

# Report of the Minnesota Campaign Finance and Public Disclosure Board



**Covering Fiscal Year 2016**

July 1, 2015 - June 30, 2016

Issued: June 14, 2017  
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# MINNESOTA CAMPAIGN FINANCE BOARD

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**DATE:** June 14, 2017

**TO:** The Honorable Mark Dayton, Governor  
The Honorable Michelle L. Fischbach, President of the Senate  
The Honorable, Paul Gazelka Senate Majority Leader  
The Honorable Kurt Daudt, Speaker of the House  
The Honorable Joyce Peppin, House Majority Leader  
The Honorable Thomas Bakk, Senate Minority Leader  
The Honorable Melissa Hortman, House Minority Leader  
The Honorable Mary Kiffmeyer, Chair State Government Finance and Policy and Elections  
The Honorable Tim O'Driscoll, Chair Government Operations and Elections Policy

**FROM:** Daniel N. Rosen, Chair  
Campaign Finance and Public Disclosure Board

**SUBJECT:** Report of Board activities during fiscal year 2016.

Pursuant to Minnesota Statutes section 10A.02, subdivision 8 (a), the Campaign Finance and Public Disclosure Board submits this report of the Board's activities during fiscal year 2016.

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

Included in this report is information about campaign finance disclosure, the filing of lobbyist disbursement and lobbyist principal reports, and the filing of statements of economic interest by public officials.

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

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

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## **EXECUTIVE SUMMARY**

The Campaign Finance and Public Disclosure Board is charged with the administration of the Campaign Finance and Public Disclosure Act, Chapter 10A of Minnesota Statutes. There are three major programs governed by Chapter 10A: 1) the regulation of campaign finance contributions and expenditures for state-level candidates, party units, and political committees; 2) the registration and reporting of lobbyists and the principals the lobbyists represent; and 3) the collection and disclosure of economic interest statements required of public officials. A brief overview of each program is provided here, with reference to the page in the annual report where detailed information is located. Additionally, the annual report provides information on Board members who served during the fiscal year beginning on page 3, and on the Board's staff, budget, and other financial activity during the fiscal year starting on page 18.

On the filing date for the 2015 year-end report of campaign receipts and expenditures there were 597 state-level candidates, 326 political party units, and 388 political committees and funds registered with the Board. Collectively, the year-end reports disclosed \$32,346,839 in receipts and \$23,643,709 in expenditures during the 2015 calendar year. Additional information regarding the campaign finance program begins on page 10.

About 1,450 lobbyists were registered with the Board at any one time throughout the fiscal year. The lobbyists represented approximately 1,400 principals. The principals reported total lobbying expenditures of \$69,124,719 in calendar year 2015. Additional information on the lobbyist program is found on page 14.

The economic interest disclosure program requires public officials in approximately 2,800 positions to file economic interest statements with the Board. Depending on the position, these officials file their statements when they initially file their affidavits of candidacy for state-level office or when they take office. Additionally, public officials must review and update their statements in January of each year. Details on the economic interest disclosure program start on page 16.

During the fiscal year, the Board held ten scheduled meetings. At these meetings, the Board issued two advisory opinions, reviewed and approved twenty-four conciliation agreements resolving violations of Chapter 10A, and issued seven findings to conclude investigations.

The Board looks forward to building on its accomplishments in fiscal year 2016 to further improve the services provided to the regulated community and to the public.

## **INTRODUCTION TO THE BOARD**

### **Authority**

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

New authority was given to the Board in 2013, which extended the Board's jurisdiction to three sections of Chapter 211B. Those sections are (1) 211B.04, which governs the "prepared and paid for" form of disclaimer, (2) 211B.12, which specifies the purposes for which campaign money may be legally used, and (3) 211B.15, which governs corporate contributions. The new authority is limited to those individuals and associations already under the Board's jurisdiction under Chapter 10A. The Board's new jurisdiction means that it may conduct investigations of possible violations of these statutes and may also issue advisory opinions on these provisions.

### **Mission Statement**

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

### **Functions**

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

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

## Goals and Objectives

- Create better compliance with the Campaign Finance and Public Disclosure Act by moving to an educational model in which providing easy to access information and training reduces the number of violations.
- Provide fair and consistent enforcement of the Act.
- Help citizens become better informed about public issues related to the Act.

## Board and Staff

- The Board consists of six members, none of who may be an active lobbyist, a state elected official, or an active candidate for state office. The Board is not non-partisan; rather it is multi-partisan, with no more than three of the members of the Board supporting the same political party.
- The Board was able to maintain eight full time and one part time equivalent positions during the fiscal year. Additional information about Board staff is found beginning on page 18.

## Board Member Qualifications

The Board consists of six citizen members who are responsible for the administration of the Campaign Finance and Public Disclosure Act. Members of the Board are appointed by the Governor to staggered four-year terms. Their appointments must be confirmed by a three-fifths vote of the members of each body of the legislature. Two members must be former members of the legislature who support different political parties; two members must be persons who have not been public officials, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the date of their appointment; and the other two members must support different political parties. The Board holds regular monthly meetings, which are open to the public and executive session meetings which are closed to the public.

## Board Members - July 1, 2015, through June 30, 2016



### Carol Flynn

Carol Flynn was appointed to the Board in February of 2015 by Governor Dayton for a term ending in January of 2019. She fills a Board position requiring a former DFL legislator. Flynn served as a state senator from 1990-2000 where she was Majority Whip and Chaired the Judiciary and Transportation Committees. She studied at the University of Minnesota. A retired public employee, she volunteers on the Minneapolis Transportation Management Organization and as Vice President of the Loring Green West Association Board.

**George Beck - Left Board January 16, 2016**



George Beck was appointed to the Board in February of 2012 by Governor Mark Dayton. He filled a Board position requiring a member who has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the member's appointment. Judge Beck is a retired administrative law judge who served in that position for nearly 30 years. He presently works as an arbitrator with the American Arbitration Association and also serves on the Hennepin County Human Resources Board. Judge Beck holds a BA degree from the University of Chicago and a JD degree from the University of Minnesota Law School.

**Ed Oliver**



Ed Oliver was appointed in June of 2013 by Governor Dayton for a term ending in January of 2017. He fills a Board position that has no restrictions on previous political activities. Mr. Oliver was a member of the Minnesota State Senate from 1993 - 2002, and served as an Assistant Minority Leader from 1998 - 2002. Mr. Oliver is an arbitrator with FINRA Dispute Resolution, Inc., and is owner and president of Oliver Financial. He currently serves on the board of the Friends of the Mississippi River, and previously served on the Minnesota State Arts Board and as a member of the Great Lakes Commission. Mr. Oliver is a University of Minnesota, College of Liberal Arts graduate where he was awarded a Bachelor of Arts degree with a major in economics.



### **Margaret Leppik**



Margaret (Peggy) Leppik was appointed to the Board in May of 2015 by Governor Dayton for a term ending in January of 2016. Governor Dayton re-appointed Ms. Leppik in January 2016 for a term ending in January of 2020. Because the Senate was not able to schedule a vote to confirm her appointment before adjourning sine die, her appointment ended in May of 2016. She was reappointed by the Governor in July of 2016 to the same position. She fills a Board position requiring a former Republican legislator. Ms. Leppik served as a state representative from 1991-2003 where she chaired the Higher Education Finance Committee. She served on the Metropolitan Council from 2003-2011 where she was vice chair for three years and chaired the Environmental Committee. A graduate of Smith College, Leppik is an active volunteer for numerous nonprofit organizations.

### **Christian Sande**



Christian Sande was appointed by Governor Dayton to the Board in October 2013, and re-appointed in February 2015. His current term expires in January 2019. He occupies a Board position for a member who has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the member's appointment. Mr. Sande is an attorney in private practice focusing on securities fraud litigation and antitrust and consumer fraud class actions. He is a member of the Minnesota and Washington State Bar Associations and the Public Investors Arbitration Bar Association. He is a graduate of Hamline University College of Liberal Arts and William Mitchell College of Law. He volunteers as a GED Tutor at the Open Door Learning Center in North Minneapolis and is a volunteer judge for the Minnesota State Bar Association's high school mock trial program.

### **Daniel N. Rosen**



Daniel N. Rosen was appointed in July, 2014, by Governor Dayton for a term ending in January of 2018. He fills a Board position requiring a member who has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the member's appointment to the Board. A lawyer in Minneapolis, Mr. Rosen is a graduate of the University of Minnesota Law School and a founding partner of the Parker Rosen law firm, where he practices in the field of business and real estate litigation. Prior to law school Mr. Rosen was as an officer in the United States Navy and served in Operations Desert Shield and Desert Storm.

### **Emma Greenman**



Emma Greenman was initially appointed to the Board in January of 2016 by Governor Mark Dayton for a term ending in January of 2020. Because the Senate was not able to schedule a vote to confirm her appointment before adjourning sine die, her appointment ended in May of 2016. She was reappointed by the Governor in July of 2016 to the same position. She fills a Board position that has no restrictions on previous political activities. Emma Greenman is an attorney and advocate who serves as the Director of Voting Rights and Democracy for the Center for Popular Democracy. Her expertise includes voting rights, campaign finance, criminal justice and civil litigation. Ms. Greenman holds a law degree from University of California, Berkeley Law (Boalt Hall) and a Master in Public Administration from Harvard Kennedy School of Government. She is a member of the Minnesota State Bar Association and serves on the board of The Moving Company Theatre and the steering committee of the Minneapolis Alumni Connection.

## Summary of Board Activities

### Meetings

The Campaign Finance and Public Disclosure Board held ten scheduled meetings during the fiscal year. Minutes of Board meetings are published on the Board's web site.

### Advisory Opinion Procedure

The Board is authorized to issue advisory opinions on the requirements of the Campaign Finance and Public Disclosure Act (Minn. Stat. chapter 10A), Minnesota Statutes sections 211B.04, 211B.12, and 211B.15 if the requestor is under the jurisdiction of Chapter 10A, and the Hennepin County Disclosure Law (Minn. Stat. §§ 383B.041 - 383B.058). Individuals or associations may ask for advisory opinions based on real or hypothetical situations to guide their compliance with these laws.

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

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

Two advisory opinions, Advisory Opinion 441 and Advisory Opinion 442, were issued in fiscal year 2016. A summary of Advisory Opinion 441 is provided in the review of the lobbyist program. A summary of Advisory Opinion 442 is provided in the review of the campaign finance program.

## **Education and Training Outreach**

To accomplish the goal of educating clients and the interested public on the compliance and reporting requirements of Chapter 10A Board staff conducted the following training during the fiscal year:

- Fifteen compliance training sessions attended by 323 candidates and treasurers of principal campaign committees, political party units, and political committees and funds.
- Fourteen computer lab training classes attended by 199 treasurers who use the Campaign Finance Reporter software

An ongoing problem in providing compliance training to treasurers is the difficulty in reaching St. Paul from many locations in Minnesota. The Board does Staff schedule some training classes in greater Minnesota, but training sessions held outside of the metro area are always going to be limited in number and may still be inconvenient to attend for some treasurers.

As an effort to provide training available at any time and at any location with web access the Board contracted to develop five online training videos for treasurers. The modules allow viewers to move at their own pace through the topics covered and incorporate quizzes during the training to make the modules more interactive. The Board also maintains ten videos on specific topics related to using Campaign Finance Reporter. The videos are available on the Board's web site. Based on favorable client feedback both of these training tools will be developed and used more extensively in the future.

Additionally Board staff participated in numerous panels, presented at many continuing legal education courses, and spoke to interested groups of the public on the requirements of Chapter 10A.

## Use of Technology

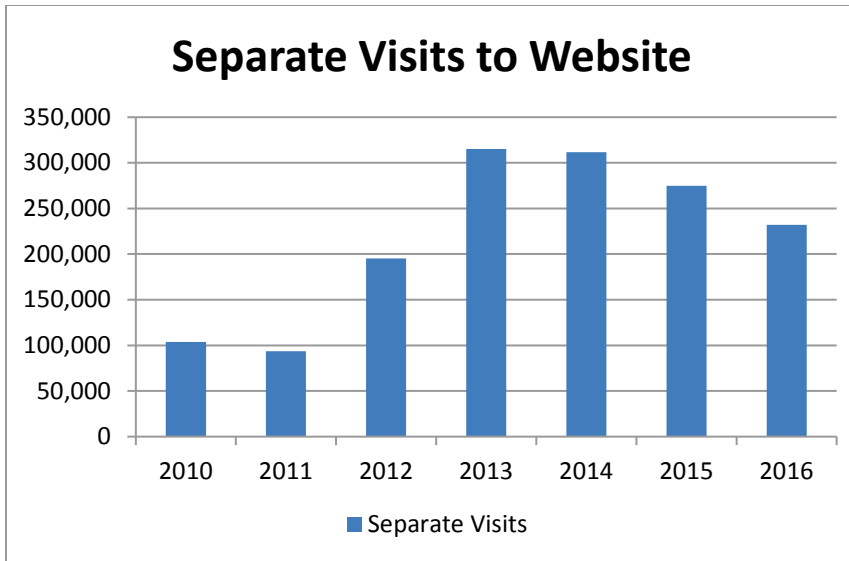
The Board has long recognized the value of receiving disclosure reports in electronic format. Electronic reports may be moved directly into Board databases where the records are analyzed for compliance issues and then exported to the Board's website for faster disclosure to the public. Electronic filing eliminates the cost and errors associated with data entry of paper reports.

To facilitate electronic filing the Board developed web based applications for filing lobbyist disbursement reports, lobbyist principal reports, and the annual certification by public officials of the economic interest statement. Use of these web based applications is optional, clients may still file a paper report, but all three applications have participation rates of over 90%, which indicates that clients also prefer electronic filing.

The Board increasingly turns to the internet to provide the point of access for clients and the general public to Board applications and information. The Board's website monitoring tools are by calendar year, not fiscal year.

The Board website offers

- Board meeting notices and minutes;
- Board enforcement actions - findings and conciliation agreements;
- Advisory Opinions;
- Lists of lobbyists and associations, candidate committees, political committees, political funds, party units, and public officials;
- Copies of all campaign finance and lobbyist reports;
- Electronic filing for lobbyists and lobbyist principals;
- Electronic filing of the *Annual Statement of Economic Interest* for public officials;
- All Board publications and forms;
- Searchable databases of campaign finance contributions;
- Searchable database of independent expenditures;
- Campaign Finance Summaries;
- Lobbyist Disbursement Summaries;
- Annual Report of Lobbyist Principal Expenditures;
- Training videos on the use of Campaign Finance Reporter



## PROGRAM REVIEWS

The Board administers three major and several minor programs as authorized by Minnesota Statutes Chapter 10A. The major programs are campaign finance, lobbying, and economic interest disclosure. The review of each major program includes a general description of the program, a review of legislation passed during the fiscal year that affects the program, a review of any Board advisory opinions issued during the time period for the program area, and an overview of administrative activity that occurred during the fiscal year.

## CAMPAIGN FINANCE PROGRAM

### Program Overview

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

During 2015, a non-election year, these committees and funds file one year-end report disclosing receipts and expenditures to the Board. Information on the number of reports filed is found on page 11.

Each filed report is reviewed by Board staff for compliance with the disclosure law requirements, including accurate accounting and reporting, and adherence to applicable contribution and expenditure limits. Violations of contribution and expenditure limits are resolved through either a conciliation agreement, or in some cases, a Board order. Information on Board investigations and enforcement actions is found on page 13.

As a part of the campaign finance program the Board administers and regulates the distribution of payments for the state’s public subsidy program, which provides public funding to qualified state candidates and the state committees of political parties. Payments are made following the state primary election to candidates and monthly to the state committees of political parties. Information on the payments made to political parties during fiscal year 2016 is found on page 13.

**Legislative Action**

The Board continued its support of legislative recommendations that would use a different standard to identify independent expenditures, and increase the disclosure provided by unregistered associations that contribute to independent committees and funds. During fiscal year 2016, the legislature did not pass any changes to Chapter 10A, or the provisions in Chapter 211B under the Board’s jurisdiction.

**Rulemaking**

The Board did not undertake rulemaking during fiscal year 2016.

**Advisory Opinions Issued Related to the Campaign Finance Program**

The Board issued one advisory opinion in the campaign finance program in fiscal year 2016. Advisory Opinion 442 provided that a candidate’s campaign committee could, under certain circumstances, pay for the use of office space as a constituent service. The opinion stated that when a corporation owned or was being reimbursed for the office space, the payment for the space must be in an amount equal to the fair market value of the goods or services provided to avoid a prohibited contribution from the corporation.

**Campaign Finance Disclosure Reports Filed**

Number of Reports of Receipts and Expenditures filed by candidates, political party units, political committees, and political funds during a reporting year. Reporting years overlap multiple fiscal years.

	2015 Election Year		
	Paper	Electronic	Total
<b>Candidate Committee</b>	155	442	597
<b>Political Party Unit</b>	113	213	326
<b>Political Committee or Fund</b>	77	311	388
<b>Calendar Year 2015 Totals</b>	<b>345</b>	<b>966</b>	<b>1,311</b>

## Electronic Filing of Reports

Principal campaign committees, political committees, political funds, and political party units have been using the Campaign Finance Reporter software since 1998. The Board provides the software to registered committees without charge. The maintenance, upgrade, training, and helpdesk support of the software is provided by Board staff.

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

Electronic filing of campaign finance reports became mandatory beginning with the 2012 election cycle. The Board may grant a waiver from the requirement to file electronically if the total financial activity of a committee is less than \$5,000, or if there are technical or other valid reasons why the electronic filing requirement would be an unreasonable burden to the committee.

The Board has developed and distributed a XML schema that is the standard for the electronic filing of campaign finance reports using a third party vendor's software. Fifteen committees filed electronically using the XML standard.

## Number of Committees Filing Electronically (Numbers are based on calendar year, not fiscal year)

Reporting year	Candidate Campaign Committees	Political Committees, Political Funds, and Political Party Units
2015	442	524
2014	516	543
2013	479	526
2012	581	594
2011	327	237
2010	376	174
2009	292	154
2008	278	135
2007	201	114
2006	228	126
2005	174	75

## Public Subsidy Payments

The Board administers the distribution of payments for the state's public subsidy program, which provides public funding to qualified state candidates and the state committees of political parties. Payments to qualified candidates during the 2016 state general election were made in fiscal year 2017.



**Political Contribution Refund Program**

By statute candidates who sign the public subsidy agreement and political parties are allowed to give political contribution refund receipts to individual contributors. However, the political contribution refund program was not funded by the legislature for fiscal year 2016

**Political Party Payments**

The state committees of political parties receive 10% of the tax check-offs to the party account of the State Elections Campaign Fund. Based on monthly certification from the Department of Revenue during fiscal year 2016 the payments to political parties were as follows:

<b>Party</b>	<b>FY 2016</b>
Democratic Farmer Labor	\$40,288
Independence Party of Minnesota	\$3,145
Grassroots Party	\$730
Green Party	\$1,234
Legalize Marijuana Now Party	\$739
Libertarian Party	\$972
Republican Party of Minnesota	\$19,069
Total Payments to State Party Committees:	<b>\$ 66,177</b>

**Campaign Finance Enforcement Actions**

The Board conducts investigations of possible violations of the provisions of Chapter 10A or those sections of 211B under the Board's jurisdiction. An investigation is started in response to a complaint filed with the Board or may be initiated by staff based on information disclosed on documents filed with the Board.

Investigations of many types of violations are typically resolved by conciliation agreement. The conciliation agreement will set the terms under which the violation is to be remedied, provide for remedial measures to correct the offending behavior, and provide for a civil penalty to the committee. Violations not resolved by conciliation agreement are resolved through the issuance of a Board order. The Board may also issue an order stating that no violation occurred, if warranted.

During fiscal year 2016 the Board issued 22 agreements to resolve violations of Chapter 10A or those sections of Chapter 211B under the Board's jurisdiction. In fiscal year 2016 the Board also issued six findings to conclude investigations and received one complaint, which was dismissed with a finding that probable cause did not exist in the matter.

To ensure compliance with disclosure deadlines Chapter 10A provides for late fees applied at the rate of \$25 dollars a day for year-end Reports of Receipts and Expenditures, and \$50 a day for pre-primary-election and pre-general-election Reports of Receipts and

Expenditures. Disclosure reports that are filed after a \$1,000 late fee has accumulated may also be subject to an additional \$1,000 civil penalty.

Civil penalties and late fees collected by the Board are deposited in the state general fund. A breakdown of late fees and civil penalties collected through enforcement is provided on page 21.

## **LOBBYIST PROGRAM**

### **Program Overview**

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

Lobbyists are required to report disbursements for lobbying purposes to the Campaign Finance and Public Disclosure Board two times each year (January 15 and June 15). On the June 15<sup>th</sup> report the lobbyist must provide a general description of the subject(s) lobbied on during the previous 12 months.

Individuals or associations that hire lobbyists or spend \$50,000 or more to influence legislative action, administrative action, or the official action of certain metropolitan governmental units, are principals and are required to file an annual report disclosing total expenditures on these efforts. The report is due March 15<sup>th</sup>, and covers the prior calendar year.

### **Legislative Action**

In fiscal year 2016 there were no statutory changes in Chapter 10A, including those provisions related to lobbying.

### **Advisory Opinions Issued Related to the Lobbying Program**

The Board issued one advisory opinion in the lobbying program in fiscal year 2016. Advisory Opinion 441 provided that a state agency is not a type of "association" under Minnesota Statutes Chapter 10A and, thus, is not included within the scope of entities that may be principals under the state's lobbying statutes and gift prohibitions.

**Lobbyist Disbursement Reports**

The Board has developed a web based reporting system for lobbyists. Use of the system is voluntary, but as shown below it is used by most lobbyists as the reporting method of choice. Lobbyist disbursement reports are available for review on the Board web site.

<b>Reporting year</b>	<b>Reports filed</b>	<b>Electronically filed</b>
<b>2015</b>	4,076	97%
<b>2014</b>	4,041	96%
<b>2013</b>	3,998	97%
<b>2012</b>	3,823	93%
<b>2011</b>	3,959	94%
<b>2010</b>	3,950	98%
<b>2009</b>	4,028	93%
<b>2008</b>	4,022	92%
<b>2007</b>	3,798	90%
<b>2006</b>	3,445	88%

**Principal Expenditures**

Chapter 10A requires principals to file an annual report disclosing expenditures made in Minnesota to influence legislative, administrative, or official actions by a metropolitan governmental unit. The disclosure is a single number which may be rounded to the nearest \$20,000. Starting in 2012 principals are required to break out the amount spent influencing administrative action of the Minnesota Public Utilities Commission from all other lobbying.

	<b>All Other Lobbying in Minnesota</b>	<b>MN Public Utilities Commission</b>	<b>Total</b>
<b>2015</b>	\$63,947,699	\$5,177,020	\$69,124,719
<b>2014</b>	\$64,517,472	\$5,889,000	\$70,406,472
<b>2013</b>	\$69,185,283	\$5,568,210	\$74,753,493
<b>2012</b>	\$59,060,155	\$2,749,590	\$61,809,745
<b>2011</b>	\$65,241,174		\$65,241,174
<b>2010</b>	\$59,172,799		\$59,172,799
<b>2009</b>	\$62,909,757		\$62,909,757

**Lobbyist Program  
Enforcement Actions**

During fiscal year 2016 the Board issued two agreements to resolve violations of the requirement that lobbyists provide their registration number on contribution checks. The Board completed one investigation and issued findings regarding lobbyist disbursement reporting and recordkeeping requirements. In addition, during fiscal year 2016 the Board received two complaints, which were both dismissed with a finding that the complaints did not state a prima facie violation regarding the gift ban.

Information on late fees and civil penalties paid by lobbyist and principals for missing a report filing deadline is found on page 21.

**ECONOMIC INTEREST PROGRAM**

**Program Overview**

The Board administers the provisions of Chapter 10A of the Minnesota Statutes that govern disclosure of economic interests by public officials and local officials in metropolitan governmental units. There were over 2,663 public officials who filed with the Board in fiscal year 2016. Local officials use forms developed by the Board, but file with the local government unit.

Original statements of economic interest must be filed at the time of appointment, or for candidates, when the candidate files for office. All incumbent candidates and appointed officials must annually review and recertify their statements. The annual recertification is due by the last Monday in January and covers all time served during the previous calendar year. The Board has developed a web based system for submitting economic interest statements.

During fiscal year 2016, there were 369 state offices, boards, agencies, or commissions with elected or appointed public officials. The Board processed 3,260 statements of economic interest during the fiscal year, 94% of which were submitted using the Board's electronic filing system, and 6% were submitted on paper forms.

During the annual recertification period in January of 2016, staff processed 2,449 statements, of those statements 99% were filed electronically.

**Legislative Action**

In fiscal year 2016 there were no statutory changes in Chapter 10A, including those provisions related to economic interest statements.

**Advisory Opinions Issued**

No advisory opinions were issued related to the economic interest program in fiscal year 2016.

## OTHER BOARD PROGRAMS

### **Potential Conflict of Interest**

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

### **Public Employees Retirement Association (PERA) Trustee Candidates**

Candidates for election as PERA Trustees are required to file certain campaign finance disclosure reports with the Campaign Finance and Public Disclosure Board under Minn. Stat. § 353.03, subd. 1. Under this statute, the Board prescribes and furnishes to trustee candidates the reporting form and instructions for completing the form.

### **Enterprise Minnesota, Inc.**

The agency name was changed from Minnesota Technology, Inc (MTI) to Enterprise Minnesota, Inc. in 2008. Minn. Stat. §§ 116O.03 and 116O.04 require certain disclosure by the board of directors and the president of Enterprise Minnesota upon appointment and annually thereafter during their terms in office. Under these statutes, the Board prescribes and furnishes to the directors and president the reporting form and instructions for completing the form.

### **State Board of Investment (SBI)**

Minn. Stat. § 11A.075 requires certain disclosure by SBI members upon appointment and SBI employees upon hire and by both annually until termination of appointment or employment. Under this statute, the Board prescribes and furnishes to the members and employees the reporting form and instructions for completing the form.

### **Representation Disclosure**

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

## **Local Pension Plans**

Members of a governing board of a covered pension plan and the chief administrative officer of the plan are required to file certain statements of economic interest with the governing board under Minn. Stat. § 356A.06, subd. 4.

The Office of the State Auditor prescribes the statement and instructions for completing the statement. The chief administrative officer of each covered pension plan must submit to the Campaign Finance and Public Disclosure Board a certified list of all pension board members who filed statements with the pension board no later than January 15th. Approximately 755 pension plans are required to file with the Board under this law. The Board does not have jurisdiction over enforcement of this certification requirement.

## **STAFF DUTIES**

### **Executive Director**

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

### **Assistant Executive Director**

Serve as advisor to the Executive Director and assist in management of the operations for the agency. Conduct complex investigations and prepare drafts for Board consideration. Reconcile and report on the Board's financial systems. Supervise the agency's compliance programs and information resources. Administer the state public subsidy payment program. Prepare and conduct training classes for clients on campaign finance reporting requirements.

### **Legal Analyst - Management Analyst (2 staff members hold this position)**

Perform legal analysis, make recommendations, and assist in agency administrative rulemaking and the conduct of Board investigations and drafting findings and orders for Board consideration. These positions also serve as an internal management consultant providing support and analysis to the Executive Director and Assistant Executive Director.

### **Compliance Officer Investigator**

Review reconciliation of reported contributions; perform compliance checks on campaign finance reports filed with the Board. Assist in the conduct of Board audits. Monitor cases for Revenue Recapture and Minnesota Department of Revenue Collections Division. Prepare and submit reports to the Department of Finance regarding civil penalties.

<b>Programs Administrator</b>	Provide for distribution, collection, data entry, and filing of disclosure required by Chapter 10A. Collect, store, and retrieve data for the preparation and analysis of summaries of documents filed with the Board. Provide database advice and guidance to Board staff and clients.
<b>Programs Assistant</b>	Provide assistance with data entry and initial desk review for all filed reports. Assist with mailing, copying, and filing of all documents filed with the Board in all agency programs. Maintain agency receipts for deposit with the State Treasurer. Provide general administrative and program support.
<b>Information Technology Specialist III</b>	Develop, maintain, and manage complex database applications to support administration of all Board programs and activities. Provide technical service, assistance and training to Board staff. Develop, administer, and provide technical support for the Board's website. Provide client training and support in the use of the Campaign Finance Reporter Software.
<b>Information Technology Specialist III</b>	Ensure that the technology resources of the Board support applicable business rules and statutory obligations. Provide application design development and administration in response to management requests. Provide high-level programming. Design and support multiple complex relational databases.

**Staff Salaries**  
Fiscal Year 2016

<b>Position</b>	<b>Staff</b>	<b>FY 2016</b>
Executive Director	Gary Goldsmith	\$108,115
Assistant Executive Director	Jeffrey Sigurdson	\$98,172
Legal - Management Analyst	Jodi Pope	\$39,195
Legal - Management Analyst	Kyle Fisher	\$60,173
Investigator	Joyce Larson	\$57,220
Information Technology Specialist 3	Jon Peterson	\$75,338
Information Technology Specialist 3	Gary Bauer	\$65,788
Office and Administrative Specialist Principal	Marcia Waller	\$50,168
Office and Administrative Specialist Intermediate	Andrew Schons	\$37,969
<b>Total Salaries</b>		<b>\$592,188</b>

## BOARD FINANCIAL INFORMATION

Biennial Budget - Fiscal Year 2016

<b>Income Summary</b>	<b>FY 2016</b>
Appropriation	\$1,014,000
Cancel \$150,000 in unexpended fiscal 2015 funds and appropriate the same amount in fiscal year 2016 for website development	\$150,000
<b>Total</b>	<b>\$1,164,000</b>
<b>Expenditure Summary</b>	
Operating budget expenditures	(\$1,078,205)
Carryforward to fiscal year 2017	\$85,795

### Board Operating Budget

The Campaign Finance and Public Disclosure Board is funded by a direct appropriation from the Minnesota Legislature. The appropriation for fiscal 2016 was one million fourteen thousand dollars. Additionally, the legislature cancelled \$150,000 in unexpended funds for website development from fiscal year 2015 into fiscal year 2016 for expenditures related to the website. Funds not expended in the first year of a biennium roll forward into the next fiscal year.

<b>Salary and Benefits</b>	<b>FY 2016</b>
Full time staff (salary and fringe)	\$726,255
Part time staff (salary and fringe)	\$45,312
Per diem for Board Members	\$4,400
<b>Salary and Benefits Sub Total of Expenditures</b>	<b>\$775,967</b>
<b>Operating Expenses</b>	
Office rent	\$39,490
Copier Lease	\$3,525
Postage	\$8,400
Travel	\$6,611
Printing	\$1,605
Staff development	\$3,300
Supplies	\$2,850
MNIT services	\$10,620
Court Reporter and Subpoena Costs	\$2,000
Equipment	\$1,325
Computer Systems Development	\$5,600
Information technology professional services	\$65,365
Repairs	\$2,000
Other purchased services	\$800
<b>Operating Expense Sub Total of Expenditures</b>	<b>\$153,491</b>
<b>Website Development</b>	
	<b>\$150,000</b>
<b>Board Operating Budget Total Expenditures</b>	<b>\$1,078,205</b>



## Penalties Paid for Late Filing of Disclosure Reports and Other Violations of Chapter 10A

The following is a listing of fees and fines paid during the fiscal year. Some fees and fines may have been assessed prior to fiscal year 2016, and some fees and fines assessed during the fiscal year were not paid by June 30, 2016.

<b>Late Filing Fees</b>	<b>FY 2016 Dollars Paid</b>	<b>Number of Violations</b>
Candidate Campaign Committees	\$5,891	38
24-Hour Notice	\$0	0
Political Committees and Funds	\$2,496	21
Political Party Units	\$1,061	8
Economic Interest Statements	\$1,285	28
Lobbyist Disbursement Report	\$3,215	21
Lobbyist Principal Annual Report	\$3,535	37
<b>Total Late Fees</b>	<b>\$17,482</b>	<b>153</b>

<b>Civil Penalties</b>	<b>FY 2016 Dollars Paid</b>	<b>Number of Violations</b>
<b>Contribution from Unregistered association</b>		
Unregistered Association	\$521	5
Political Committees and Funds	\$0	0
Political Party Units	\$412	2
Candidate	\$196	3
<b>Contribution limits violations</b>		
Candidates accepted in excess of limit	\$0	0
Special source (20%) aggregate limit	\$2,270	14
PCF Contribution exceeded limits	\$56	1
Excess lobbyist contributions	\$0	0
Excess party unit contribution	\$27	1
Candidate exceeded spending limit	\$3,721	1
<b>Prohibited contributions during session</b>		
Political Committee and Funds	\$0	0
Lobbyist	\$0	0
Lobbyist failure to provide reg. number	\$0	0
<b>Failure to file disclosure report</b>		
Candidate Committees	\$1,000	3
Political Committees and Funds	\$0	0
Political Party Units	\$0	0
Lobbyist	\$0	0
Lobbyist Principal	\$1,000	1
Failure to file amended report	\$0	0
Economic Interest Statement	\$200	2
<b>Independent expenditure violation</b>	<b>\$0</b>	<b>0</b>
<b>Other</b>	<b>\$3,270</b>	<b>12</b>
<b>Total Civil Penalties</b>	<b>\$19,487</b>	<b>45</b>
<b>Total Late Fees and Civil Penalties Deposited in State General Fund</b>	<b>\$62,017</b>	<b>198</b>