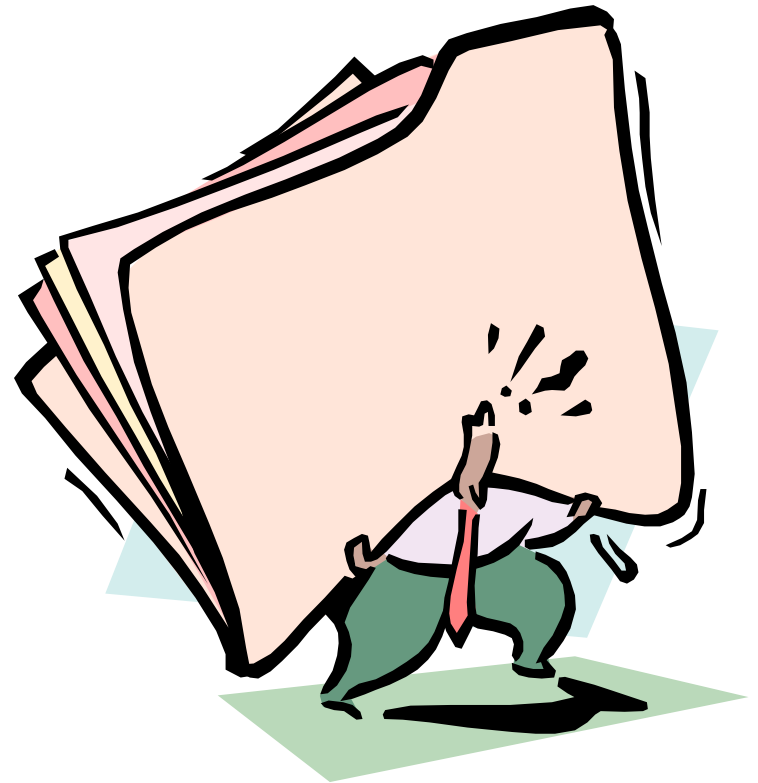


Campaign Finance and Public Disclosure Board Compliance Training

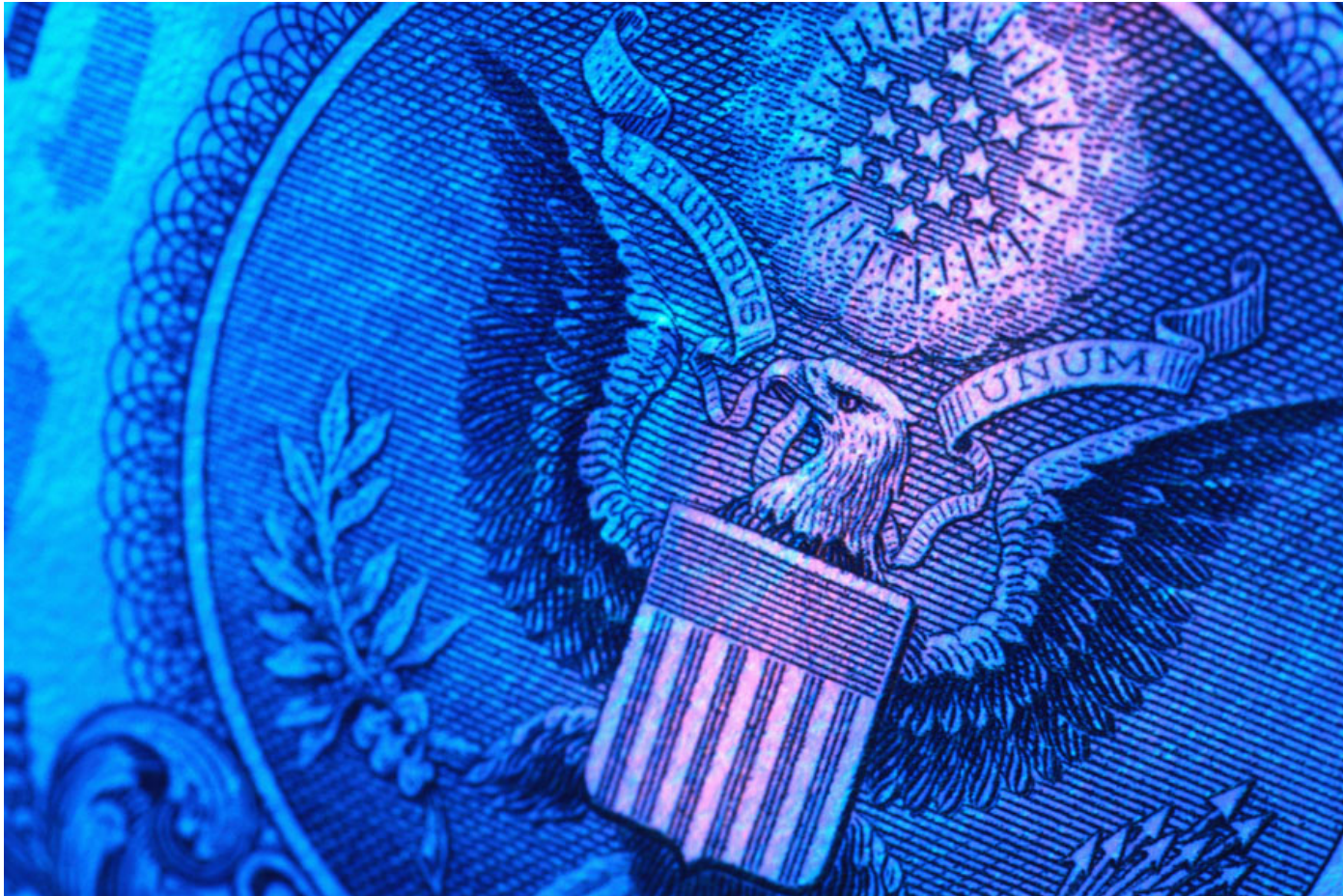


Topics We Will Cover In This Training Session

- Expenditures
- What do you record and report
- Independent expenditures
- Unregistered associations
- Disclaimers
- Public subsidy program
- Captioning



Expenditures



Expenditures

- Expenditures are reportable when an obligation to pay is incurred
- Report expenditure as an unpaid bill if not paid or no invoice at time of report
- Remember that an in-kind contribution is an in-kind expenditure during same report period

Candidate Spending Limits

- Campaign expenditures limited if public subsidy agreement signed
 - Limit increased for 1st time running for office and contested primary
 - 1st time running for office means
 - Never held the same office
 - Name has never appeared on primary or general election ballot for the same office
 - In the past ten years has not spent more than \$750 for any other office that represents more than 1/3 of population of current office sought

Candidate Spending Limits, cont.

- Campaign spending limit is based on two-year segment
 - Higher limit during two-year election segment
 - Lower limit in two-year non-election segment
- A list of 2019 – 2020 spending and contribution limits is available at cfb.mn.gov/pdf/camfin/contrib_limits.pdf

Candidate Spending Limits, cont.

Office	A 2019 – 2020 Base Limit	B 2019 – 2020 First-Time Candidate Limit	C 2019 – 2020 Closely Contested Primary Limit	D 2019 – 2020 Limit for Candidate to whom B & C Apply
Governor/Lt. Governor	\$1,697,400	\$1,867,140	NA	NA
Attorney General	\$226,400	\$249,040	NA	NA
Secretary of State and State Auditor	\$113,300	\$124,630	NA	NA
Senate	\$102,800	\$113,080	\$123,360	\$135,696
House of Representatives	\$68,500	\$75,350	\$82,200	\$90,420

Noncampaign Disbursements

- Only candidate committees have noncampaign disbursements
- May be cash or in-kind
- Noncampaign disbursements do not apply to spending limits
- Noncampaign disbursements are limited to specific purposes allowable by statute

Noncampaign Disbursement Categories

- Incumbents may pay for constituent services such as informational mailings about the session
 - 100% during session
 - 50/50 from end of session to 60 days after final adjournment (July 17)
 - After 60 days – 100% campaign expenditure
- Some other categories include:
 - Contributions to party units
 - Payment processing fees
 - Food and beverages for a fundraiser
 - Food and beverages for candidate and volunteers while campaigning
 - Filing fees
- Find a full list at cfb.mn.gov/pdf/publications/guidance/ncd_guidance.pdf

Contributions Made by a Registered Committee



Contributions Made by a Candidate's Committee

- Principal campaign committees may make contributions to:
 - Another state-level candidate only when terminating – must terminate within 12 months and the contribution must be accompanied by written notice of intent to terminate
 - Political parties and political committees and political funds any time and in any amount
 - \$100 per 501 (c) (3) charity per year (unless terminating)
- Principal campaign committees may **not** make contributions to federal or local candidates

Contributions by a Political Committee or Party Unit

- If you make contributions to federal or local candidates, report them as expenditures
 - Contributions to or disbursements related to federal or local candidates may trigger separate reporting requirements under federal, state, or local law
- May make contributions to other political committees, other party units without limit
- Contributions to state candidate, cash and in-kind, count against party limit of candidate

Multi-Candidate Political Party Expenditures

- May be made only by political party units
- Do not count as contributions to candidates
- 5 types of multi-candidate expenditures
 - To promote party without mentioning any candidate
 - Phone bank calls for at least 3 persons on ballot
 - Official sample ballot with at least 3 persons on the ballot
 - Staff services for at least 3 state candidates
 - Fundraiser for at least 3 state candidates

What Do I Record and Report



Treasurer's Duties

- Must record and deposit all cash receipts
- Keep records of expenditures
 - Invoice or receipt for all expenditures over \$100
- Reports to Board are basically bank statements
 - Make sure that reports list cash balances that match your bank statements, unless there were checks in transit

Itemization Threshold

- Contributions and expenditures are itemized at over \$200
- Ballot question committee or fund contributions itemized at over \$500
- Recordkeeping required by treasurer changes as contribution size increases

Collect All Required Information

Contributions have 3 levels of recordkeeping -

- \$20 and less, no record of in-kind contribution, date and amount of cash contribution – unless used for affidavit of contributions
- Over \$20 to \$200, record name & address of contributor, date and amount of contribution, and description if in-kind
- Over \$200, all of above plus employer or occupation and Board registration number. Contribution is itemized on report

Anonymous Contributions

- Cash contributions of \$20 or less may be accepted without recording information on contributor
- If over \$20, may not be accepted without contributor information
- Anonymous cash contributions over \$20 must be forwarded to the Board

Contributions Needed to file Affidavit of Contributions

- To qualify for public subsidy payment campaign must raise specified amount from MN eligible voters counting no more than first \$50 of contribution
- You may not count anonymous contributions
- Must collect name and address if you wish to count \$20 and less contributions

Collect All Required Information

- Expenditures
 - Keep record of cash expenditures
 - All in-kind expenditures of over \$20
 - Record date, amount, name and address of vendor, description/purpose of item or service purchased
 - Itemize expenditures on report if over \$200 of expenditures with vendor

Know Filing Deadlines For Reports

- Political committees and funds
- Independent expenditure committees and funds
- State party central committee
- Constitutional candidates
- Appellate court judicial candidates
 - Non-election year – only year-end report
 - Election year
 - April report (January 1 – March 31)
 - 2 pre-primary reports
 - 2 pre-general reports
 - Year-end report

Deadlines For Reports, cont.

- Legislative candidates
- District court judicial candidates
- Other party units
 - Non-election year – only year-end report
 - Election year
 - 1 pre-primary report
 - 1 pre-general report
 - Year-end report

24-Hour Notice of Large Contributions

- **Election Years ONLY!**
- Two 24-hour notice periods
 - Before primary election
 - Before general election
- Loan or contribution received during period
- Electronically within 24 hours, in person by next business day
- Triggering amounts
 - Political committee or fund – more than \$1,000
 - Appellate court – more than \$2,000
 - Governor – more than \$2,000
 - Attorney General – more than \$1,250
 - State Auditor or Secretary of State – more than \$1,000
 - District court - more than \$400
 - Legislative – more than \$500
- Political party units do not file 24-hour reports
- Pre-primary period does not apply to ballot question committees or unopposed candidates
- Pre-general does not apply to candidates who are not on general election ballot

Amendments

- Amendments to previously filed documents must be filed within 10 days after the person responsible for filing the documents becomes aware that the information previously filed is incorrect.

Watch Out for Fines

- Start day after deadline without notice
- Pre-election reports \$50 per day up to \$1,000
- Year-end, first quarter, and May reports \$25 per day up to \$1,000
- 24-hour reports \$50 per day up to \$1,000
- Plus civil penalty of up to \$1,000

Carry Forward for Candidate Committees

- At the end of an election cycle the committee may not carry forward more than 25% of the base election cycle spending limit
 - House candidates at end of 2020 – \$17,125
 - Senate candidates at end of 2020 – \$33,900

Understanding Independent Expenditures



Independent Expenditures

- Independent expenditures are made to influence the nomination or election of a candidate without the knowledge, cooperation, or approval of the candidate, the candidate's committee, or the candidate's agent.

Understanding Disclosure Required from Unregistered Associations



Contributions from Unregistered Associations

- Unregistered association typically is a local candidate committee, federal committee, or a political committee registered in another state
- May NOT be a corporation
- May accept from unregistered association if
 - \$200 or less
 - If over \$200, additional disclosure is provided **at the time** the contribution is received

Disclosure Required from Unregistered Association

- May accept up to \$200 before disclosure required
- Disclosure is at Minnesota level (\$200) so FEC report is sufficient
- All transactions nationwide
 - Year-to-date if contribution made after January 30th
- Party units do not need disclosure from federal candidates for payment of fees to attend events

Unregistered Association Disclosure Statement

- Copy of disclosure provided to Board at next reporting period
- Fine of up to 4X amount of contribution if accepted without disclosure

Disclaimers

- A disclaimer tells the public who is responsible for a communication
- A disclaimer is required on all campaign material including websites and Facebook
- Exceptions for online ads that link to page with the disclaimer, apparel, stickers, pins, buttons, and personal letters or business cards clearly distributed by candidate

Form of standard non-broadcast disclaimer

- For non-broadcast communications, the disclaimer must say “Prepared and paid for by the committee address”
- If the communication is produced and disseminated without cost, the words “and paid for” may be omitted

Form of standard broadcast disclaimer

- For broadcast communications, the disclaimer must say "Paid for by thecommittee"
- If the broadcast communication is prepared and disseminated without cost, the disclaimer must say "The committee is responsible for the content of this message"

Form of independent expenditure non-broadcast disclaimer

- For non-broadcast independent expenditure communications, the disclaimer must say "This is an independent expenditure prepared and paid for by (name of entity), (address). It is not coordinated with or approved by any candidate nor is any candidate responsible for it."

Form of independent expenditure broadcast disclaimer

- For broadcast independent expenditure communications, the disclaimer must say “This independent expenditure is paid for by (name of entity). It is not coordinated with or approved by any candidate nor is any candidate responsible for it.”

Additional Disclaimer Information

- Find more information about disclaimer requirements for campaign material at cfb.mn.gov/pdf/issues/disclaimers_campaign_material.pdf
- Find more information about disclaimer requirements for independent expenditures at cfb.mn.gov/pdf/issues/disclaimers_ie.pdf

Public Subsidy Program



Political Contribution Refund Program

- Candidates who sign public subsidy agreement and political parties may issue Political Contribution Receipts (PCR) to contributors
 - Cash contributions only
 - \$50 per individual (\$100 per couple) per year
 - PCR receipt (EP3) from Board or CFR software
 - Dept. of Revenue application - www.revenue.state.mn.us/political-contribution-refund

Political Contribution Refund, cont.

- Contribution must have been received on or after date the candidate filed public subsidy agreement
- Refunds only available to eligible Minnesota voters
- \$50 per individual per year, tracked by Dept. of Revenue by social security number
- Warn donor to send small PCR receipts in all at one time

Political Contribution Refund, cont.

- If a contribution consists of money paid for goods or services, including items purchased via auction, the value of the purchase generally must be deducted from the amount paid when issuing a PCR receipt
 - If a contributor pays \$100 for a \$75 gift card via a silent auction, issue PCR receipt for \$25
 - If a contributor pays \$75 for a \$100 gift card, a PCR receipt cannot be issued
- See [Revenue Notice #91-16](#) for more information

Public Subsidy Payments

- To receive a General Account payment, must be running with a major political party
- Party Account payment, must be with major or minor political party
- Must win the primary election

Public Subsidy Payments, cont.

- To receive public subsidy payment candidate must:
 - Sign agreement for each election cycle
 - Raise a specified amount in contributions from eligible Minnesota voters in increments of \$50 or less by July 20, 2020, and file affidavit by July 27, 2020
 - House - \$1,500
 - Senate – \$3,000

Public Subsidy, cont.

- Subsidy payment made after primary election
- Candidate may be released from spending limit depending on conduct of opponent
- Payment is a combination of general account and party check-off from tax form
- 2020 – 1st estimate published on Board's website in May 2020
- Best estimate for 2020 is available at cfb.mn.gov/pdf/news/May_Estimate_Report.pdf

Public Subsidy Expenditure Obligations

- Must have campaign expenditures equal to or greater than public subsidy funds received during the election cycle by end of the last year of the cycle
- Public subsidy funds received in excess of expenditures must be returned
- Noncampaign disbursements, including contributions to party units, are not campaign expenditures

Captioning by Public Subsidy Candidates

- Professional television ads must include closed captioning unless statement is filed with the Board prior to the ad running explaining why captioning was not included
- Professional visual or audio ads on candidate's website must include closed captioning unless:
 - a transcript is posted to the website; or
 - a statement is filed with the Board prior to the ad running explaining why captioning was not included

Captioning by Public Subsidy Candidates, cont.

- Professional radio ads may not be run unless:
 - a transcript is posted to the candidate's website;
or
 - a statement is filed with the Board prior to the ad running explaining why a transcript was not posted
- See [MNCDDHH Bulletin on Captioning](#) for more information

RETAIN ALL
RECORDS
FOR FOUR
YEARS



When In Doubt Ask



- Online training videos at cfb.mn.gov/filer-resources/self-help/education-and-tools/online-videos
- Call (651) 539-1180 or (800) 657-3889
- The Board website address is: cfb.mn.gov
- You can find handbooks, download forms, and obtain staff contact information on the website