if it were something separate from the group that reports through its political fund account. We do this as a means of shorthand. In every case where we refer to a political fund, we are really referring to the association that uses a political fund account or accounting mechanism to report the contributions it receives and the money it uses for political purposes. When we talk about forming a political fund, what we are actually referring to is the establishment of some sort of accounting system that an association will use to track and report its political financial transactions. When we talk about a political fund receiving money, we are referring to a group allocating some of its money for political use or receiving donations that are made specifically for deposit into the group's political fund.

What is the difference between a general purpose political committee or fund and an independent expenditure or ballot question political committee or fund?

A general purpose political committee or fund cannot accept money from corporations. Because no corporate money is involved, a general purpose political committee or fund can contribute money to candidates, other political committees and funds, and political parties. It also can make independent expenditures and ballot question expenditures.

In addition to general purpose political committees or funds, there are two specialized kinds of political committees or funds. These specialized committees and funds are permitted to accept corporate contributions. Because corporate money is involved, these specialized political committees and funds can make only certain types of expenditures. The first specialized political committee or fund is an independent expenditure political committee or fund. These committees and funds also will be referred to as IE committees and funds in this handbook.

Independent expenditures are expenditures

- that expressly advocate for the election or defeat of a candidate; and
- that are made without consulting with or involving the candidate or the candidate's campaign committee in any way.

A communication expressly advocates the election or defeat of a candidate if it uses the phrases “vote for,” “elect,” “support,” “cast your ballot for,” “Smith for Congress,” “vote against,” “defeat,” “reject,” or other similar words.

Independent expenditures are not contributions to candidates. Independent expenditure committees and funds can accept corporate contributions and use them to make independent expenditures, ballot question expenditures, and contributions to other independent expenditure and ballot question committees or funds. They cannot donate to candidates, to general purpose political committees or funds, or to political parties.

The second type of specialized political committee or fund is a ballot question political committee or fund. These committees and funds also will be referred to as BQ committees and funds in this handbook.

A ballot question political committee or fund makes expenditures to promote or defeat ballot questions. A ballot question is a proposed amendment to the state constitution that is being voted on by all voters in the state. A ballot question does not include local ballot initiatives.

A communication is presumed to be a communication to promote or defeat a ballot question if it does the following:

- Mentions the issue that is the subject of the ballot question;
- States a position on that issue; and
- Mentions the ballot question that addresses the issue, mentions voting on the issue, or otherwise indicates that people will be able to vote on the issue.

A communication that discusses an issue that is the subject of a ballot question but does not mention the ballot question that addresses the issue; does not mention voting on the issue; and otherwise does not indicate that people will be able to vote on the issue is presumed to be excluded from the definition of ballot question expenditure.

Ballot question committees and funds can accept corporate contributions and can make only ballot question expenditures and contributions to other ballot question committees and funds. They cannot donate to candidates, to general purpose political committees or funds, or to political parties.

How do you decide what kind of political committee or fund to form?

When your group is deciding whether to form a general purpose political committee or fund or an independent expenditure or ballot question political committee or fund, it should consider two things: what it wants to spend its money on and from whom it wants to take contributions.

A general purpose political committee or fund can contribute money to candidates, other political committees and funds, and political parties. It also can make independent expenditures and ballot question expenditures. If your group wants to have the most flexibility to make contributions and to spend money on elections, you should form a general purpose political committee or fund.

On the other hand, if your group only will make independent expenditures or give money to other independent expenditure political committees or funds, you could decide to form an independent expenditure political committee or fund. Similarly, if your group only will make ballot question expenditures or give money to other ballot question political committees or funds, you could decide to form a ballot question political committee or fund.

When your group is deciding whether to form a general purpose political committee or fund or an IE or BQ political committee or fund, it also should consider whether it wants to accept contributions from corporations. In Minnesota, it is against the law for corporations to donate money to candidates or to political parties either directly or indirectly through another group. Consequently, if your group decides to accept contributions from corporations, it will not be able to donate money to candidates, to general purpose political committees or funds, or to political parties. Instead, your group will be able to make only independent expenditures or ballot question expenditures and to donate only to IE or BQ political committees or funds. If your group will accept corporate contributions, you must form an IE or BQ committee or fund and limit your spending accordingly.

The rest of this handbook assumes that you are going to form an independent expenditure or ballot question political committee or fund and will help you to understand how to start and operate that committee or fund. If you decide to form a general purpose political committee or fund, you need a different handbook that the Board has written for these types of committees or funds.

Who should be the committee chair and the committee or fund treasurer?

Every IE or BQ political committee must have a chair and a treasurer. The chair and the treasurer can be the same person. The chair's duties are not specified in law. It therefore is up to the committee to decide what the chair's duties will be.

Every IE or BQ political fund must have a treasurer. An IE or BQ political fund does not have to have a chair.

The treasurer is the key financial person in the committee or fund. The campaign finance laws specify many of the treasurer's duties. The committee or fund cannot accept or spend any money when it does not have a treasurer. The Board will send notifications and bulletins to the treasurer and use the treasurer as the contact person for the committee. The treasurer's job has several parts.

Recordkeeping

The treasurer must keep detailed records of all the contributions that the independent expenditure or ballot question political committee or fund receives and of all the money the committee or fund spends. Some of the things that the treasurer must keep records of include the following:

- The total amount of money that the IE or BQ committee or fund receives;
- The name and address of anyone who contributes more than \$20 to the committee or fund along with the date and the amount of the contribution;
- Every expenditure made by the committee or fund along with the date and amount of the expense; and
- The name and address of any other independent expenditure or ballot question political committee or fund to which your committee or fund gives money along with the date and amount of the contribution.

This list of recordkeeping tasks is just a sample of what the treasurer must do. The different sections of this handbook provide more details about the records that must be kept for each kind of transaction.

Good records are important because independent expenditure and ballot question committees and funds must tell the public who has given them money and what they did with those contributions. The treasurer must save the records for four years.

Knowing general campaign finance laws

The treasurer does not need to know all the campaign finance laws. But a treasurer should know enough about these laws to spot potential problems. The treasurer also should know where to find campaign finance information and how to get additional help when needed. For example, if a treasurer generally knows that an independent expenditure political committee cannot coordinate spending with a candidate or with anyone involved with the candidate's committee, the treasurer will understand how important it is not to include anyone with ties to a candidate's committee in preparations for proposed independent expenditures. The treasurer should know that additional information about cooperation and other campaign finance topics is

available in this handbook and on the Board's website. The treasurer also should know that Board staff members are available to answer campaign finance questions.

Reconciliation

The committee or fund records are like bank statements. The treasurer of an IE or BQ political committee regularly must compare the actual cash on hand with receipts and spending records. The treasurer of an IE or BQ political fund must regularly review the fund account records to ensure that they include all of the transactions that are reportable through the political fund account. If the committee's records do not reconcile with the bank's records or the fund account records do not reflect the actual transactions, the treasurer must find and fix the problem.

Reporting

The treasurer must report all receipts and spending to the Board six times each election year. There is only one report required during a non-election year. In addition, just before the election, the treasurer also must report large contributions as they happen. The treasurer signs each report to confirm that the information on it is complete, true, and correct. Because the treasurer is responsible for the report, all of the recordkeeping and reconciliation for the committee or fund should be done by the treasurer or under the treasurer's close supervision.

The Board has free software called Campaign Finance Reporter (CFR). You can install CFR on your computer and use it to keep the committee or fund records. CFR incorporates the campaign finance laws. As you enter your records, it will alert you to possible problems. If you enter records regularly, you should have time to fix most problems before the time limit has passed. You also can use CFR to generate reports and send them electronically to the Board.

The Board offers [training sessions](#) for CFR in St. Paul and, occasionally, at locations around the state. [CFR tutorials](#) also are available on the Board website. Finally, you can always call the Board if you need additional CFR support.

For most committees and funds, filing using an electronic system is required. This means that the treasurer should plan to take training and use the CFR software to keep the committee or fund records. Some committees and funds will qualify for an exemption from the electronic filing requirement. More information about the electronic filing requirement and the exemption is available on the Board's website.

Does the independent expenditure or ballot question political committee or fund need a bank account?

An IE or BQ political committee must have its own bank account. Money given to the committee cannot be mixed with any other money. The treasurer must have signing authority for the account. The Board strongly suggests that the chair of the IE or BQ political committee also have signing authority for the account in case the treasurer resigns or is unable to carry out the

job's duties. This is also a good tool for financial control because it ensures that at least two people have access to the official bank records.

Generally, an association that has an IE or BQ political fund does not need a separate bank account for the fund, but it must have an accounting system that tracks the money that constitutes the political fund.

However, if the association accepts more than \$1,500 in contributions specifically to influence the nomination or election of candidates or more than \$5,000 in contributions specifically to promote or defeat a ballot question, the association must have a separate bank account for the fund.

To open a bank account, you need an identification number from the Internal Revenue Service (IRS). The IRS has two types of identification numbers: an individual number (TIN) and an employer number (EIN). The IRS gives EINs to political organizations, even those that are not actually employers. The IRS has [EIN information](#) on its website and an [EIN online application](#). You also can call the IRS at (800) 829-4933 or send the IRS an [SS-4 Application for an Employer Identification Number](#). You should describe your entity as a political organization. For more detailed help, see the step-by-step instructions in the Common Questions section of the handbook.

All money received by an IE or BQ political committee must be deposited into the committee's bank account. All money that constitutes an association's IE or BQ political fund must be deposited into the association's bank account or to the separate political fund account if the association maintains a separate account for the fund.

How often do you need to deposit contributions?

In general, you must deposit contributions within 10 business days of receiving the money. For contributions received through electronic means, such as PayPal, the IE or BQ committee or fund receives the money on the date that it has access to the funds under the terms of the agreement with the contribution processor. For all other contributions, the committee or fund receives the money on the date when it physically receives the contribution. If possible, you may want to make copies of any checks before you deposit them. This may make it easier to reconcile the financial records of the committee or fund.

How do you register with the Board?

After you have opened the IE or BQ political committee's bank account or established the accounting system for the IE or BQ political fund's account, you can register with the Board. You should use the Board's registration form for general purpose political committees and funds to register a ballot question political committee or fund. You should use the special registration form for independent expenditure political committees or funds if you are registering an IE committee or fund. Both [registration forms](#) are available on the Board's website.

On the form, you will report basic information such as the name of the independent expenditure or ballot question political committee or fund, the names and addresses of the committee or fund officers, and the committee's bank. If you are forming an IE or BQ political fund, you also must list the name and address of the association that is establishing the fund. You can deliver the form to the Board in person or by mail, fax, or email. At this time, a political committee or fund cannot register on-line. The registration form must be signed by the treasurer. If something that you list on the registration changes, you must tell the Board within 10 days of the change. It is very important to promptly notify the Board of changes in the committee or fund contact information because this is the information that the Board uses when it needs to contact the committee or the association that registered the fund. Changes must be in writing. You can use the same form to report changes or send an e-mail or letter with the needed information.

Remember to open mail from the Board promptly. Much of the information is date sensitive.

What is the time limit for registering?

You must register an independent expenditure or ballot question political committee or fund with the Board within 14 days after

- receiving more than \$1,500, or spending more than \$1,500, for independent expenditures or
- receiving more than \$5,000, or spending more than \$5,000, to promote or defeat a state ballot question.

Making independent expenditures to influence a party's endorsement of a candidate counts against the \$1,500 threshold.

In an election year, there is a special registration requirement. If, during the two weeks before the election, your group receives loans or contributions from one source, including the association that sponsors the fund, that total \$1,000 or more and this large contribution puts your group over the contribution threshold or your group had already met the spending threshold, you must register the committee or fund by the end of the next business day after receiving the contribution. The specific dates for this requirement are on the disclosure calendar available on the Board's website.

What penalties apply if you don't follow the laws for starting a committee or fund?

If you do not register the IE or BQ political committee or fund within the required time limit, the Board can charge a late fee. The Board can charge an additional penalty of up to \$1,000 for not filing a registration after the Board has sent notice that your registration is overdue.

Receiving contributions

Overview

This chapter tells you what things an independent expenditure or ballot question political committee or fund can receive from other people or groups. It also tells you what records to keep for those contributions. You will use the records to make reports to the Board.

Topics covered

[What is a contribution?](#)

[How should you handle loans?](#)

[Who can give you contributions?](#)

[Additional disclosure requirements for contributions from groups not registered with the Board](#)

[How does an unregistered association determine whether one person was the source of more than \\$5,000 of a contribution to an IE or BQ committee or fund?](#)

[Who can't give you contributions?](#)

[What do you do if you accept a contribution from a prohibited source or from an unregistered association that does not give you a required disclosure form?](#)

[How should you handle joint contributions?](#)

[What records do you have to keep?](#)

[What penalties apply to contributions that don't follow the rules?](#)

What is a contribution?

A contribution is anything given to the committee or fund. The contribution can be money. A contribution also can be a thing or a service. Contributions of anything other than money are called in-kind contributions. There are some exceptions to the general rule that everything given to the committee or fund is a contribution. A volunteer's time is not a contribution. This volunteer time can include professional or technical services as long as the service does not require the use of equipment or other resources from a business.

An independent expenditure or ballot question political committee or fund cannot accept any contributions when it does not have a treasurer. All money that the committee or fund receives must be deposited in the committee's bank account or accounted for in the political fund. An IE or BQ political committee's money cannot be mixed with anyone else's funds. An IE or BQ political fund must have an accounting system that tracks the money that belongs to the fund.

Because IE and BQ political funds are part of larger associations that have non-political purposes, it can be difficult to determine if something given to the association is a donation to the association itself or a contribution to the association's political fund. The following things are contributions to an IE or BQ political fund:

- anything given by a person who specifies that the donation is to be used to support the campaign to promote or defeat a candidate or ballot question;
- anything given in response to a solicitation that asks for contributions for the express purpose of supporting the campaign to promote or defeat a candidate or ballot question;
- anything given in response to a solicitation susceptible of no reasonable interpretation other than that the money given in response to the request will be used to promote or defeat a candidate or ballot question; and
- anything solicited in the name of the political fund.

Anything given to the association that does not fall under one of the contribution categories above, and that has no other restrictions on its use, is called general treasury money. General treasury money includes membership dues and fees, income from the operation of a business, and donations to the association for general purposes.

Vehicle use

The use of a personal car for committee or fund purposes by a volunteer is **not** a contribution.

A committee or fund can choose to reimburse a volunteer for vehicle use. To reimburse someone, you must use the IRS business mileage rate. This [rate](#) is available on the Board's website. If you do reimburse someone for vehicle use, you must report it as an expenditure.

In-kind contributions to the independent expenditure or ballot question committee or fund

An in-kind contribution is always valued at fair market value. For example, if someone gives the independent expenditure or ballot question committee or fund a used computer, the value of the contribution would be the price for which the donor could have sold the computer in the open market. The donor and the committee or fund should agree on the value of the in-kind contribution. There is an exception for things that are given to the committee or fund that have little value. You do not have to keep track of or report donations of goods that have a market value of \$20 or less.

Remember that every in-kind contribution to the committee or fund is also an in-kind expenditure on the date that it was accepted by the committee or fund. The handbook section on expenditures tells you how to report in-kind expenditures.

Notice required when selling items

At times, an independent expenditure or ballot question political committee or fund will try to raise money by selling t-shirts, hats, or other items. IE and BQ committees and funds also may

sell tickets to fundraisers. The money that the IE or BQ committee or fund receives from the sale of an item or a ticket to an event is a contribution to the committee or fund. It is **not** income.

When an IE or BQ political committee or fund sells goods or services to raise money, it must give notice to the purchasers that the proceeds from the sale are a contribution to the committee or fund. This notice may be given verbally at the time of the sale. Alternatively, the IE or BQ committee or fund may give the notice by prominently displaying it on a sign at the place where the items are sold. If the IE or BQ committee or fund is selling items at a location with more than one cashier, a notice must be posted at each location where a purchase may be made.

The notice requirement does not apply to events where the main purpose is to conduct fundraising or to goods or services sold at a fundraising event that requires the purchase of a ticket to attend.

Income

An independent expenditure or ballot question committee or fund also could earn income such as interest on the committee or fund bank account or proceeds from selling property that was used in the regular operation of the committee or fund. An independent expenditure or ballot question committee or fund also has income when one of its contributions to another entity is returned to the committee or fund more than 90 days after it was received by the other entity.

Income is not a contribution to the committee or fund. Income is reported on a different schedule than contributions and is not subject to the same restrictions as contributions. Because income is an exception to the general rule, contact Board staff if you have any questions about reporting a receipt as income rather than as a contribution.

The money that an independent expenditure or ballot question committee or fund gets from selling tickets to fundraisers is not income. These funds are contributions from the people who bought tickets. The Common Questions section of the handbook talks about specific issues related to different types of fundraisers.

How should you handle loans?

All loans to the independent expenditure or ballot question committee or fund require a written agreement between the lender and the committee or the association that set up the political fund. The written agreement must include the date and amount of the loan and the name, address, occupation, and principal place of business of the lender and any co-signer or guarantor. All loans must eventually be either repaid or forgiven.

A loan or a loan guarantee is not a contribution to the independent expenditure or ballot question committee or fund until the loan is forgiven or repaid by someone other than the committee or fund. If the loan is forgiven, the lender that forgave the loan is the donor of the

contribution. If the loan was repaid by someone other than the committee or fund, the entity that repaid the loan is the donor of the contribution. The amount of the contribution is the amount of the loan that was forgiven or repaid.

An independent expenditure or ballot question political committee or fund also can make loans for political purposes to other independent expenditure or ballot question committees or funds. Disbursements made from these loans are reported as expenditures by the independent expenditure or ballot question committee or fund. They are discussed under the Spending Money section of the handbook.

Who can give you contributions?

You can take contributions from the following types of people:

- Corporations;
- Individuals, including lobbyists
- General purpose political committees and funds registered with the Board;
- Political committees registered in Hennepin County;
- Political party units registered in Minnesota; and
- Groups that are not registered with the Board or Hennepin County subject to the requirements in the next section.

If the group is registered with the Board, it is required to give you its registration number with its contribution. Because some groups forget to include their registration number with their contributions, you should always use the lists on the Board's website to see if the group that contributed is registered with the Board.

Additional disclosure requirements for contributions from groups not registered with the Board

A group of two or more people that is not registered with the Board is called an unregistered association. Contributions from unregistered associations may be subject to additional disclosure requirements depending on the size and source of the contribution.

An unregistered association that contributes more than \$5,000 in a year to all independent expenditure and ballot question committees and funds registered in Minnesota must give each recipient committee or fund an additional disclosure form with its contribution. On the form, the unregistered association must list the name, address, and amount attributable for any individual or group that gave the association more than \$5,000 of the money that the association contributed to the IE or BQ committee or fund. This disclosure requirement also applies to contributions from a sponsoring association to its own IE or BQ fund. The recipient committee or fund must submit a copy of the disclosure form with the first campaign finance report that discloses the subject contribution.

This additional disclosure requirement does not apply, however, when the source of the unregistered association's contribution is revenue from the operation of a business. Contributions from for-profit corporations to IE and BQ committees and funds fall under this provision.

The Board has a disclosure form that unregistered associations can use with their contributions. On the form, the association can indicate that it reached the \$5,000 threshold and disclose the name and address of anyone who was the underlying source of more than \$5,000 of the contribution to the IE or BQ committee or fund.

The Board's form also has space for the unregistered association to indicate that additional disclosure is not required because

- the source of the contribution was revenue from a business;
- the association did not reach the \$5,000 aggregate contribution threshold; or
- no one person provided more than \$5,000 of the contribution.

Although unregistered associations are not required to document the fact that the additional disclosure form is not needed, the civil penalty for accepting a contribution from an unregistered association without obtaining the required disclosure can be up to four times the amount of the contribution. It therefore is strongly recommended that treasurers ask all unregistered associations either to provide the required disclosure with their contributions or to explain in writing why that disclosure is not required. The committee or fund should keep this documentation with its records and submit a copy to the Board with its next report.

How does an unregistered association determine whether one person was the source of more than \$5,000 of a contribution to an IE or BQ committee or fund?

There are two methods that an unregistered association can use to determine if anyone was the source of more than \$5,000 of the contribution that was given to the IE or BQ committee or fund:

1. Apply a pro rata calculation to all unrestricted dues, fees, and donations received by the unregistered association during the year; or
2. Allocate the contribution by picking specific individuals or groups whose dues, fees, or donations will be attributed as the sources of the contribution.

If the unregistered association determines that no one individual or group was responsible for more than \$5,000 of the contribution, it does not need to list the names of any individuals or groups on the disclosure form. Instead, the unregistered association would list the total amount of the contribution on Schedule A1, Line B of the disclosure form. (Line B is entitled "Amount of the contribution that is attributable to underlying sources that are not required to be itemized.")

The process for determining how much the association can use for independent expenditures without providing itemized underlying source disclosure is simple. Examine the total amount received from each member during the current year. If a donor gave more than \$5,000, count only the first \$5,000 from that donor. Add the amounts together (counting only the first \$5,000 per donor). The result is the total amount that the association can spend on independent expenditures without disclosing any donors. If this amount is less than the total of independent expenditures made during the calendar year, the association would list the total of its independent expenditure spending on the unitemized line of its disclosure form (Schedule A1, Line B).

For example, assume that an unregistered association gives \$25,000 from its general treasury to an IE committee. Counting only up to the first \$5,000 per member, the association concludes that it received more than \$100,000 in donations of \$5,000 or less. Since the total amount raised by the association counting only the first \$5,000 per donor exceeds the \$25,000 contribution, the association would list the entire \$25,000 on the unitemized line (Schedule A1, Line B) on the underlying disclosure form.

If this same calculation resulted in a conclusion that the association had received only \$15,000 counting only the first \$5,000 from each donor, itemization of one or more donors would be required since the full \$25,000 contribution would not be covered by counting only the first \$5,000 per donor.

Who can't give you contributions?

Some people and groups cannot give anything to an IE or BQ political committee or fund. You cannot take money, things, or any other contribution from the following people or groups:

- Anonymous contributors unless the contribution is \$20 or less; and
- Foreign nationals.

If a candidate's committee makes a contribution to an IE committee or fund on or after January 1st of a year when the candidate's office will be on the ballot, the IE committee or fund cannot make any independent expenditures on behalf of that candidate.

What do you do if you accept a contribution from a prohibited source or from an unregistered association that does not give you a required disclosure form?

If an independent expenditure or ballot question committee or fund deposits a contribution from a prohibited source by mistake, it must give the contribution back. Similarly, the committee or fund must return a contribution from an unregistered association when that association does not give the committee or fund the required disclosure form.

If the committee or fund returns the contribution within 90 days of deposit, it does not have to include the contribution or the check returning the contribution on its campaign finance report

and any violation associated with the contribution is cleared. If using the CFR software, the committee or fund, however, should record both the receipt and the return of the contribution so that the CFR records will match the bank statements of the committee or fund. If the contribution is returned more than 90 days after it was deposited, the committee or fund still must return the contribution, but the full amount of the original contribution must be included on the committee or fund report. The report must also include an expenditure transaction recording the return of the contribution. The violation that resulted from the prohibited contribution is not cured by returning the contribution more than 90 days after it was received and, as a result, will be dealt with by the Board. If a committee or fund returns the actual check from a donor without depositing it, nothing is reported to the Board.

If the independent expenditure or ballot question committee or fund receives an anonymous contribution that is more than \$20, you must send it to the Board within 14 days. The Board will add the money to the Public Subsidy Program account. You must send the entire amount of the anonymous contribution to the Board, not just the amount over \$20.

Sometimes the committee or fund will know the name of a donor but will not have a piece of required information, such as the donor's address or employer/occupation. The committee or fund must try to get the missing information. If the committee or fund cannot get the missing information, it must treat the entire contribution as an anonymous one and forward it to the Board.

A committee or fund also can refuse or return any contribution, or any part of a contribution, for its own reasons.

How should you handle joint contributions?

Many times, people contribute to an independent expenditure or ballot question political committee or fund using a check written on a joint account. Campaign finance rules, however, do not recognize joint contributions. Every contribution must be reported as coming from one donor. This means that the treasurer must decide how to report a contribution that is received in the form of a check drawn on an account with two names on it.

When you receive a check written on a joint account, you can report the full amount of the contribution as coming from the person who signed the check.

You can split a contribution between the two people listed on the check only if one of the following conditions is met: 1) you personally know that the check was intended to be from both parties; or 2) you contact the person who did not sign the check to confirm that the check was intended to be from both parties. You should make a note in your records that explains how you treated the contribution and why.

What records do you have to keep?

You must keep a record of everything given to the independent expenditure or ballot question committee or fund. You must keep the records for four years. The four-year period starts on the date that the report containing the information is filed with the Board. If an amendment to that report is filed, the four-year period starts on the date of the amendment.

The campaign finance laws require larger contributions to be itemized on the report. The itemization threshold is lower for independent expenditure committees and funds than it is for ballot question committees and funds. Specifically, for contributions over \$200 to an independent expenditure committee or fund and over \$500 to a ballot question committee or fund, you must list the name, address, and employer of the donor and the date and amount of the contribution. If one donor has given multiple contributions that total more than the applicable \$200 or \$500 threshold, you must itemize them all, listing each contribution separately on the report under the donor's name. Contributions from donors who have given less than the applicable threshold, in total, should be added together and listed as a lump sum on the committee or fund report to the Board. However, you still have to keep an internal record of each of these contributions.

Many times, an initial contribution will be too small to report as an itemized contribution. The campaign finance laws, however, apply to all contributions given over the course of the year. If you do not keep good records, you will not be able to tell when a donor's total contributions reach the itemization level.

Although you should keep records of everything given to the independent expenditure or ballot question committee or fund, the detail of each record depends on the amount given. The specific rules are described in the sections below.

If you use an electronic reporting system like CFR, regularly add donation information and remember to back up your data often.

Cash contributions of \$20 or less

For a cash contribution of \$20 or less, the only thing you must record is the amount and the date the contribution was received. You may choose to record the name of the contributor for the committee's or fund's own use. But the law does not require you to record more than the amount and date of the contribution.

If you collect money through small donations put in a jar or box, you should tell donors that if they want to donate more than \$20, they should see the treasurer so you can get their donation information. Donations of \$20 or less collected through a donation jar are reported with other nonitemized contributions regardless of the total amount put in the jar.

In-kind contributions of \$20 or less

You do not have to record or report anything for an in-kind contribution that is \$20 or less.

Cash and In-kind contributions over \$20 but not more than \$200 for IE committees and funds or \$500 for BQ committees and funds

For all contributions over \$20 but not more than the threshold applicable to your group (not more than \$200 for IE committees and funds and not more than \$500 for BQ committees and funds), you must record the name and address of the donor, the date the contribution was received, the amount of the contribution, and, for in-kind contributions, a description of what was donated. If the donor is registered with the Board, you must record the donor's Board registration number.

Cash and In-kind contributions over \$200 for IE committees and funds or over \$500 for BQ committees or funds

For contributions that are more than the threshold applicable to your group (more than \$200 for IE committees and funds and more than \$500 for BQ committees and funds), you must record the same information listed in the paragraph above. In addition, you must record the donor's employer or, if self-employed, the donor's occupation.

You should keep your list of donors in alphabetical order because this is how you must report them to the Board. Each reporting period includes all contributions received during the year, not just the contributions received since the last report. If you use the Board's CFR reporting software, it will automatically keep track of your donors in alphabetical order. In addition, CFR will allow you to easily comply with the requirement that reports be filed in electronic form.

What penalties apply to contributions that don't follow the rules?

The Board can charge a penalty of up to \$1,000 for the following things:

- Accepting a contribution when the committee or fund does not have a treasurer;
- Not keeping records of contributions;
- Mixing committee funds with other money;
- Not depositing contributions promptly;
- Not giving notice that the purchase of a good or service is a contribution; and
- Accepting an anonymous contribution over \$20.

The Board can seek a penalty of up to \$3,000 if someone tries to get around the disclosure requirements by making contributions through another person or on behalf of another person. The Board also can seek a penalty of up to \$3,000 if a person knowingly fails to keep records of contributions. The Board can impose an additional \$3,000 civil penalty on the committee or fund that is affiliated with the person who knowingly failed to keep the contribution records.

Failure to obtain the required underlying disclosure statement from an unregistered association is subject to a penalty of up to four times the amount of the contribution, not to exceed \$25,000. A higher civil penalty may apply if the failure to provide the form was intentional.

Spending money

Overview

This chapter tells you what the independent expenditure or ballot question political committee or fund can do with its money. It also covers what records to keep of your spending. You will use those records to make reports to the Board.

Topics covered

What can an independent expenditure political committee or fund do with its money?

What are independent expenditures?

What actions will defeat the independence of an expenditure?

What can a ballot question political committee or fund do with its money?

What are ballot question expenditures?

What are the disclaimer requirements?

What are in-kind expenditures?

What are in-kind contributions to other independent expenditure or ballot question committees or funds?

A note about making loans to others

What spending records must be kept?

What penalties apply to improper spending?

What can an independent expenditure political committee or fund do with its money?

An independent expenditure political committee or fund can make independent expenditures and ballot question expenditures. An independent expenditure committee or fund also can make contributions to other independent expenditure or ballot question political committees or funds registered with the Board. An independent expenditure political committee or fund can pay expenses related to the operation of the committee or fund, such as fundraising expenses, website fees, and administrative costs, and can return a contribution to its source. An independent expenditure fund can return general treasury money transferred to it by its sponsoring association back to that association. Money collected for political purposes cannot be used by or loaned to anyone for personal reasons.

What are independent expenditures?

An independent expenditure is an expenditure

- that expressly advocates the election or the defeat of a candidate; and
- that is made without consulting with or involving the candidate or the candidate's committee in any way.

A communication expressly advocates the election or defeat of a candidate if it uses the phrases “vote for,” “elect,” “support,” “cast your ballot for,” “Smith for Congress,” “vote against,” “defeat,” “reject,” or other similar words.

To qualify as independent, the expenditure cannot be made with the express or implied consent; with the authorization of; with the cooperation of; in concert with; at the request of; or at the suggestion of the candidate, the candidate’s committee, or the candidate’s agent.

If the candidate or a member of the candidate’s committee knows about the independent expenditure in advance, has had discussions about the independent expenditure, or has cooperated in any way to make the expenditures possible, you should be very careful that this involvement has not converted the independent expenditure to a contribution. There is a list of actions that can defeat the independence of an expenditure in the next section of this handbook. If in doubt, ask for guidance from a Board staff member.

If the expenditure meets the requirements of the law for independence, it is called an independent expenditure. An independent expenditure is not a contribution to the candidate and is not reported on the candidate contribution section of the committee or fund report. Instead, independent expenditures are reported on a special schedule. The treasurer must sign an affidavit stating that the expenditures were independent and the affidavit must be notarized. The affidavit must be filed with the report that includes the independent expenditures.

What actions will defeat the independence of an expenditure?

The following is a list of actions that can defeat the independence of an expenditure and transform it into a contribution to the candidate.

- The candidate, on or after January 1 of the year in which the candidate will appear on the ballot, engages in fundraising of money to be used for political purposes for an IE or BQ political committee or fund that makes an expenditure on the candidate’s behalf. This provision **does not apply** to fundraising of money that is not raised for political purposes.
- The candidate, on or after January 1 of the year in which the candidate will appear on the ballot, was a chair, treasurer, deputy chair, or deputy treasurer, of the IE or BQ political committee or fund that makes an expenditure on the candidate’s behalf.
- The candidate and the IE or BQ political committee or fund obtain consulting services from the same vendor and the vendor does not have firewall procedures in place to separate vendor staff working for the candidate from vendor staff working for the committee or fund.
- The IE or BQ political committee or fund makes an expenditure after receiving information from the candidate, or an agent of the candidate, that is not publicly available about the candidate’s campaign plans, strategy, or needs.

- The IE or BQ political committee or fund provides information to the candidate about an expenditure's content, audience, timing, location or mode, volume, or frequency before the expenditure is communicated to the public.
- The candidate participates in any of the processes required for the creation and development of the expenditure or any decision regarding the content, timing, location, audience, volume of distribution, or frequency of the expenditure.

The actions listed below, however, by themselves, **do not establish** that an expenditure was coordinated with a candidate.

- A candidate asks an IE or BQ political committee or fund not to make any independent expenditures supporting the candidate or opposing the candidate's opponent.
- A candidate provides the IE or BQ political committee or fund with a list of donors provided that the committee or fund does not state or suggest to the candidate that the list will be used to raise funds for independent expenditures to benefit the candidate.
- An expenditure uses a photo, video, or audio recording from a publicly available source or event.
- An expenditure uses information about a candidate from a publicly available source or event.
- An IE or BQ political committee or fund makes a contribution to or endorses the candidate.
- An IE or BQ political committee or fund includes a hyperlink to the candidate's website or social media page in the expenditure.
- The expenditure is referenced in a news story.
- The IE or BQ political committee or fund discusses the candidate's positions on legislative or policy issues with the candidate or the candidate completes a survey distributed by the committee or fund.
- The candidate participates in an event before the IE or BQ political committee's or fund's members, employees, or shareholders, provided that the event does not promote the candidate's campaign.

The lists above are not exhaustive, however. There are other actions, or combinations of actions, that are not listed that could defeat the independence of an expenditure. In advisory opinions and enforcement actions, the Board has examined the statutory definition of independent expenditure and has determined that, in general, the following types of activities, communications, and relationships will defeat the independence of an expenditure:

- the expenditure is made with the express consent of the candidate,

- the expenditure is made with the implied consent of the candidate,
- the expenditure is made with the authorization of the candidate,
- the expenditure is made with the cooperation of the candidate,
- the expenditure is made in concert with the candidate,
- the expenditure is made at the request of the candidate, or
- the expenditure is made at the suggestion of the candidate.

The presence of any one of the listed actions by the candidate, the candidate's committee, or the candidate's agent is sufficient to defeat the independence of an expenditure even if the action is not specified on the list at the beginning of this section.

Given the extensive types of actions that will defeat the independent of an expenditure, an IE committee or fund that intends to make independent expenditures must maintain a high degree of separation between the activities related to the independent expenditure and any candidate supported by the expenditure.

For example, in one matter, several candidates posed for pictures that were later used in independent expenditure communications. The Board determined that although the candidates did not know how the pictures were going to be used, the fact that they participated in the photo shoots was cooperation that defeated the independence of the communication expenditures.

If you have any questions about whether an action will defeat the independence of an expenditure, please contact Board staff for guidance. You also can search the advisory opinions and enforcement decisions on the Board's website for guidance about what specific actions can defeat the independence of an expenditure. The Getting Help section of this handbook has a list of advisory opinions involving independent expenditures that will help you to begin your search.

What can a ballot question committee or fund do with its money?

A ballot question political committee or fund can make ballot question expenditures and independent expenditures. A ballot question committee or fund also can make contributions to other independent expenditure or ballot question political committees or funds registered with the Board. A ballot question political committee or fund can pay expenses related to the operation of the committee or fund, such as fundraising expenses, website fees, and administrative costs, and can return a contribution to its source. A ballot question fund can return general treasury money transferred to it by its sponsoring association back to that association. Money collected for political purposes cannot be used by or loaned to anyone for personal reasons.

What are ballot question expenditures?

A ballot question expenditure is an expenditure made to promote or defeat an amendment to the state constitution that will be voted on by all voters in the state. A ballot question does not include local ballot initiatives.

A communication is presumed to be a communication to promote or defeat a ballot question if it does the following:

- Mentions the issue that is the subject of the ballot question;
- States a position on that issue; and
- Mentions the ballot question that addresses the issue, mentions voting on the issue, or otherwise indicates that people will be able to vote on the issue.

A communication that discusses an issue that is the subject of a ballot question but does not mention the ballot question that addresses the issue; does not mention voting on the issue; and otherwise does not indicate that people will be able to vote on the issue is presumed to be excluded from the definition of ballot question expenditure.

A ballot question expenditure is not a contribution and is reported on the ballot question expenditure schedule.

What are the disclaimer requirements for ballot question and independent expenditures?

When a committee or fund makes a ballot question expenditure or invites people to a fundraiser for the committee or fund, the communication must include a general disclaimer. A disclaimer is a statement of attribution that tells who is responsible for producing and distributing the material.

When a committee or fund makes an independent expenditure, the communication must include language that tells who is responsible for the material and additional language explaining that the communication is made independently of the candidate.

The campaign finance laws are very specific about the words that must be used in both the general disclaimer and the disclaimer on independent expenditures. When an independent expenditure or ballot question committee or fund is involved with producing or distributing a ballot question expenditure or another communication that requires a general disclaimer, the following language must be used.

For communications distributed through broadcast media, the disclaimer must state, "Paid for by thecommittee." If the material is produced and broadcast without cost, the disclaimer must state, "Thecommittee is responsible for the content of this message.

For non-broadcast media communications prepared and paid for by the committee or fund, the disclaimer must state, "Prepared and paid for by the committee,(address)." If the material is produced and distributed without cost, the words "and paid for" may be omitted. The address in the disclaimer must be either the committee's mailing address or the committee's website address if the website includes the committee's mailing address.

For written communications other than outdoor signs, websites, or social media pages, the disclaimer must be printed in 8-point font or larger. The disclaimer requirement is satisfied for an entire website or social media page when the disclaimer appears once on the homepage of the site.

Limited exceptions to the general disclaimer requirement are listed at the end of this section.

When a committee or fund makes an independent expenditure, the following disclaimers must be used.

For an independent expenditure that is distributed through broadcast media, the disclaimer must state, "This independent expenditure is paid for by . . . (name of entity participating in the expenditure). It is not coordinated with or approved by any candidate nor is any candidate responsible for it." If the broadcast independent expenditure is produced and disseminated without cost, the disclaimer must state, "... (name of entity participating in the expenditure) is responsible for the contents of this independent expenditure. It is not coordinated with or approved by any candidate nor is any candidate responsible for it."

For all other independent expenditures, the disclaimer must state, "This is an independent expenditure prepared and paid for by . . . (name of entity participating in the expenditure), . . . (address). It is not coordinated with or approved by any candidate nor is any candidate responsible for it." If the independent expenditure is produced and distributed without cost, the words "and paid for" may be omitted. The address in the disclaimer must be either the committee's mailing address or the committee's website address if the website includes the committee's mailing address.

For written independent expenditure communications other than outdoor signs, websites, or social media pages, the disclaimer must be printed in 8-point font or larger. The disclaimer requirement is satisfied for an entire website or social media page when the disclaimer appears once on the homepage of the site.

The general disclaimer requirement and the independent expenditure disclaimer requirement do not apply to the following items:

- fund-raising tickets;
- bumper stickers, pins, buttons, pens, or similar small items on which the disclaimer cannot be conveniently printed;

- skywriting, wearing apparel, or similar items where it would be impracticable to include a disclaimer; and
- online banner ads and similar electronic communications that link directly to another online page that includes the disclaimer.

What are in-kind expenditures?

In-kind expenditures result ONLY from your committee's or fund's receipt of in-kind contributions. They are equal and complementary. Every in-kind contribution received by your committee or fund results in an in-kind expenditure on the date that the in-kind contribution was accepted by your committee or fund.

What are in-kind contributions to other committees or funds?

Many times, an independent expenditure or ballot question political committee or fund will give something other than money to another IE or BQ committee or fund. For example, a ballot question political committee or fund may give a mailing list to another ballot question political committee or fund. Donations of things other than money are in-kind contributions to the receiving entity. The committee or fund would report these transactions on the contribution schedules of its campaign finance report.

A note about making loans to others

An independent expenditure or ballot question political committee or fund can make loans for political purposes to other IE or BQ political committees or funds. All loans from the committee or fund to another committee or fund require a written agreement between the committee or fund and the borrower. The written agreement must include the date and amount of the loan and the name, address, occupation, and principal place of business of the borrower and any co-signer or guarantor. All loans must eventually be either repaid or forgiven.

A loan or a loan guarantee is not a contribution from the committee or fund that makes the loan unless the loan is forgiven. If the loan is forgiven, the committee or fund is the donor of the contribution. The amount of the contribution is the amount of the loan that was forgiven.

What spending records must be kept?

You must keep records of all the committee or fund expenditures, including cash and in-kind contributions to other independent expenditure or ballot question committees or funds. Your records must include the date and amount of each contribution or expenditure. You must keep the records for four years. The four-year period starts on the date that the report containing the information is filed with the Board. If an amendment to that report is filed, the four-year period starts on the date of the amendment. The treasurer must approve all spending done by the committee. You can use the Board's CFR software to keep track of your spending. You should regularly enter your spending into CFR and back up your data often.

There is one exception to the requirement that you record every expenditure. The exception is for very small items that you purchase out of a petty cash fund. The treasurer or deputy treasurer can take up to \$100 per week from the committee's checking account or the political fund and use that money to pay cash for small incidental purchases. The committee or fund must keep a record of each withdrawal for the petty cash fund. If the withdrawals add up to more than \$100, the committee must itemize them on the committee's reports. The committee or fund should get a receipt for each reimbursement or payment made from petty cash but does not report these individual transactions to the Board.

The following recordkeeping requirements apply to general expenditures, independent expenditures, and ballot question expenditures. For both cash and in-kind expenditures, political committees and funds must record the following information:

- the date and amount of the expenditure, including in-kind expenditures;
- the name and address of the vendor; and
- a description of the item or service purchased, including how the item or service was used.

If you are reimbursing someone for an expense that was more than \$200 or paying a credit card bill for an expense that was more than \$200, you must keep some additional information. You must keep the information listed above for 1) the person or company that you are paying for the expense and 2) the vendor who actually sold the item or performed the service. For example, if you reimburse a volunteer who paid more than \$200 for food for an event, you must keep the following information in your records:

- the date and amount of the reimbursement expenditure;
- the fact that the payment was reimbursement for food for a specific event;
- the name and address of the person being reimbursed; and
- the name and address of the vendor who provided the food.

You must have an invoice or a receipt for any payment over \$100. If the committee or fund spends more than \$200 with a vendor at one time or over the course of the year, you must itemize the payments to that vendor. Keep your records in alphabetical order by vendor because that is how you must report your expenditures to the Board. If you use the CFR software, it will automatically group payments to a vendor and sort vendors alphabetically.

The date that an expenditure is reportable is the date when the committee or fund made the commitment to spend the money, not when the bill was actually paid. An expenditure that has not been paid at the reporting date is listed as an unpaid bill.

The date that an in-kind expenditure was made is the date that the committee or fund accepted the in-kind contribution of goods or the date that in-kind services were actually provided. The vendor for the in-kind expenditure is the donor of the corresponding in-kind contribution.

You also must keep records of all contributions made by the independent expenditure or ballot question committee or fund to other IE or BQ committees or funds. When your committee or fund makes a contribution to another committee or fund, you must give that committee or fund your committee or fund name and Board registration number.

You also must keep records of all contributions returned to the committee or fund.

What penalties apply to improper spending?

The Board can charge a penalty of up to \$1,000 for the following things:

- Spending money when the committee or fund does not have a treasurer;
- Not keeping records of spending;
- Mixing committee funds with other money; and
- Not including the committee or fund Board registration number on a contribution.

The Board also can seek a penalty of up to \$3,000 if a person knowingly fails to keep records of expenditures. The Board can impose an additional \$3,000 civil penalty on the committee or fund that is affiliated with the person who knowingly failed to keep the expenditure records.

The Board can impose a penalty of up to \$3,000 if someone converts committee funds to personal use and can bring a legal action to recover the converted funds. The Board also can impose a penalty of up to \$3,000 for violations of the disclaimer requirement.

Reporting to the Board

Overview

This chapter tells you how to use your records to file reports with the Board. It also tells you when those reports are due. You can use the Board's free CFR software to keep your records and make your reports. If you use the CFR software, it automatically fills out all of the report schedules for you.

Topics covered

- [When do you need to file reports with the Board?](#)
- [What are the reporting requirements just before an election \(24-hour notice reports\)?](#)
- [How do you report to the Board?](#)
- [How do you get an exemption from the electronic filing requirement?](#)
- [How do you report if you still file a paper form?](#)
- [How do you find registration numbers for contributors and recipients registered with the Board?](#)
- [How do you decide if money received by your committee or fund should be reported as a contribution or as income?](#)
- [How do you decide if a payment made by your committee or fund should be reported as an expenditure or a contribution?](#)
- [What do you report to the Board?](#)
- [How do you fix mistakes on a report?](#)
- [What penalties apply to reporting?](#)

When do you need to file reports with the Board?

The reports that you file with the Board are like bank statements. They show the amount of money that the committee or fund started with at the beginning of the year, the receipts and spending that have come in and gone out of the committee or fund during the year, and the amount of money that the committee or fund has left at the end of the year.

In a non-election year, you must file one report for the entire year. This report is due on January 31st of the following year. The 2017 year-end report is due on January 31, 2018.

In an election year, you must file six reports with the Board. In 2018, those reports are due according to the following schedule:

First quarter report:	April 16, 2018
June report:	June 14, 2018
Pre-primary-election report:	July 30, 2018 (15 days before the primary)
42-day pre-general-election report:	September 25, 2018

10-day pre-general-election report:
Year-end report:

October 29, 2018
By January 31, 2019

A calendar with all the reporting dates is available on the Board's website.
Remember that late fees begin without notice on the day after a report is due.

Each report covers the time period from the beginning of the year to the cut-off date for the report. The cut-off date for a report is seven days before the report is due, except that the cut-off date for the year-end report is December 31st. The beginning balance on every report is always the ending balance from the previous year's report. Because each report covers the entire year up to the date of the report, you will repeat some of the earlier receipt and spending entries on the later reports.

With your report, you also must submit any disclosure forms that you received with contributions from unregistered associations that contributed \$5,000 or more to independent expenditure or ballot question committees or funds during the year. You also should submit any forms or statements that you received from contributors that explain why the disclosure form is not required for their contributions.

An IE or BQ committee must file reports every year until the committee closes, even if the committee does not collect or spend any money during the year.

An IE or BQ fund does not have to file a report if it did not accept any contributions or make any expenditures since the date of its last report. If the association has a separate checking account for its independent expenditure or ballot question fund and the fund's only activity during the reporting period was receiving interest on the money in the account or paying bank fees to maintain the account, the fund does not have to file a report for that period.

An IE or BQ fund that has been placed in voluntary inactive status does not have to file reports with the Board.

What are the reporting requirements just before an election (24-hour notice reports)?

During election years, there is a gap between the last date for transactions included on the pre-primary-election report and the date of the primary election. During this time period, an independent expenditure political committee or fund must report to the Board any contributions or allocations of association money to the political fund that the committee or fund receives that total more than \$1,000.

There is another gap between the last date for transactions included on the pre-general-election report and the general election. During this time period, independent expenditure and ballot question political committees and funds must report to the Board any contributions or allocations

of association money to the political fund that the committee or fund receives that total more than \$1,000.

The report is due within 24 hours if you file it electronically or by fax. The report is due by 4:30 p.m. the next business day if you file it in person. You may not file this report by U.S. Mail. The triggering amount is the total of all contributions received from the same donor during the 24-hour notice period. You don't count contributions received before the beginning of the period because they will be included on your pre-election report.

The CFR software application will notify you if you have a 24-hour notice due and will guide you through the filing of the notice. The Board also has an on-line reporting system for these large contributions. It is called the 24-Hour On-Line Notice System. You can use this system to report large contributions even if you do not use the Board's CFR software. The Board gives all registered committees and funds a username and password to access the system.

For 2018, the 24-hour notice requirement is in effect during the following periods:

Election	First day in effect	Last day in effect
Primary (only for IE committees and funds)	July 24	August 13
General (for both IE and BQ committees and funds)	October 23	November 5

The 24-hour notice period is based on the date that the committee or fund receives the contribution. If a contribution is given to a committee member, it is received on that date. That means that it is important for everyone to notify the treasurer of every contribution during the 24-hour notice period. If they do not, a reporting violation may occur because the treasurer did not know about the contribution.

The 24-hour notice report is a report filed with the Board, just like your regular reports. For that reason, it is subject to the same penalty for late filing, which is \$50 per day. If a treasurer does not manage the 24-hour notice requirement carefully, late fees of \$1,000 per unfiled 24-hour notice can easily result.

How do you report to the Board?

You must file your reports electronically. The Board will make an exception for your committee or fund if you show that you have a good reason for not filing electronically.

If you are using the Board's free CFR software to keep your records, you also can use the software to generate the required reports and send them electronically to the Board. CFR incorporates the campaign finance requirements. As you enter your records, it will alert you to possible mistakes. If you enter records regularly, you should have time to fix your mistakes before the time limit has passed. The Board holds periodic training classes on the use of the software. The Board website has a current list of [training opportunities](#). The training offered by

the Board and [online tutorials](#) on the Board's website explain the step-by-step process for creating and filing a report using CFR.

You can use other campaign finance software to keep your records and report to the Board as long as the software meets the Board's requirements.

How do you get an exemption from the electronic filing requirement?

If you think you have a good reason for not filing electronically, you can request a waiver from the requirement. Committees or funds that do very little spending often ask for waivers. You can ask for a waiver by filling out the [waiver request](#) that is available on the Board's website. The Board will tell you if the waiver is granted. If it is, you can continue to file paper reports for two years. You will have to reapply for another waiver after the two years are over.

How do you report if you still file a paper form?

If the committee or fund has received a waiver to report using a paper form, you may send your report to the Board by fax, by U.S. mail, or as an attachment to an electronic mail. If you fax the report, you should keep a copy of the transmittal confirmation to show that you sent the report on time. Even home faxes usually have a way to print a transmission report. If the Board does not receive the fax by the filing deadline and the committee or fund does not have a transmittal confirmation, the report will be considered to be late.

Paper reports must comply with all the legal requirements for committee and fund reports. You should **read the instructions** for completing each schedule before you start to fill it in. You should complete the schedules before you fill out the summary page. On the schedules, contributions and expenditures must be grouped by source or vendor. Donors and vendors must be reported alphabetically when itemization is required. The report must include all transactions from January 1 through the cutoff date of the reporting period.

Paper reports also must be clearly legible even in a scanned image. If the report is not legible, the treasurer will be required to re-do the report and to resubmit it. The Board has also developed an information sheet that tells treasurers about the most common problems with paper filings. This [information sheet](#) is available on the Board's website.

How do you find registration numbers for contributors and recipients registered with the Board?

If an independent expenditure or ballot question committee or fund that is registered with the Board gives your committee or fund money and the contribution is greater than the itemization threshold, you must report the contributor's Board registration number with the contribution. The independent expenditure or ballot question political committee or fund is required to include its registration number with its contribution. Use the registration number provided by the contributor for your records.

Similarly, if your committee or fund gives money to an independent expenditure or ballot question committee or fund that is registered with the Board and your contribution is greater than the itemization threshold, you must

- give your committee or fund registration number to the recipient with your contribution and
- report the recipient’s Board registration number with your contribution.

When registration numbers are not provided with contributions, it can be difficult to determine which committee, or fund was the actual source of contribution and which entity was the actual recipient of the contribution. For example, independent expenditure and ballot question political committees and funds may have similar names or may use different names on their checks than the names that are on the Board registration list.

Using the correct registration number is important because if you don’t use the correct number on your report, Board staff may not be able to match contributions on the reports filed by the donor and the recipient. This may result in your being required to amend your report to correct the error.

If there is no registration number with a contribution or if you do not have the registration number for the group to which you want to contribute, check the lists of registered entities on the Board’s website or contact Board staff for help. You also can contact the entity that made the contribution or to which you will give the contribution to ask for its registration number.

If you use CFR, enter the contribution using the registration number provided and the system will fill in the recipient’s correct committee name.

How do you decide if money received by your independent expenditure or ballot question committee or fund should be reported as a contribution or as income?

Money received by your IE or BQ committee or fund is reported either as a contribution to the committee or fund or as miscellaneous income. Almost all of the money received by an IE or BQ political committee or fund should be reported as contributions but there are a few exceptions to this general rule. Here are some common receipts and how they should be reported.

Transaction	How to report transaction
Money received for tickets to a fundraiser	Contribution
Money received for a table sponsorship at a fundraiser	Contribution
Money given to reimburse your committee or fund for another committee’s or fund’s share of the cost of a good or service, such as a mailing or a fundraiser	Miscellaneous income

Transaction	How to report transaction
Money received as a refund because the committee or fund paid for a good or service that it never received	Miscellaneous income
Interest paid on a bank account	Miscellaneous income
Proceeds from selling something at a silent or live auction	Contribution
Item given to your committee or fund to sell at an auction	Contribution
Refund of a security deposit	Miscellaneous income

How to decide if a payment made by your independent expenditure or ballot question committee or fund should be reported as an expenditure or as a contribution to another registered entity?

Money paid out by your IE or BQ committee or fund is reported either as an expenditure or as a contribution. Money paid to other entities registered with the Board is the only type of payment that is ever reported as a contribution. All other payments are reported as expenditures. Almost all of the money spent by IE and BQ committees and funds should be reported as expenditures. Here are some common payments and how they should be reported.

Transaction	How to report transaction
Payment to another IE or BQ committee or fund registered with the Board	Contribution
Payment to a group not registered with the Board for sponsorship of an event	Expenditure
Money given to a 501(3)(c) charity	Expenditure
Money you returned to a contributor after deposit of the contribution	Expenditure
Money paid to another IE or BQ committee or fund because your committee or fund agreed to make a joint expenditure with the other committee or fund and the other committee or fund initially paid the entire cost of the expenditure	Expenditure

What do you report to the Board?

You report the committee's or fund's receipts and spending to the Board. Each report has a summary section where you show

- the total amount given to the committee or fund by individuals and registered committees and funds, by unregistered associations using business revenue, and by unregistered associations using fees, dues, and donations;
- the total amount spent by the committee or fund directly;
- the total amount contributed by the committee or fund to other independent expenditure or ballot question political committees or funds;
- the total amount spent by the committee or fund on independent expenditures; and
- the total amount spent by the committee or fund on ballot question expenditures.

The report also has schedules where you list more details about the contributions that the committee or fund received and the expenditures that the committee or fund made. For example, you list contributions to the committee or fund on the Schedule A forms. You use the Schedule B forms to list direct spending, contributions to other IE and BQ committees and funds, and independent and ballot question expenditures. Finally, there are places to report the details of loans and unpaid bills.

The amount of detail that you report on each form depends on the amount of the contribution or the spending.

If you use the CFR software, you don't need to worry about the schedules or the summary. CFR fills them out automatically based on the receipts and expenditures you entered. Before you send your report to the Board, you can look at it on your computer or print it out so that you can see exactly what your filed report will contain.

Paper filers will need to review the instructions included with the paper forms and the information sheet about common paper filing problems before filing reports. This review will help paper filers to correctly fill out each schedule and the summary and make sure that the report meets the requirements for a paper filing.

Contributions to the committee or fund

In this section, when we talk about the contribution amount, we mean the total of all contributions that the committee or fund received from the same donor. For example, if a contributor buys a fundraiser ticket for \$75 and later makes a cash contribution of \$150, the total contribution amount is \$225. If you are the treasurer for an independent expenditure committee or fund, you would itemize these contributions because the total amount exceeds the \$200 itemization threshold for contributions to IE committees and funds. The itemization threshold for contributions to ballot questions committees and funds, however, is \$500. Consequently, if you are the treasurer for a ballot question committee or fund, you would not itemize these contributions because the total amount is less than the \$500 itemization threshold for contributions to BQ committees or funds.

The rules below apply to the donor totals, not to each individual contribution from the same donor.

Do not report receipts from fundraisers as “miscellaneous income.” They are contributions from the people who came to the fundraiser.

You do not have to report anything for in-kind contributions from one donor that are \$20 or less. You also should exclude in-kind contributions of \$20 or less when calculating the total amount given by a donor.

Contributions – Cash and in-kind total - from donors who each gave \$200 or less to independent expenditure committees or funds or \$500 or less to ballot question committees or fund :

- Add the in-kind contributions that were over \$20 together.
- Add the cash contributions together.
- Report the **total amount** of the in-kind contributions in the in-kind column on the nonitemized line on the bottom of the schedule.
- Report the **total amount** of the cash contributions in the cash column on the nonitemized line on the bottom of the schedule.
- Do not list the donors separately.
- Do not list these small contributions as miscellaneous income.

Contributions – Cash and in-kind total - from one donor of more than \$200 to an independent expenditure committee or fund or more than \$500 to a ballot question committee or fund:

- Report each contribution individually.
- Report the date received and the donor's name, address, and employer or occupation.
- Report in-kind contributions in the in-kind column and cash contributions in the cash column.
- List the donors in alphabetical order.
- If a donor made more than one contribution, list each contribution separately under the donor's first entry on your report
- Include the registration number of any donor registered with the Board.

General expenditures

For this section, the expenditure amount is the total of all payments made to the same vendor. For example, if you bought office supplies for \$60 and later bought more supplies from the same vendor for \$150, the expenditure amount for that vendor is \$210 and the expenditures will be itemized. For expenditure purposes, independent expenditure committees and funds and ballot question committees and funds have the same \$200 threshold.

Apply the rules below to the vendor, not to each individual payment made to the same vendor.

Vendors or suppliers to whom you have made expenditures of \$200 or less

- Add the expenditures together and report the **total amount** on the nonitemized line on the expenditure schedule.
- Do not list the payments individually.

Vendors or suppliers to whom you have made expenditures of more than \$200

- List the vendor name and address with the first expenditure to that vendor.

- Report each additional payment individually on the expenditure schedule below the vendor's entry.
- Report the date and amount of each payment.
- Describe the item or service bought and how the item or service was used. The description must be specific enough so that people looking at the report can tell what was bought with the payment.
- List the vendors in alphabetical order.
- If the payment was made to reimburse someone or to pay a credit card bill, you must report using either of the following two methods. (1) You can report the expenditure as if it were paid directly to the vendor who sold the goods or services; listing the vendor as the payee instead of the person you reimbursed. Under this option, you will keep your own records showing that this payment was actually a reimbursement and to whom it was paid. (2) Under the second method, you can report the name and address of the person you are reimbursing as the payee and describe the item originally purchased. Under this option, if you are reimbursing someone for an item that cost more than \$200, you must also include the name and address of the vendor that the person being reimbursed bought the item from. If you are reimbursing an individual for more than one expenditure, list the underlying vendors in alphabetical order under the name of the person being reimbursed.

Independent and ballot question expenditures

There are separate schedules for reporting independent and ballot question expenditures. The rules for reporting expenditures in the preceding section also apply to reporting independent and ballot question expenditures. The independent expenditure schedule, however, also includes an affidavit that the spending was done without consulting with or involving the candidate or the candidate's committee in any way. The treasurer must sign this affidavit under oath and have it notarized. If you are using CFR, print out the affidavit of independent expenditures, sign it and have it notarized, and then send it to the Board when you file the report that includes the independent expenditures.

The independent expenditure schedule also includes a place where you must indicate whether the expenditure was for or against a candidate and then identify the candidate. The ballot question expenditure schedule includes a place where you must indicate whether the expenditure was for or against an amendment and then identify the amendment.

Contributions to other independent expenditure or ballot question committees or funds

For committees and funds filing paper reports, there is one schedule for reporting contributions that the committee or fund makes to other independent expenditure or ballot question committees or funds. Apply the rules below to the total contributions that you make to an independent expenditure or ballot question committee or fund, not to each individual

contribution that you make to that committee or fund. CFR software users don't have to worry about schedules. The software automatically puts transactions on the right schedule.

Total contributions of \$200 or less made to an independent expenditure or ballot question committee or fund (the threshold is the same for contributions made to IE or BQ committees or funds):

- Add these contributions together by type (in-kind and cash) and report the **total amount** for each type on the nonitemized line on the correct contribution schedule.
- Do not list the contributions individually.

Total contributions of more than \$200 made to an independent expenditure or ballot question committee or fund:

- Report each contribution individually on the contribution schedule.
- Report the entity's name and address, the entity's Board registration number, and the date and amount of the contribution. List multiple contributions separately under the entity's name and address.

If the IE or BQ committee or fund makes a contribution to another IE or BQ committee or fund and the actual contribution check is returned to the committee or fund, you do not report the contribution. If a contribution is returned to the committee or fund within 90 days of the date that it was deposited by the recipient, you do not have to include the contribution on your report. If using the CFR software, the committee or fund should, however, record the contribution and its return so that the CFR records will match the committee or fund bank statements. If the contribution is returned to the committee or fund more than 90 days after it was deposited, you must record the refund as miscellaneous income.

If you have questions about how to report a contribution or a payment, you can contact the Board for help.

How do you fix mistakes on a report?

After you have filed a report with the Board, you might discover that the report is incorrect or missing some information. After you discover the error, you have 10 days to file an amended report with the Board. If you feel that you will need more than 10 days to research a problem or gather bank records, contact the Board. The Board will provide limited extensions to the amendment period for good cause.

What penalties apply to reporting?

The Board can charge a fee for late reports. The late fee is \$25 per day for year-end reports and \$50 per day for the other pre-election reports, up to a maximum of \$1,000. The late fees begin the day after the report is due, without notice. Please be sure to keep the reporting

deadlines on your calendar. The late fee also applies to notices of large contributions that must be filed during each 24-hour notice period.

The Board can charge a penalty of up to \$1,000 for the following things:

- Not sending in a report after the Board has told the committee or fund that it is overdue;
- Not sending in an amended report after the Board has told you to do so;
- Not sending in information requested by the Board to reconcile discrepancies between filed reports; and
- Failing to keep records of contributions and spending.

The Board can seek a penalty of up to \$3,000 for the following actions:

- Signing and certifying a report to be true when the person knows that it contains false information or omits required information from the report;
- Knowingly providing false or incomplete information to a treasurer with the intent that the treasurer rely on that information to certify the report;
- Knowingly failing to keep records of contributions and spending;
- Willfully failing to send in an amended report;
- Willfully failing to cooperate with the Board to reconcile a report discrepancy;
- Failing to include the general disclaimer on a communication;
- Failing to include the independent expenditure disclaimer on a communication; and
- Falsely claiming that an expenditure was an independent expenditure.

The Board also can impose an additional \$3,000 penalty on the committee or fund affiliated with a person who

- falsely certified a report;
- provided false information to the treasurer; or
- knowingly failed to keep records of contribution and spending.

Terminating the committee or fund and electing inactive status for a political fund

Overview

This chapter tells you how to put your independent expenditure or ballot question political fund on inactive status. It also tells you how to end the operations of your committee or fund.

Topics covered

[How do you put your independent expenditure or ballot question political fund on inactive status?](#)

[How do you terminate the operations of the committee or fund?](#)

[What penalties apply to committees or funds when they are terminating?](#)

How do you put your independent expenditure or ballot question political fund on inactive status?

IE or BQ political funds often have little activity between election years. When an IE or BQ political fund has no activity in a reporting period other than receiving interest payments on its bank account or paying bank fees for that account, the fund is not required to file a report with the Board for that time period.

An association can formally put its independent expenditure or ballot question political fund on inactive status. A fund on inactive status does not have to file reports with the Board and does not receive reporting notices from the Board.

To put your IE or BQ political fund on inactive status, you must send a written request to the Board. The Board will grant the request for inactive status unless

- the fund has not filed all of its required reports; or
- the fund has unpaid late fees or civil penalties that have not been waived by the Board.

An IE or BQ fund on inactive status can't receive any money other than interest on its bank account or spend any money other than bank fees to maintain that account. The Board will not send forms, notices of report due dates, and notices of late reports to an inactive political fund. A fund on inactive status can terminate its registration with the Board without returning to active status.

An independent expenditure or ballot question political fund must return to active status, and notify the Board of this change, with 14 days after receiving or spending more than \$750 to influence elections. If the fund does not timely notify the Board, the Board will return the fund to active status on its own and notify the fund of this change.

How do you terminate the operations of the committee or fund?

An independent expenditure or ballot question committee or fund cannot stop operating until 1) it has \$100 or less in cash and property; and 2) it has submitted a termination report to the Board. The committee or fund cannot give its assets away to anyone for personal use. The committee or fund can sell its assets to anyone at fair market value, including committee or fund members.

The committee or fund also can make contributions to other independent expenditure or ballot question political committees and funds. A committee or fund that will terminate within one year also can make contributions to charities organized under section 501(c)(3) of the Internal Revenue Code.

An IE or BQ political fund that has money in its account that it received from the supporting association's general treasury funds may transfer that money back to the supporting association. Any assets that were purchased with money allocated to the fund from the parent association's general treasury funds also may be returned to the parent association. General treasury funds are funds that the association received from membership dues or fees, general donations to the association, or income from the operation of a business.

An IE or BQ political committee or fund also may return a contribution to its original source.

When the independent expenditure or ballot question committee or fund has \$100 or less, you can terminate its registration with the Board by sending a termination report to the Board. The termination report is just like a regular report except that it covers from January 1 of the termination year through the date the committee or fund stopped operating. Terminating the political committee's or fund's registration with the Board means that no further reports will be required.

The treasurer or chair must keep the committee or fund records for four years after it terminates.

It is not unusual for independent expenditure or ballot question committees or funds to be inactive for a time. But there is a limit on how long the committee or fund may stay registered without activity. A committee or fund must stop operating and terminate its registration when it has been four years since the reporting period in which the committee or fund made its last expenditure that it was required to report. A political fund in inactive status must terminate its registration when it has been four continuous years since the fund became inactive.

The Board will notify an independent expenditure or ballot question committee or fund if it must terminate. The committee or fund then has 60 days to dispose of its assets and send in the termination report.

The termination of the committee's or fund's registration with the Board does not affect the liability of the committee or fund or anyone associated with the committee or fund for the unpaid debts of the committee or fund.

What penalties apply to committees and funds when they are terminating?

The Board can charge a penalty of up to \$1,000 for not keeping records for four years after the committee or fund terminates.

The Board also can charge a civil penalty of \$50 per day, up to a maximum of \$1,000, for not timely notifying the Board that an independent expenditure or ballot question political fund placed on inactive status has returned to active status.

Common questions

Overview

This chapter describes some important things that are not covered in detail in the previous sections. It also tells you how to report some common transactions that occur during fundraisers.

Topics covered

[How to get a federal tax ID number \(EIN\) for political purposes](#)

[How do you find registration numbers for contributors or recipients registered with the Board?](#)

[How do you decide if money received by your independent expenditure or ballot question committee or fund should be reported as a contribution or as income?](#)

[How do you decide if a payment made by your independent expenditure or ballot question committee or fund should be reported as an expenditure or a contribution?](#)

[Fundraising reporting examples](#)

[Conducting raffles or drawings](#)

[Conducting auctions](#)

[Having policies to help control your money](#)

[Criminal penalties](#)

How to get a federal tax ID number (EIN) for political purposes.

1. Go to the [EIN online application](#) on the IRS website.
2. When asked for the type of organization, check the bottom button for “other” types of organizations.
3. On the next page, select “Political Organization”
4. When asked for the reason for the EIN, select “Banking Purposes”
5. The responsible person is an “individual” who should be the treasurer and should be changed if the treasurer changes.
6. When asked, the person should indicate that they are an authorized officer of the entity.
7. For the legal name, use the committee’s or fund’s name.
8. If you expect that the annual gross receipts of your committee or fund will never exceed \$25,000, check the button that says you will not be filing the form 8871. If you expect that your annual gross receipts will exceed \$25,000, check the button that says you will be filing the form 8871.

9. When asked if you will need employee forms, select "No". (Unless your committee or fund will actually have paid employees. If you fall into this category, seek legal assistance.)
10. When asked how you wish to receive your number, by mail or online, select online. Otherwise you can wait weeks to get the number.
11. Review and print your application information. If it is all correct, click the Submit button.

How do you find registration numbers for contributors and recipients registered with the Board?

If an independent expenditure or ballot question political committee or fund that is registered with the Board gives your committee or fund money and the contribution is greater than the itemization threshold, you must report the contributor's Board registration number with the contribution. The independent expenditure or ballot question political committee or fund is required to include its registration number with its contribution. Use the registration number provided by the contributor for your records.

Similarly, if your committee or fund gives money to an independent expenditure or ballot question political committee or fund that is registered with the Board and your contribution is greater than the itemization threshold, you must

- give your committee or fund registration number to the recipient with your contribution and
- report the recipient's Board registration number with your contribution.

When registration numbers are not provided with contributions, it can be difficult to determine which committee or fund was the actual source of contribution and which entity was the actual recipient of the contribution. For example, independent expenditure and ballot question political committees and funds can have similar names or may use different names on their checks than the names that are on the Board registration list.

Using the correct registration number is important because if you don't use the correct number on your report, Board staff may not be able to match contributions on the reports filed by the donor and the recipient. This may result in your being required to amend your report to correct the error.

If you use CFR, enter the contribution using the registration number provided and the system will fill in the recipient's correct committee name.

If there is no registration number with a contribution or if you do not have the registration number for the group to which you want to contribute, check the lists of registered entities on the

Board's website or contact Board staff for help. You also can contact the entity that made the contribution or to which you will give the contribution to ask for its registration number.

How do you decide if money received by your independent expenditure or ballot question committee or fund should be reported as a contribution or as income?

Money received by your independent expenditure or ballot question committee or fund is reported either as a contribution to the committee or fund or as miscellaneous income. Almost all of the money received by an IE or BQ committee or fund should be reported as contributions but there are a few exceptions to this general rule. Here are some common receipts and how they should be reported.

Transaction	How to report transaction
Money received for tickets to a fundraiser	Contribution
Money received for a table sponsorship at a fundraiser	Contribution
Money given to reimburse your committee or fund for another committee's or fund's share of the cost of a good or service, such as a mailing or a fundraiser	Miscellaneous income
Money received as a refund because the committee or fund paid for a good or service that it never received	Miscellaneous income
Interest paid on a bank account	Miscellaneous income
Proceeds from selling something at a silent or live auction	Contribution
Item given to your committee or fund to sell at an auction	Contribution
Refund of a security deposit	Miscellaneous income

How do you decide if a payment made by your independent expenditure or ballot question committee or fund should be reported as an expenditure or as a contribution to another registered entity?

Money paid out by your independent expenditure or ballot question committee or fund is reported either as an expenditure or as a contribution. Money paid to other entities registered with the Board is the only type of payment that is ever reported as a contribution. All other payments are reported as expenditures. Almost all of the money spent by IE and BQ committees and funds should be reported as expenditures. Here are some common payments and how they should be reported.

Transaction	How to report transaction
Payment to another IE or BQ committee or fund registered with the Board	Contribution
Payment to a group not registered with the Board for sponsorship of an event	Expenditure
Money given to a 501(3)(c) charity	Expenditure
Money you returned to a contributor more than 90 days after deposit of the contribution	Expenditure

Transaction	How to report transaction
Money paid to another IE or BQ committee or fund because your committee or fund agreed to make a joint expenditure with the other committee or fund and the other committee or fund initially paid the entire cost of the expenditure	Expenditure

Fundraising reporting examples

All money received from a fundraiser attendee is a contribution, regardless of whether the attendee received food and beverages, entertainment, or benefits such as a golf outing. The only way that you can exclude fees from the attendee's contribution is if the fees were paid directly to the provider of the services, such when the attendee paid the greens fees directly to the golf course.

The examples below explain recordkeeping and reporting for a typical fundraising event and a golf tournament.

The committee or fund holds a dinner as a fundraiser. Tickets to the dinner are \$20 for students and \$125 for everyone else. Anyone who pays \$250 or more can attend a private pre-dinner reception with the event's guest speaker.

All funds paid for tickets to the dinner and for sponsoring the event are contributions. The independent expenditure or ballot question committee or fund must keep records of all the money collected at the fundraiser as contributions. The committee or fund also must keep records of any goods or services donated for the fundraiser by individuals or registered committees. The details recorded will depend on the amount of the contribution.

For contributions of \$20 or less, the independent expenditure or ballot question committee or fund must record only the total amount received. The committee or fund does not need to record any donor information for these small contributions.

For contributions of more than \$20 to \$200, an independent expenditure committee or fund must record the name and address of the donor along with any Board registration number.

For contributions of more than \$20 to \$500, a ballot question committee or fund must record the name and address of the donor along with any Board registration number.

For contributions of more than \$200 for an independent expenditure committee or fund and contributions of more than \$500 for a ballot question committee or fund, the committee or fund must record the donor's name, address, Board registration number, if any, and employer or occupation.

All the costs related to the fundraiser are expenditures for the independent expenditure or ballot question committee or fund holding the event. The payments for expenses, or the value of those items if they were donated, are recorded on Schedule B1-EXP for expenditures.

For all cash and in-kind expenditures, you must record the following information:

- the date and amount of the payment or in-kind expenditure;
- the name and address of the vendor;
- a description of the item or service purchased, including how the item or service was used; and
- the Board registration number of any entity to which you make a payment

If the committee or fund holds a golf tournament fundraiser and charges \$150 per person, the committee or fund would report the entire \$150 as a contribution. The committee or fund would not deduct the cost of greens fees or cart rentals from the \$150. Instead, the committee or fund would report these expenses as expenditures. If attendees pay their greens fees directly to the golf course, those fees do not count as contributions to the committee or fund.

The golf course can offer reduced greens fees to independent expenditure or ballot question committees or funds that are not available to other groups. If the golf course does offer reduced fees, it would be a contribution to the independent expenditure or ballot question committee or fund. The contribution from the golf course would be permitted even if the golf course is a corporation because independent expenditure and ballot question committees and funds are allowed to accept contributions from corporations.

Conducting raffles or drawings

Raffles could be considered charitable gambling and might not be legal for a political fundraiser. You should read "[Frequently Asked Questions about Raffles, Lawful Gambling, and Political Campaign Financing](#)" on the Board's website. This is a flyer put out by the Gambling Control Board, which regulates charitable gambling. You also can call the Gambling Control Board at (651) 639-4000 if you are considering having a raffle or a drawing as part of a fundraiser.

Conducting auctions

When the independent expenditure or ballot question committee or fund holds an auction, the items donated for the auction are in-kind contributions to the committee or fund from the people who give the items. You must record every in-kind contribution that is more than \$20. The items must be valued at fair market value. You must add the value of all items given by a donor to determine the amount of that donor's contribution. You cannot treat each item separately.

If the total value of the item or items donated is less than \$20, you do not have to keep a record of the item(s). You may wish to keep a record for internal reasons.

If the value of the donated items is more than \$20, you must record the donor's name and address and Board registration number. If the donated items are worth more than \$200, an IE committee or fund also must record the donor's employer or occupation if the donor is an individual. A BQ committee or fund does not need to record the donor's employer or occupation unless the donated items are worth more than \$500.

If you receive a donation from an association that is not registered with the Board, remember to get the underlying disclosure form from the association.

A best practice tip is to create a contribution receipt form that has space for all the required information. On the form, you can tell individuals to give employment information only if the contribution is more than \$200 for an IE committee or fund or more than \$500 for a BQ committee or fund. You also can ask unregistered associations to check a box that explains whether an underlying disclosure form is necessary for the donation.

Each item donated to the committee or fund for the auction that is worth more than \$20 also must be recorded as an in-kind expenditure. The vendor for the expenditure is the person who donated the item. The value is the fair market value of the item, which should be the same as the value of the corresponding in-kind contribution. You also must describe the item in the committee or fund records. The date of the expenditure is the same date as the date of its receipt. A best practice tip is to record both the in-kind receipt and the in-kind expenditure at the time the item is accepted.

Fair market value is the price that someone would pay for the item in the open market. It does not include a premium that a person might pay for the item to help the seller.

The sale of the auction items is totally separate from the collection of those items. Everyone who buys something at the auction has made a cash contribution to the committee or fund holding the auction. Record these purchases as cash contributions. Do not reduce the amount of the contribution by the value of the item bought. You do not need to report the item bought to the Board but you may want to keep these records for internal purposes.

Having policies to help control your money

It can be hard to keep track of contributions collected during fundraisers and for auctions. It is very important for the treasurer to keep control over these events. If more than one person will be collecting contributions at a fundraiser, for an auction, or just in the ordinary course of the committee's or fund's work, the treasurer should make sure that these people get the required information from the donors. A best practice tip is to create a receipt for every contribution. The receipt should include the donor's name, address, and employment information along with the date and amount of the contribution. The person collecting the contribution for the committee or fund should keep a copy of the receipt and give a copy to the donor. The treasurer should collect the copies of these receipts as soon as possible. All money and contributions also

should be given to the treasurer right away. The treasurer also should keep any records related to fundraisers such as the bid sheet for an auction.

A committee or fund should have policies that ensure that the treasurer is the person in control of the money and that the money in the bank always balances out with the money shown on reports filed with the Board.

Criminal penalties

Some violations of the campaign finance laws can be criminally prosecuted. For these violations, the Board could refer the matter to the Attorney General or to a county attorney. The attorney general or the county attorney would decide whether the matter should be charged as a crime. The Board itself does not charge or prosecute criminal matters.

Some of the violations that carry possible criminal penalties are listed in this handbook. In addition, the following violations of campaign finance laws may be charged as crimes:

- Filing a registration form knowing that it contains false information or omits required information;
- Knowingly providing false or incomplete information to a treasurer with the intent that the treasurer will use that information in certifying a report;
- Trying to get around the contribution limits by making contributions through another person or on behalf of another person;
- Falsely claiming that an expenditure was an independent expenditure;
- Failing to disclose an independent expenditure;
- Participating in the preparation or distribution of campaign materials that do not include the required disclaimer; and
- Knowingly failing to keep records.

Getting help

Overview

This chapter tells you how to get help from the Board.

Topics covered

[What is the role of Advisory Opinions?](#)

[Complaints](#)

[How do you contact the Board?](#)

What is the role of Advisory Opinions?

The Board on occasion issues advisory opinions that provide the Board's interpretation of a statutory provision. The opinions that concern independent expenditure and ballot question committee's and funds are listed below. Although these opinions were issued before the legislature enacted the specific list of actions that can defeat the independence of an expenditure, that legislative list is not exclusive. Consequently, the advisory opinions still provide guidance regarding the types of actions that can defeat the independence of an expenditure. All of the opinions listed below, along with over 400 additional opinions interpreting other provisions under the Board's jurisdiction, can be viewed and searched on the [Advisory Opinion](#) page of the Board's website

If you have a question about an advisory opinion, or wish to discuss the process for requesting an opinion from the Board, contact Board staff.

Advisory Opinion Number	Advisory Opinion Topic
Advisory Opinion 437	Candidate fundraising for IE political committee or fund
Advisory Opinion 428	Registration and disclosure requirements for communications naming candidates that do not use words of express advocacy
Advisory Opinion 426	Disclosure related to ballot question committees
Advisory Opinion 423	Donations in-kind to ballot question committees
Advisory Opinion 422	Disclosure related to ballot question committees
Advisory Opinion 421	Disclosure related to ballot question committees
Advisory Opinion 420	Disclosure related to ballot question committees
Advisory Opinion 419	Disclosure related to ballot question committees
Advisory Opinion 412	Effect of candidate's support of political committee or fund on independence of independent expenditures made by that committee or fund.
Advisory Opinion 410	Communications that may defeat independence of expenditure
Advisory Opinion 400	Independence of expenditures when consultant performs services for both candidates and political organizations that want to make independent expenditures on behalf of those candidates
Advisory Opinion 395	Ballot question activities

Advisory Opinion Number	Advisory Opinion Topic
Advisory Opinion 338	Definition of agent in relation to independent expenditures
Advisory Opinion 296	Definition of independent expenditures
Advisory Opinion 265	Use of funds by political party unit committee
Advisory Opinion 263	Use of funds by legislative caucus committee

Complaints

The Board enforces campaign finance laws by reviewing reports that people file with it. Of course, not all problems with campaign finances show up on filed reports. If you have reason to believe that a committee or fund is not reporting accurately to the Board, or in some other way has broken the campaign finance laws, you can file a complaint with the Board. If the complaint is about an activity under the Board’s jurisdiction, and evidence is provided to show that the complaint has a reasonable basis, the Board will investigate. The information concerning the complaint is private until the Board publishes its decision.

How do you contact the Board?

At the beginning of this handbook, we told you that we wouldn’t try to answer every possible question you might have. We encourage you to call or e-mail the Board for help. We want your experience running an independent expenditure or ballot question political committee or fund to be successful, and Board staff will try their best to provide you with the information you need for that to happen.

The Board has two email distribution lists that will keep you informed of campaign finance issues and updates to CFR. To subscribe to these lists, go to the Board’s website and select “Citizen Resources.”

Staff Members

Jeff Sigurdson
Executive Director
(651) 539-1189
jeff.sigurdson@state.mn.us

Megan Engelhardt
Assistant Executive Director
(651) 539-1182
megan.engelhardt@state.mn.us

Jon Peterson
Information Technology Specialist
(651) 539-1186
jon.c.peterson@state.mn.us

Marcia Waller
Programs Administrator
(651) 539-1187
Marcia.j.waller@state.mn.us

Melissa Stevens
Compliance Officer
(651) 539-1188
melissa.stevens@state.mn.us

Jodi Pope
Legal/Management Analyst
(651) 539-1183
jodi.pope@state.mn.us

Gary Bauer
Information Technology Specialist
(651) 539-1185
gary.bauer@state.mn.us

Kevin Lochner
Management Analyst
(651) 539-1184
kevin.lochner@state.mn.us

Who to Call for Help

Board Information	(651) 539-1189
Registration for All Programs	(651) 539-1187
Campaign Finance Reporting	(651) 539-1188
Lobbyist Reporting	(651) 539-1187
Economic Interest Statements	(651) 539-1184
Public Subsidy	(651) 539-1189
Advisory Opinions	(651) 539-1189
Campaign Finance Software	(651) 539-1186
Forms, Receipt Books, General Information	(651) 539-1180
All staff may also be reached at	(800) 657-3889

Email the board

Registration and Reports:	cfb.reports@state.mn.us
Economic Interest Statements:	cfb.eis@state.mn.us
General questions or comments:	cf.board@state.mn.us

You may also contact the Board as follows:

By telephone at (651) 539-1180 or toll free (800) 657-3889.
By TTY by calling (800) 627-3529 and asking for (651) 296-5148.
By fax to (651) 539-1196 or fax toll free (800) 357-4114.

By United States mail to: Campaign Finance & Public Disclosure Board
190 Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155-1603