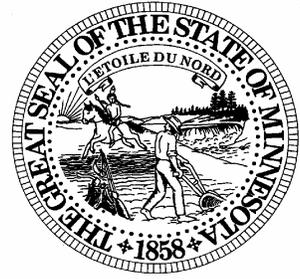


Minnesota

*Campaign Finance and
Public Disclosure Board*



**THE FOLLOWING PUBLICATION DOES NOT IDENTIFY THE
REQUESTER OF THE ADVISORY OPINION, WHICH IS NON PUBLIC DATA
under Minn. Stat. § 10A.02, subd. 12(b)**

RE: Costs of Credit Card Transactions

ADVISORY OPINION 387

SUMMARY

The costs of credit card transactions incurred as part of campaign fund raising activities are campaign expenditures, reportable as such, and not as “noncampaign disbursements” defined by Minnesota Statutes, section 10A.01, subdivision 26.

FACTS

As treasurer of a principal campaign committee (the Committee) registered with the Campaign Finance and Public Disclosure Board (the Board) you request an advisory opinion based on the following facts:

1. In campaign fund raising activities, the use of credit cards by donors has become common and their use can be expected to become still more common in the future.
2. Credit card transactions are processed by credit service bureaus which charge a fee for each transaction to pay for the service. The transaction cost occurs regardless of how the credit card number is communicated to the Committee (in writing, over the telephone, or over the Internet).
3. The Committee notes that the reporting of credit card processing fees by various candidates has been inconsistent, and that some other campaign related banking costs, such as check fees and automatic bill payment fees, are usually treated as noncampaign expenditures.

ISSUE ONE

Should the costs of credit card transactions incurred in fund raising activities be reported as noncampaign disbursements under Minnesota Statutes, section 10A.01, subdivision 26?

OPINION ONE

No. The board concludes that fees for credit card transactions are campaign expenditures, and should be reported as such under Minnesota Statutes, section 10A.20. Credit card transaction fees are not explicitly identified as a type of noncampaign disbursement under any clause of section 10A.01, subdivision 26. This statute does provide in clause (1) that a principal campaign committee's payments for accounting services are a noncampaign disbursement. Including credit card transaction fees as a type of accounting service would extend the range of clause (1) beyond its natural meaning.

Many costs related to raising funds for a principal campaign committee are campaign expenditures. For example, the cost of paper, printing, envelopes, postage, and hired fund raisers are all campaign expenditures. Credit card transaction fees, when incurred in connection with contributions to the committee, are another cost associated with fundraising, and should be categorized and reported as campaign expenditures.

The requestor notes that many principal campaign committees list bank service fees and check processing fees as noncampaign disbursements. The Board has not challenged this classification because all principal campaign committees are required to have a depository at the time of registration, and must deposit all contributions into that account. (Minnesota Statutes, sections 10A.14, subdivision 2, and 10A.15, subdivision 3). Because a banking account is required by statute the costs required to maintain that account are outside of a committee's discretion and may be reported as a noncampaign disbursement.

Issued September 15, 2006



Bob Milbert, Chair
Campaign Finance and Public Disclosure Board

Cited Statutes

10A.01 Definitions.

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

- (1) payment for accounting and legal services;
- (2) return of a contribution to the source;
- (3) repayment of a loan made to the principal campaign committee by that committee;
- (4) return of a public subsidy;
- (5) payment for food, beverages, entertainment, and facility rental for a fund-raising event;
- (6) services for a constituent by a member of the legislature or a constitutional officer in the executive branch, including the costs of preparing and distributing a suggestion or idea solicitation to constituents, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;
- (7) payment for food and beverages consumed by a candidate or volunteers while they are engaged in campaign activities;
- (8) payment for food or a beverage consumed while attending a reception or meeting directly related to legislative duties;
- (9) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;
- (10) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;
- (11) costs of child care for the candidate's children when campaigning;
- (12) fees paid to attend a campaign school;

- (13) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;
- (14) interest on loans paid by a principal campaign committee on outstanding loans;
- (15) filing fees;
- (16) post-general election thank-you notes or advertisements in the news media;
- (17) the cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used;
- (18) contributions to a party unit;
- (19) payments for funeral gifts or memorials; and
- (20) other purchases or payments specified in board rules or advisory opinions as being for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question.

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

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

10A.14 Registration.

Subdivision 1. **First registration.** The treasurer of a political committee, political fund, principal campaign committee, or party unit must register with the board by filing a statement of organization no later than 14 days after the committee, fund, or party unit has made a contribution, received contributions, or made expenditures in excess of \$100.

Subd. 2. Form. The statement of organization must include:

- (1) the name and address of the committee, fund, or party unit;
- (2) the name and address of the chair of a political committee, principal campaign committee, or party unit;
- (3) the name and address of any supporting association of a political fund;
- (4) the name and address of the treasurer and any deputy treasurers;

(5) a listing of all depositories or safety deposit boxes used; and

(6) for the state committee of a political party only, a list of its party units.

10A.15 Contributions.

Subd. 3. **Deposit.** All contributions received by or on behalf of a candidate, principal campaign committee, political committee, political fund, or party unit must be deposited in an account designated "Campaign Fund of (name of candidate, committee, fund, or party unit)." All contributions must be deposited promptly upon receipt and, except for contributions received during the last three days of a reporting period as described in section 10A.20, must be deposited during the reporting period in which they were received. A contribution received during the last three days of a reporting period must be deposited within 72 hours after receipt and must be reported as received during the reporting period whether or not deposited within that period. A candidate, principal campaign committee, political committee, political fund, or party unit may refuse to accept a contribution. A deposited contribution may be returned to the contributor within 60 days after deposit. A contribution deposited and not returned within 60 days after that deposit must be reported as accepted.