



## League of Women Voters of Minnesota Records

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**LEAGUE OF WOMEN VOTERS OF MINNESOTA**  
**ACTION GUIDELINES FOR LOCAL LEAGUES**

These guidelines are designed to ensure that the League speaks with one voice. The Board of Directors of LWVMN is the final authority in action policy when resolving conflicts if more than one local League is involved or when state LWV policy is involved. Remember that when taking action it should be made clear that all League action is nonpartisan. Action addresses issues rather than candidates or political parties.

**I. ACTION ALERTS**

From time to time local Leagues receive calls to action from the LWVMN and the LWVUS. These may be in the form of an Action Alert from the state or national League, giving background information on an issue together with action strategies and instructions. Action suggestions also appear in the Capitol Letter, MN Voter, Report from the Hill, and in other communications from the state or national League. All Leagues are strongly requested to carry out the suggested action.

**II. LOCALLY INITIATED ACTION:** Local Leagues may want to initiate action. Local action by Leagues is vital and is encouraged.

- A. THE DECISION TO TAKE ACTION WHICH WILL AFFECT ONLY YOUR COMMUNITY RESTS WITH YOUR LOCAL BOARD IF CERTAIN REQUIREMENTS ARE MET: In deciding to take action based on a local position, the board must consider whether the contemplated action falls within the relevant position and whether the local position is consistent with the position of other levels of LWV. The board will also want to consider whether members understand and support the action and whether the action would be effective in the community.

Local Leagues may take positions in their communities based on positions from other levels of League, and consultation with a board member from that level may be helpful in planning action strategy. If action affects other area Leagues, and there is an inter-league organization such as Council of Metropolitan Area Leagues, that level of League must be consulted before any action is taken.

B. ACTION THAT WOULD AFFECT MORE THAN ONE LEAGUE REQUIRES CONSULTATION WITH THE BOARDS OF THE OTHER LEAGUES INVOLVED.

The procedure to be followed will depend on the complexity of the issue and the number of Leagues involved. If only two or three Leagues are affected, all should agree (or have no objection) to the plan of action. If more than three Leagues are involved the LWVMN legislative coordinator or Action Committee should be consulted. A substantial majority of the Leagues involved must agree to the contemplated action. This consultative arrangement is necessary to ensure agreement on the interpretation of positions, to coordinate activities of the different levels of League, and to enhance the effectiveness of League action campaigns.

C. ACTION THAT WOULD INVOLVE CONTACT WITH A STATE GOVERNMENT OFFICIAL REQUIRES CONSULTATION WITH THE LWVMN LEGISLATIVE COORDINATOR OR STATE BOARD PRESIDENT. This consultation is necessary in order to keep LWVMN informed about all state-level advocacy efforts and to ensure that there is no conflict with other LWVMN action.

**Local Leagues may take action on the state level under a local position if all three of these conditions are met:**

- 1. The legislation must not be statewide in scope;**
- 2. Every affected local League must be notified of the proposal prior to any action;**
- 3. Such action must be approved by the State Board or the State President, Legislative Coordinator and Program Chairs prior to any action.**

**D. ACTION THAT WOULD INVOLVE CONTACT WITH GOVERNMENT OFFICIALS AT THE NATIONAL LEVEL REQUIRES CONSULTATION WITH THE NATIONAL LWV OFFICE.**

As with state-level action, the local League must clear plans with the relevant level of League. You may call the LWVUS office directly or you may contact the appropriate state program chair or LWVMN legislative coordinator for guidance. In general, permission to act at the national level may be limited to those issues included in the LWVUS Advocacy Agenda.

(These guidelines are adapted from those of LWV-Illinois)

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(These guidelines are adapted from those of LWV-Illinois)

*Beneen MK*

League of Women Voters of Minnesota, 550 Rice Street, St. Paul, MN 55103

TO: Ramsey County Local League Presidents

FROM: Beverly McKinnell, President

RE: LWVMN Initiative, Referendum and Recall (IR & R) Position and proposed Ramsey County Charter (RCC)

DATE: September 11, 1990

I am writing this in response to questions raised about the LWVMN IR & R position and whether or not local Leagues can support the proposed RCC which contains IR & R provisions.

A copy of the LWVMN position is attached. Please copy it and this memo for your unit or other discussions on consensus or concurrence on the RCC. DO NOT USE THESE IN AN ED FUND SPONSORED EDUCATIONAL MEETING.

The position opposes state level IR & R. The RCC defers to state law on recall of county officials and imposes no new recall provisions. Thus, the pertinent part of the position to RCC is, "support of strict procedural limits on any process of initiative, referendum or recall".

The last "bullet" under "Details" in the LWVMN position lists six restrictions. The RCC does not include the last, spending limits, but does include:

1. a higher than usual % of voters on a petition for initiative or referendum (10% of those voting in a Presidential election rather than gubernatorial);
2. protection of constitutional rights of individuals;
3. limit on frequency of petitions;
4. stating of exact text of proposal at top of each page of the petition.

The Action Committee of LWVMN feels that you may take this information into consideration and decide if the LWVMN position is met by the RCC provisions on IR & R or not.

Reminder: All local Leagues in Ramsey County must agree to the same position in order to take League action. A local League may decide not to take part or to remain silent, but some Leagues cannot be against the RCC with others in favor of it.

- Support of regular and equitable reapportionment, with definite procedures established to ensure prompt redistricting by the Legislature or by a reapportionment commission; support of procedures which provide for:
  - compact, contiguous districts giving advantage to no particular person or group.
  - public accessibility to legislative or commission deliberations and action.
  - prompt judicial review. (1979)

## INITIATIVE, REFERENDUM AND RECALL

**LWVMN Position**—Support of the continuation of legislative initiative and compulsory voter referendum on constitutional amendments; opposition to most forms of voter initiative and referendum on statutes; opposition to recall by voters of members of the Legislature and state constitutional officers; support of strict procedural limits on any process of initiative, referendum or recall.

### Details:

- Support of the continued initiation of constitutional amendments by the legislative branch; opposition to all forms of voter initiative of such amendments (direct, indirect or advisory).
- Support of the continuation of compulsory voter referendum on constitutional amendments.
- Opposition to direct initiative and advisory initiative on statutes; no agreement on indirect initiative on statutes.
- Opposition to optional and compulsory referendum on statutes; no agreement on petition referendum on statutes.
- Opposition to voter recall of members of the Legislature and state constitutional officers; no agreement on voter recall of judges or appointed officials.
- Support of strict procedural limits on any form of initiative, referendum or recall considered or adopted in Minnesota, including restrictions on:
  - time span for collecting signatures;
  - eligibility requirements for persons signing and collecting petitions;
  - percentage of signatures required, geographic distribution of signers, and verification of signatures;
  - size of vote required for passage;
  - procedure for repeal or amendment of a successful initiative or referendum;
  - contributions to and spending for ballot issue campaigns. (1980)

## HISTORY OF STATE ACTION

**Legislative Reform:** Organization of State Government was adopted for study in 1967 with an overall look at the Minnesota Legislature and the executive branch. Consensus positions reached in 1968 and 1970 incorporated earlier LWVMN positions on support for annual flexible sessions, legislative post-audit, reapportionment, and changing the amending process, some of them dating from League's 1947 study of the State Constitution. Minnesota now has a two-year flexible session. The legislative process has become more open to the public, more research assistants have been hired, and information about the Legislature and copies of bills are easier to obtain. Organization of committees continues to improve, although reducing the number of committees has substantially increased the number of subcommittees. Legislators received a per diem increase in compensation and additional expense allowances in 1973; the 1975 Legislature voted to provide lodging expenses in addition to per diem and also to allow travel expenses within a legislator's district. The 1977 Legislature increased the legislators' per diem allowances and provided for salary increases beginning in 1979.

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to create a uniform designation for state boards. Functions of certain agencies were transferred. When certain agencies were created, 221 appointed positions were abolished by the governor to appointment by another authority. The 1977 Legislature created a new Department of Vocational Education, the Governor's Manpower Office, and the Income Maintenance Department (Public Welfare). In 1981, a Department of Environment and Economic Development. Other legislative commissions to state departments and agencies, limits the governor's power to create tax provisions for their expiration. Under another provision, back to current practice after 1987.

**Amending the Constitution:** The 1947 State Constitution changed the amending process. Ratification of a majority vote of all those voting in the election amending automatically casts a "no" vote. LWVMN supported a constitutional amendment by a 55% majority of those voting on the question of the voters.

**Reapportionment:** LWV has supported reapportionment since 1966. The 1979 LWVMN Convention revised the issue of reapportionment in the 1980 reapportionment measures before the Legislature. The constitutional amendment establishing a bipartisan and congressional districts. The amendment difficulties of the Legislature in 1981, there may

## FINANCING STATE

**LWVMN Position**—Support of a system with emphasis on maintaining a combination of spending cuts and funds are short and decreased tax surplus. Support of using the Minnesota elastic tax, making rates more state revenue and lowering rates decreasing state revenue. Support of property tax reform. Support of allocating state funds. Support of especially to local school districts unit that provides the major portion

Campaign Finance and Public Disclosure Board  
1st Floor South, Centennial Building  
658 Cedar Street, St. Paul, MN 55155-1603

DATE: 8/6/97

TO: Judy Duffy  
505 Lake  
Birchwood, MN 55110-1631

FROM: Kelly Hansen  
Programs Administrator

TELEPHONE: (612) 296-5615 or (800) 657-3889

FAX: (612) 296-1722

SUBJECT: Lobbyist Registration

Your lobbyist registration form was received in the Campaign Finance and Public Disclosure Board for:

Minn League of Women Voters

Your assigned lobbyist registration number for this association is:

3748 - 0338

Please use this number on all future correspondence to the Board for this association.

Your first Lobbyist Disbursement Report will be due on January 15, 1998, covering the period from July 1, 1997 through December 31, 1997. > I will take care of this. JEP

PLEASE NOTE: Minnesota Statutes require that you include your name and lobbyist registration number on any campaign contribution you make. Judy FYI

If any information on your registration changes, including a change of address, you must notify the Board in writing within ten days after the change occurs.

If you have any questions, please contact me at the number listed above.

RECEIVED JUN 04 1997

## 1996 Public Subsidy Issues

A legislative candidate may choose to file a Public Subsidy Agreement (PSA). The agreement is a binding legal document.

### Benefits

A candidate who signs and files a PSA:

- 1) may give political contribution refund receipts to campaign contributors, and
- 2) may qualify to receive public subsidy payments.

### Agreement length

A PSA is in effect for an election cycle:

- 1) January 1, 1995, through December 31, 1996, for house of representatives candidates, and
- 2) September 1, 1993, through December 31, 1996, for senate candidates.

The PSA must be signed and filed by September 3, 1996. Once signed and filed, the PSA *may not be rescinded*.

### Provisions

Candidates must agree to the following conditions:

- 1) to abide by spending limits,
- 2) to limit personal contributions, and
- 3) to return the amount of public subsidy received that exceeds actual campaign expenditures in the election year.

### Eligibility for payments

A candidate must raise a specified amount of money in the election year and file a notarized *Affidavit of Contributions* certifying that fact to receive public subsidy payments.

A candidate's name must appear on the general election ballot to receive Party Account payments.

General Account payments are made to candidates who receive 10% of the votes cast in the general election for the office sought.



**Amounts**

The amount of the party account payments will vary among legislative candidates of a political party.

The amount of the general account payment will be the same for each candidate for a particular office. However, a candidate may receive public subsidy only up to 50% of the candidate's expenditure limit. The general account payment may be reduced if necessary to maintain the 50% limit.

**Unopposed candidates**

A candidate unopposed in both the primary and general elections is *not eligible* to receive public subsidy payments. The party funds of that candidate are paid to the candidate's political party to be used for multi-candidate expenditures.

**Spending limit increases**

Election year spending limits are increased by 10% for a candidate who is running for an office for the first time and has not run previously for another office whose territory now includes a population that is more than one-third of the population in the territory of the new office.

Election year spending limits are increased by 20% for a winning candidate in a contested primary who won the primary by less than a 2 to 1 margin. The candidate may not use the 20% increase until after the primary election.

**Spending limit waived**

A candidate whose opponent does not sign a PSA may be released from spending limits under certain conditions. Call the Board office at 296-1721 or 800/657-3889 if your opponent has not filed a PSA.

**Return of public subsidy**

Public subsidy received in excess of a candidate's actual campaign expenditures must be returned.

If a candidate exceeds the limit on resources which may be carried forward to the next election cycle, a part of the public subsidy may need to be returned.

The Board provides a worksheet with the election year-end report to assist in determining the need to return public subsidy.

## MINNESOTA'S PUBLIC SUBSIDY PROGRAM

### What is the public subsidy program?

Through this program, candidates for legislative and constitutional offices agree to limit their campaign spending in order to receive subsidies from the state. The program also allows contributors to candidates and political parties to have their contributions refunded by the state up to \$50 per year per person.

### What is the program's purpose?

The purpose of the program is threefold:

- To lessen the reliance of candidates on large contributors by providing an alternate source of financing for campaigns,
- To limit the overall spending for state election campaigns, and
- To assist the political parties with expenditures benefiting three or more candidates.

### How is the program funded?

The program is funded by checkoffs on state income tax and property tax refund returns. Taxpayers may designate the checkoff to a political party or to the general account. Three percent (3%) of the checkoff remains in the general fund to offset administrative costs. In addition, \$1,500,000 is appropriated each election year from the State General Fund.

### How do candidates qualify for participation?

- Register a campaign committee with the Board.
- Sign a Public Subsidy Agreement agreeing to the following conditions:
  - To abide by spending limits for the office sought.\*
  - To limit personal contributions.
  - To return any public subsidy received that exceeds campaign spending.

\*A candidate whose opponent does not sign a Public Subsidy Agreement may be released from spending limits under certain conditions.

### How do candidates qualify for direct payments?

- A candidate must raise a specified amount of money in the election year and file a notarized *Affidavit of Contributions* certifying that fact.
- A candidate's name must appear on the general election ballot to receive Party Account payments.
- A candidate must receive:
  - 10% of the votes cast in the general election for the legislative office sought, or
  - 5% of the votes cast in the general election for the constitutional office soughtto be eligible for General Account payments.

### **When is public subsidy available?**

For candidates:

- Party account funds payments are made following the primary election
- General account funds payments are made following the general election.

Direct payments are paid monthly to state committees of political parties.

### **How much public subsidy will a candidate receive?**

Party account payments will vary among legislative candidates of a political party.

General account payments will be the same for each candidate for a particular office. However, a candidate may only receive public subsidy payments up to 50% of the candidate's expenditure limit. The general account payment may be reduced if necessary to maintain the 50% limit.

### **How long are the agreements in effect?**

Public Subsidy Agreements are in effect for an election cycle or until the committee terminates its registration with the Board, whichever occurs first.

An election cycle is January 1st following a general election to December 31st following the next general election for that office.

### **Why would a candidate have to return their public subsidy?**

A candidate may be required to return a portion of their public subsidy if:

- The candidate's actual campaign expenditures did not equal the amount of public subsidy received, or
- A candidate exceeds the limit on resources which may be carried forward to the next election cycle.

### **What if there's a special election?**

Public subsidy for eligible candidates in a special election is paid in the same amount as party account and general account money was paid to candidates for the same office at the last general election. Special election public subsidies are generally paid following the special general election. Agreements go out of effect 60 days after the special election is held.

### **How does the political contribution refund system work?**

Contributions from Minnesota taxpayers to qualifying candidates and political parties are refunded by the state up to \$50 per contributor per year. The candidate or party gives the contributor a receipt and the contributor returns the receipt with an application form to the Department of Revenue to request the refund. Contribution refunds are available during each year the candidate has a spending limit agreement in effect. Contribution refunds based on contributions to a political party unit are available while the political party is registered with the Board.

## Expenditure (Disbursement) Issues

**Authorization**            The treasurer must authorize each expenditure (disbursement).

**Advance written authorization** by the treasurer of a principal campaign committee is required for another entity to make an approved expenditure in excess of \$20 to the candidate. These approved expenditures are in-kind contributions and apply to the contribution limit. They also apply to the spending limit if they are for campaign purposes, so **specify at the time of approval a maximum amount** that may be spent.

**Campaign Expenditures**            Expenditures made for the purpose of influencing the nomination or election of the candidate. Public Subsidy Agreements limit the total of:

- (1) **Monetary** campaign expenditures, plus
- (2) **In-kind** campaign expenditures, plus
- (3) **Unpaid** campaign expenditures.

**Noncampaign disbursements**            The following disbursements **do not** apply to the expenditure limit:

- . payment for accounting and legal fees
- . return of a contribution to the source
- . repayment of a loan
- . food, beverage, facility rental, entertainment at a fundraising event
- . constituent services by an elected official during term of office to adjournment sine die in the election year for the office held. In the 60 days after adjournment sine die, ½ is a noncampaign disbursement, the other ½ applies to the limit.
- . food and beverages for volunteers engaged in campaign activities
- . caucus leaders expenses to carry out leadership responsibilities
- . elected official's expenses for serving in public office (not for personal expenses)
- . child care for candidate's children when campaigning
- . fees paid to attend a campaign school
- . costs of a postelection party after the general election
- . interest on loans
- . filing fees
- . post-general election thank you notes or advertisements
- . replacement of defective (destroyed) campaign material
- . contributions to a political party.
- . transportation, meals, and lodging paid to attend a campaign school
- . costs of campaigning incurred by a person with a disability, as defined in Minnesota Statutes, section 363.01, subdivision 13, and which are made necessary by the disability
- . costs to an incumbent or a winning candidate of providing services to residents in the district after the general election in an election year for the office held
- . payment of fines assessed by the Board

**Records that  
must be kept**

- (1) Name and address of vendors to whom payments have been made.
- (2) Amount and purpose of the expenditure (if in-kind, the fair market value).
- (3) Date of the expenditure.
- (4) Name and address of committees or funds to which contributions have been made.

For expenditures other than cash (in-kind contributions) keep record of:

- Specific item of goods or services (e.g., postage, leaflets).
- Original vendor name and address as well as contributor information.

**Loans**

A written and signed agreement is required for each loan .





Minnesota Ethical Practices Board  
First Floor South, Centennial Office Building  
658 Cedar Street  
St. Paul, MN 55155-1603

## PUBLIC SUBSIDY AGREEMENT

The public subsidy agreement allows eligible candidates to receive subsidies from the State Elections Campaign Fund under Minn. Stat. Chapter 10A and allows campaign contributors to benefit from the political contribution refund program.

### Instructions

- This public subsidy agreement must be completed and filed by candidates for the Minnesota Senate, House of Representatives, and Constitutional offices, to establish eligibility for receipt of public subsidies.
- This agreement is a binding legal document. It must be signed by the candidate and dated. Once signed and filed, the agreement *cannot be rescinded*. Minn. Stat. §10A.322, subd. 1.
- This agreement may be filed by facsimile. Fax number: 612/296-1722.
- All information on this form is public.
- Refer your questions to the Ethical Practices Board ("EPB") staff at 612/296-1721 or 800/657-3889. TTY relay 800/627-3529, ask for 296-1721.
- Board staff may also be reached by e-mail at: [epb@state.mn.us](mailto:epb@state.mn.us).
- Please retain a copy of this agreement for your records.

### Deadline

This form must be received by the EPB or, if mailed, postmarked by September 1st preceding the next general election.

### Identification

Please print or type:

Name	Committee registration number
Street address	
City/state/zip	
Telephone including area code	

### Candidate office

I am a candidate for:

- |  |   |
|--|---|
| <input type="checkbox"/> Governor/Lt. Governor                       | <input type="checkbox"/> Secretary of State |
| <input type="checkbox"/> Attorney General                            | <input type="checkbox"/> State Treasurer    |
| <input type="checkbox"/> Senate, District No. ____                   | <input type="checkbox"/> State Auditor      |
| <input type="checkbox"/> House of Representatives, District No. ____ |   |

### Agreement

As a candidate for the office noted above, I request a public subsidy for my Principal Campaign Committee from the State of Minnesota and hereby agree to all the following conditions:

1. To abide by the statutory spending limits for the office sought (see the Table on page 2 of this agreement, Column A) for the election cycle, until my principal campaign committee is dissolved, or a writ of special election is signed in the district in which I am seeking office, whichever occurs first.
2. To limit my personal contributions to support my candidacy as required (see the Table on page 2 of this agreement, Column B). Minn. Stat. §10A.27, subd. 10.

3. To file an *Affidavit of Contributions* (Form ET28) with the EPB to be eligible to receive funds from the State Elections Campaign Fund. The affidavit must be filed by September 1st of the year in which I will be a candidate in the election to receive timely payment or no later than December 1st. The filed affidavit must state that during the election year in which the affidavit is filed I have accumulated contributions from persons eligible to vote in this state in the amount indicated for the office sought, counting only the first \$50 received from each contributor (see the Table below, Column C).

4. To return with the annual *Report of Receipts and Expenditures* (Form ET4) the amount of public subsidy received that exceeds my actual campaign expenditures.

**Table**

Office	A Spending limit 1997*	B Contribution limit from candidate	C Amount that must be raised from individuals in \$50 increments	D Agreement in effect until
Governor/Lt. Governor	\$345,184	\$20,000	\$35,000	12/31/98
Attorney General	\$ 57,531	\$10,000	\$15,000	12/31/98
Secretary of State, State Auditor, State Treasurer	\$ 28,766	\$ 5,000	\$ 6,000	12/31/98
Senate	\$ 9,114	\$ 5,000	\$ 3,000	12/31/00
House of Representatives	\$ 4,557	\$ 5,000	\$ 1,500	12/31/98

\*The spending limit includes the total of: 1) monetary campaign expenditures, 2) in-kind campaign expenditures, and 3) unpaid campaign expenditures.

The election year spending limits will be determined in each election year for the office sought.

**First time candidate**

The election year spending limit is increased by 10% for a candidate who is running for an office for the first time and who has not run previously for any other office whose territory now includes a population that is more than one-third of the population in the territory of the new office.

If you meet the definition of "first time candidate", please sign here: \_\_\_\_\_  
Minn. Stat. § 10A.25, subd. 2(C). Signature of candidate

**Candidate signature**

I have read and I understand the foregoing (two page) public subsidy agreement. I agree to the terms of this Agreement.

\_\_\_\_\_  
Signature of candidate

\_\_\_\_\_  
Date signed

Any person who signs and certifies to be true a statement, knowing it contains false information, or who knowingly omits required information is guilty of a gross misdemeanor. Minn. Stat. §10A.10.

MINNESOTA STATE

ETHICAL PRACTICES BOARD

(renamed: Campaign Finance & Public Disclosure Board, effective July 1, 1997)

# ANNUAL REPORT

JULY 1, 1996 - JUNE 30, 1997



Issued: September, 1997  
ETHICAL PRACTICES BOARD  
(renamed: Campaign Finance & Public Disclosure Board, effective July 1, 1997)  
First Floor South, Centennial Building  
658 Cedar Street  
St. Paul MN 55155-1603

Telephone: 612/296-5148  
Fax: 612/296-1722  
TTY 800/627-3529, ask for 296-5148  
Email: [cfboard@state.mn.us](mailto:cfboard@state.mn.us)  
Worldwide web site: <http://www.cfboard.state.mn.us>

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## BOARD MEMBERS

### Carolyn Rodriguez

Positions held ..... Secretary (6/93 - 6/94)  
 Vice Chair (7/95 - 2/96)  
 Acting Chair (3/96 - 4/96)  
 Chair (5/96 - 6/97)  
 Board Terms ..... 6/92 - 1/95  
 1/95 - 1/99  
 Occupation ..... Manager  
 Party Affiliation ..... Democratic-Farmer-Labor  
 Board position ..... Former legislator, party other than the Governor

### Grant Barry Anderson

Position held ..... Vice Chair (5/96 - 6/97)  
 Board Term ..... 1/96 - 1/00  
 Occupation ..... Attorney  
 Party Affiliation ..... Republican  
 Board position ..... Unrestricted

### Nancy Wilson

Position held ..... Secretary (5/96 - 6/97)  
 Board Terms ..... 7/95 - 1/97  
 1/97-1/01  
 Occupation ..... Attorney  
 Party Affiliation ..... Independent  
 Board position ..... Unrestricted

### Vanne Owens Hayes

Positions held ..... Secretary (7/91 - 5/92; 7/94 - 2/95)  
 Vice Chair (6/92 - 5/93; 2/95 - 6/95)  
 Chair (6/93 - 6/94)  
 Board Terms ..... 1/90 - 1/94  
 1/94 - 1/98  
 Occupation ..... Attorney  
 Party Affiliation ..... Democratic-Farmer-Labor  
 Board position ..... No specified activity for three years prior to appointment

### Sidney Pauly

Board Term ..... 3/96 - 1/00  
 Occupation ..... Retired  
 Party Affiliation ..... Republican  
 Board position ..... Former legislator, same party as Governor

### Charles Slocum

Board Term ..... 6/96 - 1/99  
 Occupation ..... Foundation President  
 Party Affiliation ..... Republican  
 Board position ..... No specified activity for three years prior to appointment



## Board Goals and Objectives

### Continue to facilitate easier and more universal compliance with the Ethics in Government Act

The Board will work to accomplish this objective by:

- Providing effective client education programs and publications
- Simplifying and improving reporting forms and procedures
- Providing clarity and consistency in actions taken by the Board
- Using technology more effectively to provide information to clients and facilitating more effective use of technology by clients
- Providing the legislature with suggestions to simplify and improve the Ethics in Government act while maintaining its effectiveness

### Continue to provide fair and consistent enforcement of the Ethics in Government Act

The Board will work to accomplish this objective by:

- Continuing to reach timely decisions that are impartial, non-partisan, and reasonable
- Imposing sanctions consistent with the serious and important purposes of the Ethics in Government Act
- Using technology more effectively to identify compliance problems and provide clients with resources to avoid problems
- Evaluating and improving Board enforcement activities on an ongoing basis

### Help citizens become better informed about public issues related to the Ethics in Government Act

The Board will work to accomplish this objective by:

- Providing the public with reports and publications that are clear and informative
- Assuring that actions taken by the Board are described in language that the general public should understand
- Using the internet and other technology more effectively to provide information to the public and to encourage involvement by citizens in public issues
- Evaluating and improving the effectiveness of the educational programs and information that the Board provides to the public

## SUMMARY OF BOARD ACTIVITIES

### Meetings

The Ethical Practices Board held:

- eleven regular meetings;
- one emergency meeting; and
- eight subcommittee meetings.

### Rulemaking

The Board's Legislative Recommendations and Rules subcommittee continued the process of complete examination and revision of the administrative rules implementing the Ethics in Government Act (Minnesota Rules, chapter 4501-4525). Committee members completed a rulemaking procedure which included a complete revision of the rules relating to the lobbying program and amendments to rules provisions covering other programs.

Rules relating to specific programs, may be found under those programs in this report.

### Administrative rule changes

The following revised rules are effective July 1, 1997.

#### Definitions

- Promptly. "Promptly" means within ten business days after the event that gave rise to the requirement.

#### Filings, Submission, and Disclosures

- Filing by facsimile transmission. A document filed by facsimile transmission has the same force and effect as the original. Facsimile filings are subject to items a to c.
  - a. Facsimile transmission received after the close of a business day is considered received at the beginning of the next business day.
  - b. In the case of a filing by facsimile transmission, the filer must retain the original of the filed document and a record of the date and time of transmission.
  - c. Within five days of a request by the board, any person filing a document by facsimile transmission shall refile the document by one of the other filing methods provided in subpart 1.

## Advisory opinion procedure

The Board is authorized to issue advisory opinions on the requirements of the Ethics in Government Act (Minn. Stat. Chapter 10A) and the Hennepin County Disclosure Law (Minn. Stat. §§ 383B.041 - 383B.058). Individuals or associations may ask for advisory opinions to guide their compliance with these laws.

A request for an advisory opinion and the opinion itself are nonpublic data. The Board provides a Consent to Release Information form to opinion requesters 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 exercises an option provided in the law to publish 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.

## Advisory opinions issued

Use of Ethical Practices Board data

- The use of Ethical Practices Board data on a worldwide web site providing political information to citizens is related to political activity and is not prohibited under Minn. Stat. § 10A.02, subd. 8e. No. 244

## Publications

The Ethical Practices Board issued eleven publications:

- *Annual Report for Fiscal Year 1996;*
- *Handbook for Political Committees and Political Funds;*
- *Handbook for Political Parties;*
- *Handbook for Lobbyists;*
- *List of Registered Committees, Funds, and Lobbyists;*
- *List of Public Officials;*
- *Compilation of Advisory Opinions, Nos. 218 - 248;*
- *Compilation of Advisory Opinions, Nos. 249 - 272;*
- *Guide to Interpretation of Minn. Stat. §10A.071;*
- *Lobbying Disbursement Summary for Fiscal Year 1996; and*
- *1996 Campaign Finance Summary.*

## Training, education and outreach

Board staff:

- Met with 12 university students in a legislative reporting class. The class visited the Board office and became familiar with available public information;
- Met with members of the legislature to discuss the Board's legislative recommendations;
- Spoke to students in a Legislative Practicum class in the Masters in Public Administration program at Hamline University;
- Met with members of the Emergency Medical Services Regulatory Board to discuss the ban on gifts to public officials;
- Spoke to approximately 200 people from the Minnesota Council of Nonprofits and Children's Defense Fund about lobbyist registration and reporting requirements;
- Participated in a Continuing Legal Education program on lobbying and the ban on gifts to public officials;
- Met with newly elected Republican House members to discuss the ban on gifts to legislators;
- Met with representatives from the Minnesota Historical Society who are interested in using the Board's electronic recordkeeping initiative as a pilot program for the management and storage of electronic data;
- Served as a member of the State Archives Electronic Records Advisory Committee.
- Spoke to 20 high school students from St. Cloud, MN who wanted to learn more about campaign finance laws;
- Presented testimony in Eau Claire, Wisconsin, to the "Citizens Panel on a Clean Elections Option" about Minnesota's experience with public financing of election campaigns;
- Met with University of Minnesota students in the Community Health Education Masters program enrolled in a class titled Legislative Advocacy Skills for Public Health;
- Held two meetings with clients interested in using the Campaign Finance Management System;



- Met with representatives of the Department of Revenue concerning methods of electronically providing Political Contribution Receipts for candidates and parties to issue to their contributors;
- Held eleven seminars on campaign finance registration and disclosure attended by approximately 300 candidates and treasurers of political committees, political funds, and political party units;
- Served on the Awards Committee at the Council on Governmental Ethics Laws Conference, December, 1996;
- Attended the Annual Conference of the Council on Governmental Ethics Laws in Philadelphia, PA (two staff) where Ms. Olson served on a panel on campaign finance and was the moderator for a panel on the ban of gifts to public officials;
- Attended a series of computer classes to enable staff to move forward on the campaign finance management system; and
- Participated in 30 classes for a total of 371.25 hours of training to attain and maintain a quality of job performance that meets the needs of the state, the Ethical Practices Board, and the individual employee.

#### Board members:

- Attended the Annual Conference of the Council on Governmental Ethics Laws in Philadelphia, PA (two Board members)
- Attended a class at St. Thomas University on Evaluating the Executive Director.

#### International officials

Staff hosted two groups of foreign visitors from:

- Croatia, Israel, Pakistan, Peru, Tanzania, and Burma; and
- Kuwait, Pakistan, Papua, New Guinea, Sierra Leone, the West Bank, and Zimbabwe.

## RECOMMENDATIONS TO THE 1997 LEGISLATURE

### Memorandum to the legislature

The Ethical Practices Board submits for legislative review and action recommendations arising out of the Board's experience with administering Chapter 10A of the Ethics in Government Act. Board members are guided by their 1997 Objectives, particularly the first which states, "The Ethical Practices Board will continue to facilitate easier and more universal compliance with the Ethics in Government Act, Chapter 10A".

- We seek to simplify and improve Chapter 10A while maintaining its effectiveness.
- We believe that citizens should be encouraged to participate in the political process as candidates and volunteers.
- We understand that public confidence in government leadership is facilitated through full and accessible disclosure, clear rules and statutes, fair and consistent application, information, and educational programs.
- We arrive at these recommendations to improve the clarity and effectiveness of Chapter 10A after a series of public meetings attended by a cross section of interested citizens and representatives of several organizations.

In carrying out our responsibilities, we develop and administer registration, disclosure, and enforcement programs to ensure that the requirements of the Ethics in Government Act are met. These programs are designed to promote public confidence in state government decision making and in the integrity of state government. In addition to enforcing the provisions of the Act, we provide the public with information about the activities of groups and individuals whose conduct is regulated by the Act.

The process we have undertaken in our examination of Chapter 10A has been inclusive and broad-based. From the many comments we have received it appears that our examination is timely. This very open and public process has provided us with diverse and sundry viewpoints and experiences. Where we have identified common ground and consensus we have chosen to forward the recommendations to you the Legislature for your action now. Certain issues need our continued attention and public comment and participation before the decision making process can result in additional recommendations to the Legislature. We recognize the key leadership position we hold in the important continuing dialogue to improve Chapter 10A and our unique role in administering its provisions.

## Information technology systems

We recommend approval of our request for a one-time appropriation of \$122,000 for the development and distributions of campaign finance management computer software and associated components. With legislative approval of this request, we will be able to provide our clients with a useful and effective campaign finance management system which will help them to meet the reporting and disclosure requirements of the Ethics in Government Act.

Development of this software will provide users with a simplified way to accomplish timely and accurate reporting and to virtually eliminate inadvertent violations of campaign finance laws. Each year numerous inadvertent errors are made by Committees reporting to the Board. The statute has many specific provisions that make it difficult to explain the concepts in general terms. Even treasurers who receive training from Board staff find it difficult to maintain all of the calculations necessary to ensure compliance with all of the statutory requirements.

The proposed software will assist those required to comply with campaign finance laws by incorporating the rules of campaign finance into the application. The system will automatically notify a treasurer if a report is incomplete or if a particular violation exists. In that event, the treasurer may remedy the problem during the time period provided by statute.

This technology project will also enable Board staff to better educate clients through the acquisition of software and hardware for the development of standardized multimedia training materials. Finally, the public will have better access to filed information as a result of the electronic filing component of the project.

In our public meetings we heard only positive and supportive comments for these technology initiatives.

## Statutory changes to facilitate administration

Our primary function is the administration of the Ethics in Government Act. Thus, key among our recommendations are those which we believe are necessary to facilitate that administration.

**A. Pass a recodification of Minnesota Statutes, chapter 10A.** We recognize, as did most of the public in attendance at our meetings, that Minnesota Statutes Chapter 10A has multiple and complex provisions which makes compliance for volunteers and others cumbersome and difficult. Chapter 10A addresses most of the subjects which concern the public regarding campaign finance, economic interest and lobbying. However, we support a recodification of the statute to present it in a better organized and more understandable form.

This recommendation does not extend to any substantive changes which might be in a recodification bill unless they are also included in these recommendations.

**B. Add facsimile transmission or other electronic means approved by the Board to the methods by which the 48-hour notice of large contributions may be filed.**

Minn. Stat. § 10A.20, subd. 5, should be amended to specifically include facsimile transmission as a permitted means of providing required information. Since the statute is the only place where methods of filing are specifically prescribed, it should also be amended to include "such other electronic methods as the Board shall approve" so that future technologies may be implemented when they are available.

**C. Increase late filing fees to levels which will provide an incentive for the timely filing of reports. Eliminate certified mail requirement to start late filing fees.**

Late filing fees which are currently set at \$5 per business day to a maximum of \$100 should be increased. Late filing fees were established at the \$5 level in 1978 and have never been increased. We believe that late filing fees at this level are no longer an incentive to file on time. We do not recommend increasing the \$50 per day late filing fee for the late filing of reports due before the primary and general elections.

We further recommend that late filing fees begin automatically and are not dependent on certified notice. The statute currently provides that late filing fees do not begin until eight days after the late filer receives a certified letter from the Board. This change would also require minor amendments to the certified mail requirement for triggering criminal sanctions.

**D. Establish penalties for reporting violations.**

Certain reporting violations carry no penalty. The Board's only remedy is to make a finding of a violation and to compel the required reporting by an action for relief in district court. With the proposed software there should be substantial reduction in reporting violations. However, some violations will still occur and appropriate penalties would facilitate resolution.

We recommend that acceptance of contributions in excess of \$100 without the address or employer of the donor be prohibited. We further recommend that if the contribution is deposited the accepting committee or fund be required to return the contribution, pay a civil fine or both.

We recommend a penalty for failure to amend a report when notified by the Board that an amendment is required. The penalties and procedures applicable when a required report is not filed on time should also be made applicable to the failure to amend a report within the time prescribed to do so.



We recommend a penalty for the failure of a lobbyist principal to file its annual principal's report. The penalties and procedures applicable when a lobbyist's report is not filed on time should be made applicable for the late filing of the annual principal's report.

**E. Establish corresponding penalties for both sides of prohibited contributions**

**1. Contributions during legislative session.** We recommend that Minn. Stat. §10A.065 be amended to prohibit the making of specified contributions as well as their solicitation and acceptance. Principal campaign committees and legislative caucuses are prohibited from soliciting or accepting contributions from lobbyists, political funds, and political committees other than certain party units during the legislative session. However, there is no corresponding prohibition on the maker of the contribution. The penalties provided in the statute should be extended to the maker of the contribution.

**2. Contributions from unregistered associations.** We recommend that a penalty be provided for the acceptance by a political committee or political fund of a contribution from an unregistered association. Treasurers of political committees and political funds may not accept contributions of more than \$100 from associations not registered with the Board unless the association provides a specified reporting statement with the contribution. The statute provides for imposition of a civil penalty against the contributing association. No penalty is provided for the accepting political committee or political fund. An appropriate penalty should be established.

**3. Contributions from other candidates' principal campaign committees which do not terminate.** A treasurer of a principal campaign committee may not accept a contribution from another principal campaign committee unless the donating principal campaign committee is terminating and completes its termination during the reporting period in which the contribution is made. The statute provides no penalties for either the donor or recipient for violation of this prohibition. Appropriate penalties should be established. We suggest that the donating committee be required to provide with a contribution a written statement of the committee's intent to terminate registration on the next Report of Receipts and Expenditures. In addition a civil fine of one times the amount of the contribution, up to the remaining cash balance, could be assessed against the donating committee.

**4. Contributions to or from federal or local candidate committees.** A principal campaign committee may not make a contribution to or accept a contribution from a federal or local candidate's campaign committee. The statute provides no penalties for either the donor or recipient committees for violation of this prohibition. The legislature may wish to determine an appropriate penalty for a Chapter 10A candidate committee that violates this provision.

**F. Clarify the rights of unregistered association, including corporation, to make contribution to political committees and political funds established solely to promote or defeat ballot questions.**

Corporations are permitted under Minn. Stat. § 211B.15, subd. 4, to make contributions to ballot question committees. However, Minnesota Statutes, chapter 10A, includes provisions which could be read to restrict or limit those contributions. We have interpreted the conflicting provisions by giving effect to Chapter 211B over the limiting provisions of Chapter 10A. This result in permitting corporations to make direct contributions to political committees and political funds established solely to promote or defeat ballot questions without any reporting obligation from the corporation.

Unregistered business associations, which may also make contributions to ballot question committees, do not benefit from the permissive language of Chapter 211B and are, thus, limited under Chapter 10A in their right to make such contributions.

We request the legislature to clarify whether corporate contributions to ballot question committees under Minn. Stat. § 211B.15, subd. 4, are subject to any limitation or restrictions of Chapter 10A. If they are not, the legislature may wish to create a similar right in Chapter 10A for unregistered business associations (other than political committees and political funds at the local, non-Minnesota, or federal level) making similar contributions.

We do not believe that relevant and meaningful disclosure will be lost if contributions from corporations and business association, other than associations which are political committees and political funds under the laws of any jurisdiction, may be made directly to ballot questions committees or funds.

**G. Provide a single source for interpretation of Minn. Stats. §§ 211 B (the Fair Campaign Practices Act) and 471.895 (which prohibits certain gifts to local officials)**

There is no single entity responsible for the administration of Minnesota Statutes, chapter 211B or 471.895. The many callers requesting our assistance in interpretation of these chapters are referred to the individual

county attorneys across the state. Members of the public, including candidates and local officials whose conduct is governed by the chapters, are frustrated in their attempts to obtain authoritative guidance concerning their provisions.

In order to be effective, campaign and gift prohibition laws must be uniformly interpreted and applied. That uniform interpretation can only be accomplished if the legislature provides a mechanism by which a neutral agency has the authority to interpret the provisions and to answer questions and assist the public in meeting their requirements.

We advise the legislature that regardless of the agency selected there will be a fiscal impact on the state to provide these services to citizens.

#### **H. Clarify requirements and standards for valuing, recording, and reporting of in kind contributions.**

We seek direction in assisting clients with the reporting of in kind contributions. A one-time contribution in excess of \$20 is recorded and reported in the same manner as cash contributions. However problems arise concerning the method of valuation and the time period over which the value of an ongoing in kind contribution is counted for reporting purposes. A item or service valued at less than \$20 that is routinely or consistently provided may need to be aggregated and reported.

#### **I. Provide that advisory opinion requests are public data**

Currently a request for an advisory opinion and the opinion are nonpublic data. The public may be better served if this process was again open and public. Previously issued opinions may be more helpful to clients if they could include more specific information.

#### **J. Provide missing definitions**

The provision of certain definitions would allow us to administer the act more effectively through a better understanding of the legislature's intent.

1. **"Run for office"**. A candidate who "has not previously run for office" is entitled to a 10% increase in the election year spending limit. What actions, activities, or levels of spending constitute a "run for office"? We have suggested in advisory opinions that some minimal activity in a previous election may not constitute running for office, however, the language of the statute provides little guidance as to what criteria should be applied. The issue is complicated by the fact that a previous run for office is not limited to running for offices governed by the Ethics In Government Act. Thus, basing the determination on a simple calculation such as spending a certain percent of a spending limit may not work.

2. **"Commercial purpose"**. Minn. Stat. § 10A.02, subd. 8(e) provides that data filed with the Board may not be used for a "commercial purpose". It further states that commercial purpose does not include "purposes related to elections, [or] political activities". How close must the relation be to permit the use; what level of commercial component, if any, should be permitted?

3. **"Office sought"**. The phrases "election year for an office sought" and "election year for the office sought" are used in the statutes defining higher contribution and spending limits during certain years. The question has arisen as to whether "office sought" is synonymous with "office for which the candidate has registered a principal campaign committee" or whether something more is required. If something more than having a registered committee is required, then questions of implementation arise as well; for example, what are the limits in an election year prior to the time the candidate meets whatever criteria is established?

The statute does not provide clear direction about these issues. We seek assistance from the legislature about their intended effect.

#### **Substantive changes to campaign finance laws**

**A. Equity should be established between labor organizations and corporations with regard to participation in the political process in general and with regard to the transfer of treasury funds to a political committee in particular.**

Current law prohibits corporations from supporting candidates or political committees and political funds other than those organized around ballot questions. Other associations, including unions, are not bound by such restrictions. Unions and other organizations supported by dues or membership fees may, in fact, transfer those moneys directly to a political fund.

In the past we have recommended that equity be established between the rights of unions and the rights of corporations to be involved in the political process. However, we have never specified whether we believed that unions should be prohibited from participation or that corporations should be allowed to participate.

We also questioned the right of unions to transfer dues directly to a political fund. We believed that this might result in some dues payers supporting candidates or positions that they did not agree with or intend to support.

**B. Principal campaign committees should be prohibited from making independent expenditures on behalf of other campaign committees.**



## CAMPAIGN FINANCE PROGRAM

### 1997 Legislative action

Preprimary report - Beginning with 1998 election, preprimary campaign finance reports are due 15 days before the primary. Prior to the law change reports were due 10 days before the primary.

Copies to county auditors - The Board is no longer required to send copies of reports and statements filed by legislative candidate committees to county auditors in the candidates district(s).

Rules - The Board is prohibited from promulgating administrative rules regulating the campaign finance provisions of Chapter 10A until after February 1, 1999.

Appropriation - A one time appropriation of \$122,000 for fiscal year 1998 was approved for the development of campaign finance management software.

### Administrative rule changes

The following revised rules are effective July 1, 1997.

#### Definitions

- Services for a constituent; constituent services. "Services for a constituent" or "constituent services" means services performed or provided by an incumbent legislator or constitutional officer for the benefit of one or more residents of the official's district, but does not include gifts, congratulatory advertisement, charitable contributions, or similar expenditures.

#### Organization of Political Committees and Political Funds

- Depositories. The depositories of a political committee or political fund include any depository in which the committee or fund has a savings, checking, or similar account, or purchases a money market certificate or certificate of deposit. Before registering, a political committee or political fund which expects to receive money or negotiable instruments must establish a checking, savings, or similar account in the name of "Campaign Fund of (name of candidate, committee, or fund)."

#### Contributions

- All receipts are contributions. Any donation of money, goods, or services received by a principal campaign committee is considered a contribution at the time the item is received.

- Time of receipt of contributions

- a. A monetary contribution is received by a political committee or political fund, for reporting and contribution limit purposes, when the instrument conveying the contribution, such as cash, check, or money order, is physically received by the treasurer, the candidate, or a committee or fund worker.
- b. A contribution delivered through the mail is received on the date the mail is gathered from the delivery point by the treasurer, the candidate, or a committee or fund worker.

- Contributions by joint check. A contribution given by a check written on a joint account is considered to be a contribution by the persons who signed the check in equal proportions unless the candidate or treasurer of the committee or fund has personal knowledge or affirmatively ascertains from any account holder who did not sign the check that the person is a joint contributor. In such cases, a written notation of the basis for considering the contribution to be a joint contribution must be made at the time the contribution is deposited and kept with the committee's or fund's official records.

- Contributions between principal campaign committees of the same candidate. Contributions between principal campaign committees of the same candidate are prohibited except when the contributing committee intends to terminate its registration and completes the termination by the end of the reporting period in which the contribution was made.

#### Noncampaign disbursements

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

#### Costs of constituent services and services to residents of candidate's district which do not require reporting

- Services paid with personal funds of candidate

- a. Constituent services which a principal campaign committee would report as noncampaign disbursements under Minnesota Statutes, section 10A.01, subdivision 10c, clause (f), and which are paid for with the personal funds of an incumbent are not reportable.
- b. Services for a resident in the candidate's district after a general election, through the end of the year, paid for with the personal funds of an incumbent or the winning candidate are not reportable.

- Constituent services provided as part of official duties and paid through legislative appropriation. Constituent services provided by an incumbent as part of the duties of serving in office and paid for with state funds designated for that use are not reportable under Minnesota Statutes, chapter 10A.

#### Carryforward of campaign funds; unpaid advances of credit

- Carryforward applies at end of special election cycle. The limitations on carryforward of funds imposed by Minnesota Statutes, section 10A.25, subdivision 11, apply at the end of a special election cycle as well as the end of a general election cycle. The limitations at the end of a special or general election cycle apply to all candidates for the office which was the subject of the election regardless of whether the candidate actually ran the election.

#### Governor and Lieutenant Governor

- Public subsidy agreement. A public subsidy agreement signed by a candidate for governor or lieutenant governor is binding on both candidates and on the surviving principal campaign committee after a merger accomplished under this part.

#### Public Subsidy Agreements

- Period covered by agreement. A public subsidy agreement is effective for the entire election cycle regardless of when the agreement is signed.
- Effect of signing public subsidy agreement after first year of election cycle. By signing a public subsidy agreement after the first year of an election cycle, a candidate agrees to abide by spending and contribution limits for candidates with public subsidy agreements for the entire election cycle. The candidate is subject to the same remedies for prior violations of contribution and spending limits as a candidate who signed a public subsidy agreement during the first year of the election cycle.
- Effect on right to participate in political contribution refund program. The right to issue receipts under the political contribution refund program established in Minnesota Statutes, section 290.06, subdivision 23, arises only when the public subsidy agreement is actually signed.
- Expiration at end of special election cycle. Public subsidy agreements for all candidates in a district in which a special election is held expire at the end of the special election cycle regardless of whether the candidate actually ran in the special election.



- Return of public subsidy. If a candidate who has received public subsidy money fails to file a year-end report of receipts and expenditures in an election year, the board may determine the amount of public subsidy which must be returned based on the last report filed by the candidate.
- Nonreceipt of public subsidy funds. A public subsidy agreement is binding regardless of whether the candidate actually receives funds from the state elections campaign fund.

#### Filing of 48-hour notice

- The 48-hour notice required under Minnesota Statutes, section 10A.20, subdivision 5, may be filed by facsimile transmission in addition to other methods permitted by law.

### Advisory opinions issued

#### Definition of first time candidate

- A candidate who raises and spends over \$100 to seek nomination or election to a house seat in one election cycle is not a first time candidate when seeking the same office in a different district in a subsequent election cycle. No. 241

#### Legal defense fund for public official

- Donations given by or at the request of lobbyists or lobbyist principals to a legal defense fund established for the benefit of public officials are prohibited gifts under by Minn. Stat. § 10A.071 when the fund provides benefits to public officials using those donations. No. 242

#### Candidate without public subsidy agreement exceeding campaign spending limit

- A candidate may sign a public subsidy agreement even if the limits it imposes were exceeded in a previous year. No. 243

#### Political committee use of free world wide web page

- Use by a party unit or a principal campaign committee of a service provided without charge to the public and to civic organizations does not result in a contribution to the committee or a gift to the candidate. No. 247

#### Campaign expenditures and noncampaign disbursements

- Costs associated with educating candidates and legislators on issues of interest to a public official are not included in the noncampaign disbursements defined in Minn. Stat. § 10A.01, subd. 10c. However,

appropriate use of campaign funds is governed primarily by Minn. Stat., chapter 211B, which is not within the Board's jurisdiction. Constituent services are defined in Minn. Rules, part 4503.0100, sup. 6, and must actually provide a service to the constituent. Certain contributions from entities not registered with the Board may be accepted by principal campaign committees if statutory requirements are met. No. 248

#### Spending increase for candidate running for office for first time

- A candidate is entitled to a 10% increase in spending limit even though the candidate's previous principal campaign committee engaged in limited activity related to an office whose territory includes more than one-third of the population of the new office. No. 251

#### Noncampaign disbursements

- A principal campaign committee may use campaign funds to pay a newly elected candidate's expenses directly related to serving in the new office even if those expenses are incurred before the candidate is sworn in. Such payments must be reported as noncampaign disbursements. No. 253

#### Use of campaign funds for costs of serving in public office

- Costs of attending functions which directly relate to and assist a legislator in the performance of official duties may be paid with principal campaign committee funds and reported as noncampaign disbursements. No. 255

#### Noncampaign disbursement for replacement of stolen campaign signs

- The cost of replacing campaign lawn signs which were stolen before they were ever used is a noncampaign disbursement to the extent that it does not exceed the cost of the stolen signs. No. 256

#### Contributions from unregistered associations to ballot question committee

- A corporation may make a contribution directly to a ballot question committee; an unregistered association other than a corporation must either register a political fund with the Board or provide a disclosure statement in lieu of registration in order to make the contribution. A lobbyist's activities in promoting the issues of the association the lobbyist is registered for and represents does not constitute a donation in kind to a political committee merely because the committee and the association support the same issues or because the association was involved in establishing the political committee. No. 257



#### Fundraising for local office campaign by Chapter 10A candidate

- Minn. Stat. § 10A.065, which prohibits certain fundraising by candidates during the legislative session is not applicable to fundraising for a local campaign. Minn. Stat. § 10A.071, which prohibits gifts from lobbyists to officials is not applicable to a contribution by a lobbyist to an official's campaign for local office. No. 260 *NOTE: Following the issuance of this advisory opinion, the 1997 legislature amended Minn. Stat. §211A to provide that a legislator or state constitutional officer who is a candidate for a local office and the candidate's campaign committee for the local office are prohibited from soliciting or accepting contributions during a regular session of the legislature from a registered lobbyist or a political fund.*

Candidate involvement in other political committee; use of principal campaign committee funds to promote a constitutional amendment.

- A candidate may not form, or exert direct or indirect control over, a political committee separate from the candidate's principal campaign committee. A candidate's use of principal campaign committee funds to promote a constitutional amendment must be reported as campaign expenditures. No. 261

#### Use of funds by legislative caucus committee

- A caucus committee expenditure for mailings, advertising, or similar costs to promote the party's legislative agenda, if generally permitted by statute, may be an approved expenditure on behalf of a candidate, a general committee disbursement, or an independent expenditure. Classification of the cost depends on the specific content and timing of the promotional piece and on the party's candidates' participation, if any, in approving the expenditure. No. 263

#### Use of funds by political party unit committee

- A political party unit expenditure for mailings, advertising, or similar communications, naming a candidate of the opposing party, may be reported as an approved expenditure on behalf of a candidate, a general committee disbursement, or an independent expenditure. Classification of the expenditure depends on the specific content and timing of the communications and on the party's candidates' participation, if any, in approving the expenditure. No. 265

#### Use of principal campaign committee funds for computer training

- Costs of computer training which is needed to enable a legislator to use a state-provided personal computer may be paid with principal campaign committee funds and reported as a noncampaign disbursement. No. 266

#### Sale of goods by individual to party unit

- A sale of a product by an individual to a party unit for less than full retail value results in a donation in kind by the individual to the party unit in the amount which is the difference between the sale price and the full retail value. No. 270

#### Disposition of political committee assets

- Issue of whether a political committee may make large contributions to nonprofit organizations arises under Minnesota Statutes, chapter 211B, which is not within the jurisdiction of the Board. Under circumstances described, return of contributions to original sources by the political committee is an appropriate noncampaign disbursement. No. 271

#### Investigations

The Board reviewed investigations of 20 potential violations of Chapter 10A, involving 19 committees or funds; completed investigations in 11 complaints and three staff initiated enforcement matters, and made 19 findings; referred two delinquent committees to the Minnesota Collections Enterprise (MCE); and concluded seven court actions.

One investigation was concluded in a case of inappropriate use of the Board's lists. The client was advised that any future use of Board statements or filings for commercial purposes may result in the imposition of sanctions.

#### Findings issued

The Board found there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.27, subd. 9(a), when it gave a \$500 contribution to another principal campaign committee. Minn. Stat. Ch. 10A provides no penalty for this violation.

The Board found there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.27, subd. 9(b), when it gave a \$140.63 contribution to a federal candidate committee. Minn. Stat. Ch. 10A provides no penalty for this violation.

The Board found that there is probable cause to believe that a reporting violation occurred when the principal campaign committee agreed to rent vehicles from a car dealership for parade use in 1996, and did not disclose these unpaid expenditures on the report filed September 4, 1996. Pursuant to Minn. Stat. §10A.02, subd. 11, the Executive Director reported the finding of probable cause to the appropriate law enforcement authority.

The Board found there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.065 by accepting a \$100 contribution from a registered lobbyist, during the regular session of the

Legislature in 1996. In lieu of forwarding the public findings of probable cause to the county attorney in Ramsey County to pursue a judgment in district court, the Board imposes a civil fine of \$100 on the principal campaign committee for the acceptance of the contribution.

The Board found that there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.065 by accepting a \$50 contribution from a political fund, during the regular session of the Legislature in 1996. In lieu of forwarding the above public findings of probable cause to the county attorney in Ramsey County to pursue a judgment in district court, the Board imposes a civil fine of \$50 on the principal campaign committee for the acceptance of the contribution.

The Board found there is probable cause to believe that a principal campaign committee violated Minn. Stat. §10A.065 by accepting two \$500 contributions from a political committee established within a house of the legislature, and a \$200 contribution from a terminating principal campaign committee, during the regular session of the Legislature in 1996. In lieu of forwarding the above public findings of probable cause to the county attorney in Ramsey County to pursue a judgment in district court, the Board imposes a civil fine of \$1,200 on the principal campaign committee for the acceptance of the contribution.

The Board found that there is probable cause to believe that a reporting violation exists because a political committee did not disclose occupational or employment information for all individual contributors itemized on amended reports filed for calendar years 1994 and 1995. Pursuant to Minn. Stat. §10A.02, subd. 11, the Executive Director reported the finding of probable cause to the appropriate law authority.

The Board issued 13 findings showing that there is no probable cause to believe that violations had occurred in other investigations.

## Filing deadlines

Approximately 1,110 principal campaign committees, political committees, and political funds were registered with the Board.

- Report of Receipts and Expenditures

Late filing fees totaling \$19,395.10 were collected from 133 committees and funds for the late filing of the Report of Receipts and Expenditures. Eighteen waivers of late filing fees were granted to delinquent principal campaign committees, political committees and political funds. One late filing fee was reduced from \$250 to \$125.

- Additional reporting requirement

Candidates who have a primary election opponent and all candidates for the general election must report to the Board contributions and loans from a single source of more than \$400 to state legislative and district court

candidates or \$2,000 or more to state supreme court and appeals court candidates within 48 hours between the pre-election reports and election day report. Late or missing notices are subject to late filing fees of \$50 per day.

All Reports of Large Pre-election Contribution or Loan were timely filed during 1996.

## Expenditure limits

All candidates for state executive and legislative offices who wish to receive public subsidy must agree to spending limits in both election and nonelection years.

Staff referred to the Board four potential violations of this law based on reports filed by principal campaign committees for 1996. All four candidates entered into conciliation agreements with the Board. Total civil penalties of \$2,285.99 were paid by three principal campaign committees and were deposited in the state general fund. One principal campaign committee was required to pay \$5,682 by July 31, 1997.

## Contribution limits

All candidates for state executive and legislative offices must abide by statutory contribution limits.

Staff referred to the Board eight potential violations of this law, based on reports filed by principal campaign committees for 1996. All eight cases were concluded by conciliation agreements. The Board imposed civil fines totaling \$2,216.68. The eight principal campaign committees were required to return a total of \$2,216.68 to eight contributors. Payments of the civil fines were deposited in the state general fund.

## Contributions from special sources

All principal campaign committees must limit their contributions from special sources to 20% of the expenditure limit.

Staff referred to the Board six potential violations of this law, based on reports filed by principal campaign committees for 1996. All six cases were concluded by conciliation agreement. The Board imposed civil fines totaling \$21,007.15 and required the six principal campaign committees to return \$15,635.15 to 102 contributors. Payments of the civil fines were deposited in the state general fund. In one instance a principal campaign committee agreed by conciliation agreement to further limit its contributions from special sources for 1996.

## Contributions during legislative session

Principal campaign committees are prohibited from soliciting or accepting certain contributions during a regular legislative session.

Staff referred to the Board three potential violations of this law, based on reports filed by principal campaign committees for 1996. The Board imposed civil fines on the three principal campaign committees totaling \$1,350. Payments of civil fines were deposited in the state general fund.



## Contributions between other chapter 10A candidate committees

Principal campaign committees are prohibited from accepting contributions from or making contributions to other state principal campaign committees except at the time of the donating committee's termination.

Staff referred to the Board two potential violations of this law for 1996. One based on reports filed by principal campaign committees and one based on a complaint. One principal campaign committee returned a total of \$500 to one donating principal campaign committee who failed to terminate their registration with the Board after making the contributions. The Board dismissed the complaint by issuing findings of no probable cause. Minn. Stat. §10A provides no penalty for this violation.

## Contributions between federal and local candidate committees

Principal campaign committees are prohibited from accepting contributions from or making contributions to committees of candidates for federal or local office.

Staff referred to the Board one potential violation of this law, based on reports filed by a principal campaign committees for 1996. Minn. Stat. §10A provides no penalty for this violation.

## Staff review of campaign finance reports

Approximately 1,910 reports of receipts and expenditures were filed by political party committees, political committees, and political funds. Approximately 1,710 reports were filed by principal campaign committees.

Each filed report was reviewed by Board staff for compliance with the disclosure law requirements including accurate accounting and reporting for receipts and expenditures, proper use of required disclosure schedules, and adherence to applicable contribution and expenditure limits.

Approximately 12% of the election year reports required amendments based on this review. This marks a 300% increase over the previous election year, fiscal year 1994, when approximately 3% of reports required amendments; and a 8% decrease from election fiscal year 1992 when approximately 13% of reports required amendments.

The 300% increase in amended reports is due in part to the Board's aggressive attempt to obtain disclosure of the address and employment information of all individuals who contribute more than \$100 to a committee. Treasurers of all registered committees and funds were notified that failure to disclose the required information could result in Board referral to the Attorney General's office for action to compel the required disclosure.

## Public Subsidy Program

### Payment to candidates

In 1996, 457 candidates (99% of the 461 candidates who filed for office) signed public subsidy agreements with the Board to abide with campaign expenditure limits in order to receive payments from the state elections campaign fund.

Based upon increases in the consumer price index from December 1993, to December, 1995, the Board determined 1996 Election Year Expenditure Limits in effect for candidates who signed a Public Subsidy Agreement and filed for office of: \$45,568 for senate candidates; and \$22,784 for house of representative candidates.

### Return of public subsidy

Under provisions of the public subsidy law a candidate may be required to return some or all of the public subsidy received during the election year. Public subsidy must be returned if:

- Public subsidy received is in excess of a candidate's actual campaign expenditures; 17 candidates returned a total of \$37,321.03; and
- A candidate exceeds the limit on resources which may be carried forward to the next election cycle; five candidates returned a total of \$6,797.79.

All public subsidy returned to the Board has been deposited in the state general fund.

### Political party payments

Monthly payments are made to political parties which qualify to receive 10% of the tax filer's checkoffs to the State Elections Campaign Fund.

Based on the final certification from the Department of Revenue for fiscal years 1994 and 1995, payments for fiscal year 1997 were as follows:

Democratic Farmer Labor	\$53,904.79
Grassroots	4,264.69
Libertarian	2,081.55
Reform	3,764.44
Republican	43,304.90

Total payments to State Party Committees: \$107,320.37

# **SUMMARY OF STATE PUBLIC SUBSIDY PROGRAM 1996 ELECTION OF SENATE AND HOUSE OF REPRESENTATIVES**

Candidate participation in public subsidy program:

	DFL	RPM	REF	GR	LIB	OTHER	TOTAL
Candidates filing for office:	218	221	22	1	4	9	475
Candidates Signing Public Subsidy Agreement:	214 (98%)	214 (97%)	18 (82%)	1 (100%)	3 (75%)	7 (78%)	457 (96%)
Candidates receiving public subsidy payments:	185 (85%)	179 (81%)	9 (41%)	0 (0%)	1 (25%)	5 (56%)	379 (80%)

Distribution of General Account public subsidy by office:

	SENATE	HOUSE	TOTAL
Total Amount Distributed:	\$1,119,358	\$1,069,560	2,188,918
Number of qualifying candidates:	124	249	373
Average payment:	\$9,027.08	\$4,295.42	

Distribution of General Account public subsidy by party:

	DFL	RPM	REF	GR	LIB	OTHER
Senate Candidates:	\$565,684	\$535,448	\$0	\$0	\$0	\$18,225
House Candidates:	523,898	515,369	17,309	0	0	12,982
Total:	1,089,582	1,050,817	17,309	0	0	31,207

Distribution of Party Account public subsidy by office and party:

## House of Representatives

	DFL	RPM	REF	GR	LIB	TOTAL
Available:	\$508,080	\$461,286	\$21,669	\$20,653	\$7,799	\$1,019,487
Paid to candidates:	464,768	411,091	699	0	0	876,558
Paid to party <sup>1</sup>	2,661	30,618	0	0	0	33,279
Returned to State <sup>2</sup>	40,651	19,577	20,970	20,653	7,799	109,650

## Senate

	DFL	RPM	REF	GR	LIB	TOTAL
Available:	\$537,002	\$448,009	\$10,835	\$10,326	\$3,900	\$1,010,072
Paid to candidates:	504,039	415,525	260	0	35	919,859
Paid to party <sup>1</sup>	3,740	0	0	0	0	3,740
Returned to State <sup>2</sup>	29,223	32,484	10,575	10,326	3,865	86,473

<sup>1</sup> Party account public subsidy designated for an otherwise qualified candidate of the party who is unopposed is paid to the party.

<sup>2</sup> Party account public subsidy designated for a district and office in which the party has no candidate is returned to the general fund of the state.



Public subsidy totals by party:

	DFL	RPM	REF	GR	LIB	OTHER	TOTAL
General Account Paid to candidates:	\$1,089,582	\$1,050,817	\$17,309	\$0	\$0	\$31,207	\$2,188,915
Party Account paid to candidates:	968,807	826,616	959	0	35	0	1,796,417
Party Account paid to party:	6,401	30,618	0	0	0	0	37,019
Total:	2,064,790	1,908,051	18,268	0	35	31,207	4,022,351

Any differences in totals on these charts are due to rounding.

A candidate must raise a specified amount of money in the election year and file a notarized *Affidavit of Contributions* certifying that fact to receive public subsidy payments.

A candidate's name must appear on the general election ballot to receive Party Account payments.

General Account payments are made to candidates who receive 10% of the votes cast in the general election for the office sought.

The amount of the party account payments will vary among legislative candidates of a political party.

The amount of the general account payment will be the same for each candidate for a particular office. However, a candidate may receive public subsidy only up to 50% of the candidate's expenditure limit. The general account payment may be reduced if necessary to maintain the 50% limit.

STATE ELECTIONS CAMPAIGN FUND

INCOME TAX AND PROPERTY TAX CHECKOFFS<sup>(A)</sup>

TAX YEAR	GENERAL ACCOUNT	% OF TOTAL	DFL ACCT.	% OF TOTAL	RPM ACCT.	% OF TOTAL	REF <sup>(D)</sup> ACCT.	% OF TOTAL	OTHER ACCTS. (MINOR PARTIES) <sup>(B)</sup>	% OF TOTAL <sup>(C)</sup>
1974 - Actual	\$125,169	33.6%	\$175,259	47.1%	\$68,395	18.4%			\$3,488	0.9%
1975 - Actual	125,979	33.5%	164,071	43.6%	83,218	22.1%			2,955	0.8%
1976 - Actual	106,303	27.2%	186,927	47.7%	89,227	22.8%			9,252	2.3%
1977 - Actual	118,774	26.3%	187,812	41.6%	132,913	29.4%			12,013	2.7%
1978 - Actual	127,740	24.8%	220,116	42.6%	153,921	29.8%			14,523	2.8%
1979 - Actual	118,454	24.2%	197,503	40.3%	160,327	32.7%			13,529	2.8%
1980 - Actual	198,028	24.7%	332,394	41.4%	258,748	32.2%			13,962	1.7%
1981 - Actual	206,640	26.1%	307,286	38.8%	262,240	33.1%			14,331	2.0%
1982 - Actual	207,014	25.7%	356,800	44.2%	229,748	28.5%			13,180	1.6%
1983 - Actual	208,328	25.0%	330,206	39.6%	282,790	34.0%			11,888	1.4%
1984 - Actual	230,294	27.0%	356,074	41.7%	266,658	31.3%			0	0%
1985 - Actual	241,682	30.7%	299,904	38.1%	245,682	31.2%			0	0%
1986 - Actual	228,470	31.1%	306,258	41.7%	200,358	27.2%			0	0%
1987 - Actual	564,790	31.3%	673,870	37.3%	567,954	31.4%			0	0%
1988 - Actual	545,885	28.8%	778,275	41.0%	573,560	30.2%			0	0%
1989 - Actual	572,375	30.2%	669,370	35.4%	650,620	34.4%			0	0%
1990 - Actual	593,250	31.6%	731,055	38.9%	554,005	29.5%			0	0%
1991 - Actual	555,730	33.0%	636,225	37.8%	491,450	29.2%			0	0%
1992 - Actual	515,855	31.5%	673,285	41.1%	449,390	27.4%			0	0%
1993 - Actual	517,790	32.2%	577,240	36.0%	511,115	31.8%			0	0%
1994 - Actual	485,905	30.7%	592,650	37.5%	500,260	31.6%			0	0%
1995 - Actual	327,055	22.9%	528,905	37.1%	460,820	32.2%	48,820	3.4%	63,305	4.4%
										1,428,905

(A) Beginning with tax year 1980, taxpayers may check off \$2.00 per individual, beginning in tax year 1987 taxpayers may check off \$5.00 per individual.  
(B) Beginning with tax year 1984, no minor parties qualified for inclusion on the state income tax blank until tax year 1995 when two minor parties qualified.  
(C) Beginning with tax year 1990, 3% of checkoff is retained in the general fund for administration costs.  
(D) Beginning with tax year 1995, one additional major party qualified for inclusion on the state income tax blank.

Based on March 6, 1997, Department of Revenue certification of 1994 and 1995 tax return checkoffs.



# TAX RETURN PARTICIPATION RATE

TAX YEAR	TOTAL NO. OF RETURNS		TOTAL NO. OF CHECKOFFS	% OF PAR- TICIPATION
	INCOME TAX	PROPERTY TAX REFUNDS		
1974 Actual	1,669,794	-	372,311	22.3%
1975 Actual	1,584,086	-	376,223	23.8%
1976 Actual	1,616,441	-	391,799	24.2%
1977 Actual	1,667,924	-	451,512	27.1%
1978 Actual	1,722,053	938,791	516,300	19.4%
1979 Actual	1,761,586	880,185	458,586	17.4%
1980 Actual	1,752,137	797,327	401,566	15.8%
1981 Actual	1,738,194	806,698	395,804	15.6%
1982 Actual	1,712,796	703,470	403,371	16.7%
1983 Actual	1,721,645	660,854	416,606	17.5%
1984 Actual	1,773,807	630,530	426,514	17.7%
1985 Actual	1,801,993	571,772	393,424	16.6%
1986 Actual	1,814,958	556,935	367,543	15.5%
1987 Actual	1,963,300	429,993	361,321	15.1%
1988 Actual	1,978,135	524,855	379,544	15.2%
1989 Actual	2,012,123	480,123	379,845	15.2%
1990 Actual	2,029,347	544,138	398,235	15.5%
1991 Actual	2,063,233	523,085	355,727	13.8%
1992 Actual	2,059,228	557,892	350,545	13.4%
1993 Actual	2,087,914	554,942	341,034	12.9%
1994 Actual	2,132,617	534,040	335,641	12.6%
1995 Actual	2,178,578	518,236	302,053	11.2%

Based on 3/6/97 Department of Revenue certification of 1994 and 1995 tax return checkoffs.

## LOBBYIST PROGRAM

### Administrative rules

The following revised rules are effective July 1, 1997.

#### Definitions

- Gift. "Gift" has the meaning given in Chapter 4512 and Minnesota Statutes, section 10A.071.
- Lobbying. "Lobbying" means attempting to influence legislative action, administrative action, or the official action of a metropolitan governmental unit by communicating with or urging others to communicate with public officials or local officials in metropolitan governmental units. Any activity that directly supports this communication is considered a part of lobbying.
- Lobbyist's disbursements. "Lobbyist's disbursements" include all disbursements for lobbying made by the lobbyist, the lobbyist's employer or employee, or any person or association represented by the lobbyist, but do not include compensation paid to the lobbyist.
- Original source of funds. "Original source of funds" means a source of funds, other than the entity for which a lobbyist is registered, paid to the lobbyist, the lobbyist's employer, the entity represented by the lobbyist, or the lobbyist's principal, for lobbying purposes.
- Public higher education system. "Public higher education system" includes the University of Minnesota and the Minnesota state colleges and universities governed by Minnesota Statutes, chapter 136F. The board may issue advisory opinions at the request of other entities with respect to whether or not they are also included within this definition.

#### Registration

- Separate registration required for each entity. A lobbyist who lobbies on behalf of more than one individual, association, political subdivision, or public higher education system shall register separately for each separate entity. Members or affiliates of an association represented by a lobbyist are not separate entities for the purposes of this requirement.
- Separate registration for each lobbyist. Multiple lobbyists representing the same individual, association, political subdivision, or higher education system must each register separately.

#### Principals

- Individuals or associations represented by lobbyists are presumed to be principals until they establish that they do not fall within the statutory definition of a principal.

## Termination

- A lobbyist who has ceased lobbying for a particular entity may terminate registration by filing a final lobbyist disbursement report covering the period from the last report filed through the date of termination and indicating on the report that the lobbyist intends to terminate the particular registration as of the specified termination date.

## Reporting requirements

- Separate reporting required for each entity. A lobbyist must report separately for each entity for which the lobbyist is registered.
- Reporting by multiple lobbyists representing the same entity. Items a to c apply if a single individual, association, political subdivision, or public higher education system is represented by more than one lobbyist.
  - a. The entity must designate one lobbyist to report lobbyist disbursements made by the entity and the reporting lobbyist must indicate this designation on the periodic reports of lobbyist disbursements.
  - b. A lobbyist may consent to report on behalf of other lobbyists for the same entity, in which case, the other lobbyists are persons about whose activities the reporting lobbyist must report and are subject to the disclosure requirements of Minnesota Statutes, section 10A.04, subdivision 3. Lobbyist disbursement reports filed by the reporting lobbyist must include the names and registration numbers of any other lobbyists whose activities are included in the report.
  - c. Lobbyists whose activities are reported by a designated reporting lobbyist must file lobbyist disbursement reports specifying the name and registration number of the lobbyist reporting on their behalf.
- Report of officers and directors information. With each report of lobbyist disbursements, each lobbyist, except those whose activities are reported by a designated reporting lobbyist, must report any change in the name and address of:
  - a. Each person, if any, by whom the lobbyist is retained or employed or on whose behalf the lobbyist appears; or
  - b. If the lobbyist represents an association, each officer and director of the association.
- Limitation on reporting of loans. A lobbyist is not required to report loans to a public official or a local official in a metropolitan governmental unit if:

- a. The lobbyist's employer, principal, or association represented which made the loan is a financial institution; and

- b. The loan was made in the ordinary course of business on substantially the same terms as those prevailing for comparable transactions with other persons.

- Reporting gifts. A gift to a public or local official from a principal for which a lobbyist is registered must be reported by the lobbyist who reports that principal's lobbying disbursements.

## Reporting disbursements

- Determination of actual costs required. To the extent that actual costs of lobbying activities can be obtained or calculated by reasonable means, those actual costs must be determined, recorded, and used for reporting purposes.
- Approximation of costs. If the actual cost of a lobbying activity cannot be obtained or calculated through reasonable means, those costs must be reasonably approximated.
- Disbursements allocated between multiple entities. A disbursement for lobbying purposes that benefits more than one entity for which a lobbyist is separately registered must be allocated between the entities benefited on a reasonable basis and reported based on that allocation.
- Disbursements which are only partially in support of lobbying. A disbursement that is partially in support of lobbying and partially for a nonlobbying purpose must be allocated on a reasonable basis between the two purposes and the portion which is for lobbying activities must be reported.
- Specific disbursement categories. Disbursements must be reported based on the categories in items a to i.
  - a. "Lobbying materials" includes the cost of production, purchase, or other acquisition of materials that directly support lobbying.
  - b. "Media costs" includes the cost of media space or time used for lobbying activities. The cost of preparation of materials for use in the media is reported in the lobbying materials category.
  - c. "Telephone and communications" includes costs for local and long-distance telephone services, electronic mail, pagers, cellular telephones, facsimile distribution services, telegraph, and other communications services.
  - d. "Postage and distribution" includes costs of postage from the United States Postal Service as well as other distribution costs associated with lobbying activities.



- e. "Fees and allowances" includes fees for consulting or other services as well as expenses associated with those services.
- f. "Entertainment" includes costs of all entertainment associated with any situation where lobbying activities take place.
- g. "Food and beverage" includes costs of all food and beverages associated with any situation where lobbying activities take place.
- h. "Travel and lodging" includes costs of all travel and lodging associated with any lobbying activity, excluding the costs of the lobbyist's own travel to accomplish the lobbying activity.
- i. "Other disbursements" includes general administration and overhead and any other lobbyist disbursements not reported in other categories.

- Effect of gift prohibition. The reporting requirements in this part do not change the scope of the statutory prohibition under Minnesota Statutes, section 10A.071, nor do they create additional exceptions to that prohibition.

#### Reporting compensation paid to lobbyist

- Reporting by lobbyist. Compensation paid to a lobbyist for lobbying is not reportable by the lobbyist as a lobbyist disbursement.
- Reporting by the principal. Compensation for lobbying paid by a lobbyist principal to a lobbyist or to the employer of a lobbyist must be included when determining the spending level categories for reporting by the lobbyist principal.

#### Administrative action

- Commencement. An administrative action to adopt, amend, or repeal rules pursuant to Minnesota Statutes, chapter 14, begins on publication of the notice required under Minnesota Statutes, section 14.101, subdivision 1, or at an earlier time when the official, board, commission, or agency undertaking the rulemaking takes the first formal action required by law to begin the rulemaking process. An administrative action for a purpose other than rulemaking begins when the commission or agency undertaking the action takes the first formal action required by statute to begin the action or as otherwise defined by statute.
- Advisory committees. Participation on an administrative rulemaking advisory committee established under Minnesota Statutes, section 14.010, subdivision 2, is not lobbying.

## Advisory opinions issued

### Gift requested by lobbyist principal (No. 171 amended)

- A gift to a legislator by a lobbyist principal is prohibited. The relationship between a lobbyist principal and a foundation may be so close that gifts by the foundation are deemed to be requested by the principal. If a legislator contemporaneously pays the full price for a benefit received, it is not a prohibited gift.

### Gift of plaque to official

- A plaque awarded by a lobbyist principal to a legislator based on individual services in the field of fire service falls within an exception to the general prohibition of gifts by lobbyist principals to officials. No. 245

### Gift to officials of guide to the Minnesota legislature

- A gift to officials by a lobbyist of a legislative directory falls within the exception to the gift prohibition as information to assist an official in the performance of official duties. No. 246

### Application of lobbying statutes to internet worldwide web site advocating association's positions on legislative matters

- Creation of a worldwide web internet site on which an association publishes its positions on legislative matters does not require the registration of a lobbyist with the Ethical Practices Board. No. 249

### Gift prohibition applied to legislative day activities

- Provision of complementary professional services to public officials at the request of a lobbyist principal is prohibited by Minn. Stat. § 10A.071. No. 250

### Gift of a dinner to legislators

- Informal statements and conversation at tables prior to a dinner with legislators do not trigger an exception to the gift prohibition even if event programs and invitations indicate that participants are expected to engage in this interaction. No. 252

### Activities related to student lobbying

- A teacher in a public school who, as a part of an official school program, teaches students to lobby and performs services in support of the students' lobbying efforts does not become a lobbyist as a result of those activities. No. 254

#### Gift exception for members of a group

- The gift prohibition of Minn. Stat. § 10A.071 does not apply to gifts given to members of an association if the gifts are given because of membership in the association; the same gift is given to each member; and a majority of the members are not officials as defined in the statute. No. 258

#### Gift of dinner to legislators

- Informal discussion, including questions and answers at a dinner, does not meet the requirements to except the dinner from the gift prohibition, even if invitations indicate that participants are expected to engage in this interaction. No. 259

#### Gift of transportation

- A gift from a lobbyist principal to a nonprofit corporation which is not a lobbyist principal is not a prohibited gift when later transferred to an official if, at the time of the original gift, the donor was unaware of who would benefit from the gift and the circumstances demonstrate that the underlying purpose of the original gift was not to benefit one or more officials. No. 268

#### Gift of informational audio tape to legislators

- A gift to legislators of an audio tape which costs \$1.50 to produce and will be available to the public for between \$4 and \$6 falls within the exception to the gift prohibitions of Minn. Stat. § 10A.071 because it is a gift of informational materials of unexceptional value. No. 269

#### Filing deadlines

In fiscal year 1997, 1,367 registered individuals representing 1,237 associations filed approximately 8,900 reports.

Of the 8,900 Lobbyist Disbursements Report, approximately 9% were filed late in 1996. This marks a 20% decrease over 1996, when approximately 11% of statements were filed late.

Late filing fees totaling \$1,465 were collected from 27 delinquent lobbyists. No waivers of late filing fees were granted. Payment of late filing fees were deposited in the state general fund.

#### Staff review of lobbyist disclosure reports

Each report was reviewed by Board staff for compliance with the lobbyist disclosure law requirements including reporting of expenses for lobbying purposes; sources of funds over \$500 from other than the association represented; and gifts, loans, honorariums, or items of benefit equal in value to \$5 or more to public officials.

#### Annual report of lobbyist principal

Lobbyists who filed reports that were incomplete or had reporting errors were contacted by staff and reports were amended.

An individual or association spending more than \$500 in a calendar year to compensate a lobbyist is required to file an annual report as a lobbyist principal.

In 1996, 1,214 lobbyist principals were required to file a Report of Lobbyist Principal with the Board. Twenty eight principals, failed to file a report. Minn. Stat. §10A. provides no penalty for failure to file a lobbyist principal report.

#### Board changes

• Board of the Lake and River Forests Association Center for Arts Education formerly the Minnesota Center for Arts Education

• Campaign Finance and Public Disclosure Board formerly the Ethical Practices Board

#### Changes in membership

• Board of Water and Soil Resources membership from 12 members to 17 members

• Environmental Quality Board with the Commissioner of Trade and Economic Development as the membership

#### Filing deadlines

Approximately 1,367 Supplementary Statements of Economic Interest were filed with the Board in April, 1997.

Of the 1,367 Supplementary Statements of Economic Interest filed, approximately 10% were filed late. This marks a 20% decrease over 1996, when approximately 20% of statements were filed late.

Late filing fees totaling \$1,465 were collected from 27 public officials who reported delinquent interest to enforce compliance. One waiver of late filing fee was granted to a delinquent public official. Payment of late filing fees were deposited in the state general fund.

## ECONOMIC INTEREST PROGRAM

### 1997 Legislative action

Supplementary filings - Annual Supplementary Statements of Economic Interest are required to be filed only if there is a change to be reported from the previously filed statement.

The following legislative actions affected these agencies whose employees and members must file Statements of Economic Interest with the Board:

#### Name changes -

- Board of the Lola and Rudy Perpich Minnesota Center for Arts Education formerly the Minnesota Center for Arts Education
- Campaign Finance and Public Disclosure Board formerly the Ethical Practices Board

#### Changes in membership -

- Board of Water and Soil Resources increases membership from 12 members to 17 members
- Environmental Quality Board adds the Commissioner of Trade and Economic Development to the membership

### Filing deadlines

Approximately 1,520 Supplementary Statements of Economic Interest were filed with the Board in April, 1997.

Of the 1,520 Supplementary Statements of Economic Interest filed, approximately 15% were filed late. This marks a 25% decrease over 1996, when approximately 20% of statements were filed late.

Late filing fees totaling \$450 were collected from 11 public officials who required certified letters to secure compliance. One waiver of late filing fee was granted to a delinquent public official. Payment of late filing fees are deposited in the state general fund.



## ECONOMIC INTEREST PROGRAM

1997 Legislative action - Annual Supplemental Statement of Economic Interest was required to be filed only if there is a change in the reported information from the previously filed statement.

The following legislative action affected those agencies whose employees and members must file Statements of Economic Interest with the Board:

Items changed -

• Board of the Life and Body Project Minnesota Center for Aging Education formerly the Minnesota Center for Aging Education

• Campaign Finance and Public Disclosure Board formerly the Ethics Protection Board

Changes in membership -

• Board of Youth and Job Resources increases membership from 12 members to 15 members

• Environment Quality Board adds the Commissioner of Trade and Economic Development to the membership

Approximately 1,500 Supplemental Statements of Economic Interest were filed with the Board in April 1997.

Of the 1,500 Supplemental Statements of Economic Interest filed, approximately 150 were filed late. This makes a 25% decrease over 1996, when approximately 20% of statements were filed late.

Late filing fees totaling \$100 were collected from 41 public officials who reported conflicts of interest in recent compliance. One waiver of late filing fee was granted to a delinquent public official. Payment of late filing fees are detailed in the table below.

## POTENTIAL CONFLICTS OF INTEREST

### Advisory opinions

Public Employees Retirement Association (PERA) trustee candidates

Potential conflict of interest for legislator

- A legislator's vote which does not affect the legislator's financial interests, or those of an associated business of the legislator, does not create a potential conflict of interest under Minn. Stat. § 10A.07. No. 264

Potential conflict of interest for public official

- A potential conflict of interest exists under Minn. Stat. § 10A.07 only when an official is required to vote in an official capacity on a matter which will substantially affect the official's financial interests or those of an associated business in a greater way than it will affect similarly situated individuals or businesses. No. 267

### Filing

State Board of Investment

A public 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 interest or those of an associated business must file certain documents under Minn. Stat. §10A.07.

No public official filed a Potential Conflict of Interest Notice in fiscal year 1997.

## REPRESENTATION DISCLOSURE

### Filing

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 Chapter 14, and in the cases of rate setting, power plant and powerline siting and granting of certificates of need under Minn. Stat. §216.B243, must file certain documents under Minn. Stat. §10A.07.

One public official filed one Representation Disclosure notice in fiscal year 1997.

## POTENTIAL CONFLICTS OF INTEREST

Potential conflict of interest for legislators	Advisory opinions
<p>A legislator's vote which does not affect the legislative process is not a potential conflict of interest under Minn. Stat. § 10A.07.</p>	
<p>A potential conflict of interest exists under Minn. Stat. § 10A.07 when an officer is required to vote in an official capacity on a measure which will substantially affect the officer's financial interest or those of an associated business in a greater way than it will affect similarly situated individuals or businesses. Minn. Stat. § 10A.07.</p>	
<p>A public 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 interest or those of an associated business must file certain documents under Minn. Stat. § 10A.07.</p>	
<p>No public official has a Potential Conflict of Interest unless in each year.</p>	

## REPRESENTATION DISCLOSURE

Public official who represents a client for a fee before any legislative body, commission or agency that has rule-making authority in a legislative body, commission or agency, and in the course of the rule-making process, has not previously filed and is not required to file under Minn. Stat. § 10A.07, must file certain documents under Minn. Stat. § 10A.07.	Filing
<p>One public official filed one Representation Disclosure notice in each year 1997.</p>	

## OTHER BOARD PROGRAMS

### Public Employees Retirement Association (PERA) trustee candidates

Candidates for election as PERA Trustees are required to file certain campaign finance disclosure reports with the Ethical Practices 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. No filings were required in fiscal year 1997.

### Minnesota Technology, Inc. (MTI)

The law requires certain disclosure by the board of directors and the president of MTI upon appointment and annually thereafter during the term in office under Minn. Stats. §§1150.03 and 1160.04.

Under this statute, the Board prescribes and furnishes to the directors and president the reporting form and instructions for completing the form. In April, 1997, 14 reports were filed with the Board.

### State Board of Investment

The law requires certain disclosure by board members upon appointment and employees upon hire and both annually thereafter until termination of appointment or employment under Minn. Stat. §11A.075.

Under this statute, the Board prescribes and furnishes to the members and employees the reporting form and instructions for completing the form. In April, 1997, 31 reports were filed with the Board.

### State pension funds

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.

Under this statute, the Office of the State Auditor prescribes the statement and instructions for completing the statement which covers the previous calendar year. The chief administrative officer of each covered pension plan must submit a copy of all filed statements with the Ethical Practices Board annually, no later than January 15th. Approximately 735 pension plans are required to file with the Board under this law. In 1997, 296 pension funds filed copies of the required statements with the Board.

## OTHER BOARD PROGRAMS

Committee for studies on FERA Trustee and related to the certain company. Board members report with the Board. Program Board. Under this study, the Board prepared and finished in 1997. Under the study, the Board prepared and finished in 1997. Under the study, the Board prepared and finished in 1997.

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## STAFF DUTIES

### Executive Director (Executive Secretary)

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. Serve as the Board's representative to the Legislative and Executive Branch. Educate and assist clients in compliance with reporting requirements, limits, and prohibitions.

### Assistant Executive Director (Assistant Executive Secretary)

Serve as advisor to the Executive Director and assist in management of the operations for the agency. Draft advisory opinions and administrative rules for Board consideration. Manage the agency's compliance programs and information systems. Serve as the agency's representative on the Minnesota Information Policy Council.

### Office Manager (Office Services Supervisor)

Administer daily financial and human resource management. Draft Board meeting minutes, annual report, forms and handbooks to assist clients in meeting statutory requirements. Oversee the economic interest disclosure, representation disclosure, and conflict of interest disclosure provisions of the statute. Serve as agency liaison to other state agencies.

### Compliance Officer (Investigator)

Investigate written complaints, draft conciliation agreements and findings for Board consideration. Coordinate investigations and settlements of potential violations of Minn. Stat. Chapter 10A. Provide guidance in case management to investigative and Board staff assigned to assist this position. Serve as investigate liaison to the Executive Director, Board, and Attorney General's office. Represent the Board in conciliation court.

### Programs Assistant (Clerk Typist III)

Perform enforcement activities by initiating communications with clients who need to file or amend filed documents under the guidance of the Board Investigator. Provide support to the investigator. Provide technical advice and guidance to Board clients.

### Information Technology Specialist II

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. Administer local area network and modifications to website.

### Programs Administrator (Executive I)

Provide for distribution, collection, and entry of data into the computer. Collect, store and retrieve data for the preparation and analysis of summaries of documents filed with the Board. Provide technical advice and guidance to Board clients.

### Information Assistant (Clerk Typist III)

Provide assistance in typing and word processing to Board staff. Serve as agency receptionist. Maintain agency receipts for deposit with the State Treasurer. Administer contribution receipt program. Prepare mailings for monthly Board meetings. Arrange for agency printing, duplicating, and mailing of official notices. Update the agency website on a daily basis. Maintain records retention per agency schedule.

### Clerk Typist 1

Assist with mailing, data entry, and filing of all required documents filed with the Board office in all agency programs. Assist in general office work of the Board as assigned.

## STAFF SALARIES

July 1, 1996 - June 30, 1997

POSITION	STAFF	SALARY	
Executive Director	Jeanne Olson	\$64,826	
Assistant Executive Director	Gary Goldsmith	48,418	
Office Services Supervisor II	LuAnn Swanson	38,211	
Investigator	Billie Claire Errico	33,159	
Programs Assistant (Clerk Typist III)	Jim Maloney	21,410	(7/1/96 - 3/30/97)
	Nicole Perreault	1,199	(6/11/97 - 6/30/97)
Information Technology Specialist II	Diana Berg	30,812	
Programs Administrator (Executive I)	Kelly Hansen	30,296	
Information Assistant (Clerk Typist III)	Joyce Larson	25,703	
Clerk Typist 1 (intermittent)	Donna LaBarre	14,224	
TOTAL FY 1997 SALARIES		\$308,258	



## FINANCIAL INFORMATION

The Ethical Practices Board is funded by a direct appropriation from the Minnesota Legislature. The fiscal year budget begins July 1 and ends June 30.

	PROPOSED PLAN*	CURRENT PLAN	EXPENDED	% ALLOC. EXPENDED
<b>SALARY AND BENEFITS</b>				
Full time staff	353,225	360,880.64	360,880.64	100%
Part time staff	13,000	15,909.34	15,909.34	100%
Unemployment Compensation	0	1,770.00	1,770.00	100%
Workers Compensation	241	233.19	233.19	100%
Per Diem	4,070	5,390.00	5,390.00	100%
Sub-Total	370,536	384,183.17	384,183.17	100%
<b>SUPPLIES/EXPENSES</b>				
Office rent	26,186	24,777.50	24,777.50	100%
Misc. rents	0	218.90	218.90	100%
Photocopy machine leases	11,844	13,912.11	13,912.11	100%
Printing	14,000	13,883.49	13,883.49	100%
Rulemaking publication	984	720.00	720.00	100%
CFMS software development	1,500	3,800.00	3,800.00	100%
Legal costs	1,200	1,287.77	1,287.77	100%
Postage and freight	13,000	14,289.33	14,289.33	100%
Telephone	4,000	3,015.91	3,015.91	100%
In-State Travel - staff	1,500	609.06	609.06	100%
Out-State Travel	4,950	3,791.93	3,791.93	100%
Board meeting expenses	1,100	1,509.84	1,509.84	100%
Staff / Board development	6,200	3,354.40	3,354.40	100%
Subscriptions	405	434.55	434.55	100%
Rulemaking - OAH	5,000	1,072.00	1,072.00	100%
Supplies	10,000	11,415.60	11,415.60	100%
Equipment	5,000	8,628.91	8,628.91	100%
Repairs	150	1,788.20	1,788.20	100%
Misc. Purchased Services	600	783.91	783.91	100%
Sub-Total	107,619	109,293.41	109,293.41	100%
TOTAL	478,155	493,476.58	493,476.58	100%

\* Board Decision - June 20, 1996

Income Summary	Proposed Plan	Current Plan	Actual
Appropriation:	446,000	446,000.00	446,000.00
Photocopy Revenue:	9,000	9,000.00	9,074.00
Salary Supplement:	13,155	13,155.00	13,155.00
Carry forward from FY 96:	10,000	25,508.19	25,508.19
Total:	478,155	493,663.19	493,737.19
Return to state:			260.61







