

ANNUAL REPORT

JULY 1, 2006 - JUNE 30, 2007



MINNESOTA CAMPAIGN FINANCE and PUBLIC DISCLOSURE BOARD

Issued: August 2007
CAMPAIGN FINANCE and PUBLIC DISCLOSURE BOARD
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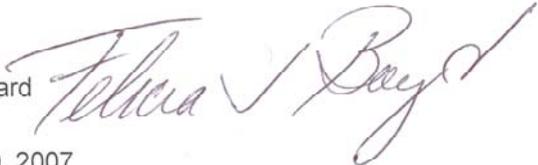
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Minnesota
**Campaign Finance and
Public Disclosure Board**

DATE: August 21, 2007

TO: The Honorable Timothy Pawlenty, Governor
The Honorable James Metzen, President of the Senate
The Honorable Lawrence Pogemiller, Senate Majority Leader
The Honorable Margaret Anderson Kelliher, Speaker of the House
The Honorable Anthony Sertich, House Majority Leader
The Honorable David Senjem, Senate Minority Leader
The Honorable, Marty Seifert, House Minority Leader

FROM: Felicia Boyd, Chair
Campaign Finance and Public Disclosure Board



SUBJECT: Annual Report, July 1, 2006, through June 30, 2007

Pursuant to Minnesota Statutes, chapter 10A.02, subd. 8 (a), the Campaign Finance and Public Disclosure Board submits its Annual Report.

The Board, consistent with their objectives and administrative procedures, provided guidance to the thousands of individuals and associations whose disclosure of certain political, economic interest and lobbying activities is regulated by the Ethics in Government Act, Minnesota Statutes, chapter 10A.

Included in this Annual Report is information about the campaign finance disclosure associated with the 2006 election year, the electronic filing of lobbyist and lobbyist principal reports, and the filing of Statements of Economic Interest by public officials.

Throughout our activities we affirm the need for timely disclosure, public information, and enforcement, ever mindful of the depth and breadth of volunteer professional resources expended annually to comply with this important public disclosure law. We acknowledge the trust placed in the Board and its staff by the Minnesota Legislature.

The Board's activities during this fiscal year reflect our strong commitment to a reasoned and balanced approach to the public trust as expressed in the Board's mission statement.

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EXECUTIVE SUMMARY

The Campaign Finance and Public Disclosure Board is charged with the administration of the Ethics in Government Act, Minnesota Statutes, chapter 10A. During fiscal year 2007 Board staff continued to keep informed of technology and the public's continued desire for easy access to information filed with the Board. The Board's website provides searchable databases using a variety of defined inquiries to access information disclosed on reports and statements filed by candidates, political committees, political funds, and political party units. To get information to clients more timely, reports filed by candidates, political committee, political funds, and political party units are scanned and uploaded to the website. Scanned documents include all reported information and are available on the website the day after the report due date. Information filed by lobbyists, lobbyist principals, and public officials are also available on the website. In addition, lists of principal campaign committees, political committees, political funds, lobbyists, and public officials are updated daily. For clients without access to a computer, public use computers are available in the Board office.

Lobbyists and lobbyist principals who are required to file with the Board are provided a user name and password to enable them to file their report(s) electronically. Paper reports are made available upon request to those lobbyists and principals who are unable to file electronically. User name and passwords were provided to all public officials required to file a *Supplementary Statement of Economic Interest* enabling them to file electronically for the first time in April 2007.

The Board held nine regular session meetings and nine executive session meetings; one nominating subcommittee meeting; and one personnel committee meeting. The Board issued nine advisory opinions; concluded 24 investigations; issued 24 Findings of probable cause in the 24 complaints; investigated 83 potential violations of Chapter 10A involving 60 entities which concluded in settlement of 20 Conciliation Agreements and 47 Findings of probable cause; and produced five publications.

Board staff conducted training classes to aid volunteer treasurers and candidates in recordkeeping, reporting, and Campaign Finance Reporter software; served on faculties of several Continuing Legal Education seminars; and spoke to various groups and classes at local colleges and universities about the requirements of Chapter 10A.

Public subsidy payments were made to eligible constitutional office, senate, and house of representative candidates and to the state committees of four political parties during fiscal year 2007. Information on payments may be found beginning on page 27.

INTRODUCTION TO THE BOARD

Authority

The Campaign Finance and Public Disclosure Board was established by the state legislature in 1974 through enactment of the Ethics in Government Act, Minnesota Statutes, chapter 10A. Throughout its 31 years the Board has enforced the provisions of Chapter 10A, promulgated and enforced Minnesota Rules 4501 through 4525, and issued 372 advisory opinions to guide clients in meeting the requirements of the Act.

Function

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

- registration and public disclosure by state legislative, constitutional and judicial office candidates, political party units, political committees, and political funds;
- state's public subsidy program that provides public funding to qualified state candidates and the state committee of a political party and allows those candidates and all political party units to give political contribution refund receipts to certain campaign contributors;
- registration and public disclosure by lobbyists and their principals attempting to influence state legislative action, administrative action, and the official action of metropolitan governmental units; and
- disclosure of economic interest, conflicts of interest, and representation of a client for a fee under certain circumstances for certain state and metropolitan officials.

Membership

The Board has six bi-partisan citizen members responsible for the administration of the Ethics in Government Act. Members of the Board are appointed by the Governor to staggered four-year terms. Their appointments must be confirmed by a three-fifths vote of the members of each house of the legislature. The Board holds regular monthly meetings, which are open to the public and executive session meetings which are closed to the public, annually elects its leadership, and reports on its activities to the governor, the legislature, and the public.

Mission Statement

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

Goals and Objectives

- Facilitate easier and more universal compliance with the Ethics in Government Act, Minnesota Statutes, chapter 10A.
- Provide fair and consistent enforcement of the Ethics In Government Act.
- Help citizens become better informed about public issues related to the Ethics in Government Act.

Website

The Board maintains a site on the internet that provides many client services, including:

- Board meeting notices and minutes;
- Findings, and Conciliation Agreements;
- Advisory Opinions;
- Annual Reports;
- Campaign Finance Summaries;
- Lobbyist Disbursement Summaries;
- Annual Report of Principal Disbursements;
- Lists of lobbyists and associations, candidate committees, political committees, political funds, party units, and public officials all updated on a daily basis;
- Scanned copies of all campaign finance reports;
- Scanned copies of all lobbyist and lobbyist principal disbursement reports;
- Electronic filing of *Lobbyist Disbursement Reports*;
- Electronic filing of *Annual Reports of Lobbyist Principals*;
- Electronic filing of the *Annual Statement of Economic Interest* for public officials;
- All Board publications and forms;
- Searchable databases of campaign finance information;
- Board and staff contact information and automatic e-mail access;
- Biographies and pictures of current Board members;
- Links to Minnesota Statutes and Board Administrative Rules; and
- Links to candidate's websites.

BOARD MEMBERS



Felicia Boyd

Felicia Boyd was appointed in April 2004, by Governor Tim Pawlenty for a term ending in January 2008. She is a member of the Republican Party of Minnesota with no restrictions on previous activities. Ms. Boyd is a partner in the law firm of Faegre & Benson, where she practices in complex intellectual property litigation. She has successfully led plaintiff and defense litigation on infringement claims related to patents, copyrights, trademarks, and trade dress, including multiple jury trials. She is a graduate of the University of Minnesota Law School and St. Olaf College.



Sven Wehrwein

Sven Wehrwein was appointed in May 2005, by Governor Tim Pawlenty for a term ending in January 2009. He is a member of the Democratic Farmer Labor party with no restrictions on previous activities. Mr. Wehrwein is a member of the Board of Directors of five Twin Cities-based companies, Compellent Technologies, Image Sensing Systems, Synovis Life Technologies, Uroplasty, Inc, and Vital Images. He is a graduate of Loyola University in Chicago and earned his MBA in finance at the Sloan School at the Massachusetts Institute of Technology. Mr. Wehrwein is currently a member of the Loft Literary Center Board. Earlier in his 30-year financial career, he worked as a certified public accountant, investment banker, and chief financial officer.



Terri Ashmore

Terri Ashmore was appointed in January 2003, by Governor Tim Pawlenty and reappointed in January 2007 for a term ending in January 2011. She is a member of the Republican Party of Minnesota and has not been a public official, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the date of her appointment. Ms. Ashmore is the Managing Director of the Basilica of St. Mary. She volunteers for the Jeremiah Program, a housing and education program for single mothers.



Hilda Bettermann

Hilda Bettermann was appointed in April 2004, by Governor Tim Pawlenty for a term ending in January 2008. She is a former member of the legislature from the Republican Party where she served in the Minnesota House of Representatives for eight years. Ms. Bettermann is an Interim Associate Dean of Academic Affairs at the Alexandria Technical College, and is currently a member of the Douglas County Hospital Board, and the Central Lakes Area Sanitary District Advisory Council. She is also a former member of the Rural Health Advisory Council, the Workers Compensation Council and the MNSCU Trustee Advisory Council.



Scott Heintzeman

Scott Heintzeman was appointed in February 2006, by Governor Tim Pawlenty for a term ending in January 2010. He has no party preference and no restrictions on previous activities. Mr. Heintzeman is the vice president and chief information officer for Carlson Marketing Group where he oversees the company's technology efforts as well as information, security, project management, and technical architecture. He is a graduate of the University of Minnesota, Carlson Business School where he received a MBA. Additionally, he completed the University's Carlson School of Management Minnesota Management program and Minnesota Executive Program. He was inducted into the Hospitality Financial and Technology Professionals' International Hospitality Technology Hall of Fame in 1999.



Bob Milbert

Bob Milbert was appointed in January 2003, by Governor Tim Pawlenty and reappointed in January 2007 for a term ending in January 2011. He is a former member of the legislature from the Democratic Farmer Labor party where he served as a member of the Minnesota House of Representatives for 16 years. He is a graduate of Dartmouth College. Mr. Milbert is the CEO of Milbert Company, a Culligan Water dealership. He was a member of the South St. Paul City Council for 12 years and currently serves as a member of the River Heights Chamber of Commerce, is a former Board member on the USA Hockey Foundation and Minnesota Amateur Sports Commission, and volunteers for the United Way.

SUMMARY OF BOARD ACTIVITIES

Meetings

The Campaign Finance and Public Disclosure Board held nine regular session meetings, nine executive session meetings, one nominating subcommittee meeting, and one personnel committee meeting.

Advisory Opinion Procedure

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

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

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

Advisory opinions issued in fiscal year 2007 are listed under each program.

Publications

The Campaign Finance and Public Disclosure Board issued five publications:

- Annual Report for Fiscal Year 2006;
- Lobbying Disbursement Summary: January – December 2006;
- Campaign Finance Activity Summary covering election year 2006 through October 23, 2006;
- 2006 Campaign Finance Summary; and

- Updated version of Minnesota Statutes §10A and Minn. Rules 4501–4525, with portions of Chapters 211B and 290.

Board Member Activities

- Attended the annual Council on Governmental Ethics Laws (COGEL) conference

Staff Outreach

Served on:

- the Board of Trustees for the Campaign Finance Institute based in Washington, D.C.
- COGEL's Past Presidents Committee
- COGEL's Records Retentions committee

Education Outreach

Presented information to the:

- staff and Board members of the Minnesota State Retirement System on the provisions of the gift ban
- Legislative Citizens Commission on Minnesota Resources on economic interest disclosure and the gift ban
- University of Minnesota Law School on lobbying
- University of Minnesota, Duluth Graduate School class in the Master of Advocacy and Political Leadership program on campaign finance and the gift ban.
- Hamline University Graduate School of Management Legislative Process class on information available from the Board about lobbying, campaign finance, and the Board's website
- Wisconsin legislature via video conference on Minnesota's public subsidy program
- University of Minnesota Graduate School of Public Health on legislative advocacy
- League of Women Voters on proposed legislative changes to Chapter 10A and independent expenditures

Presented information at Continuing Legal Education seminars for:

- *Campaign Finance and Unfair Practices Laws for the 2006 Election*
- *Judicial Campaign Law and Ethics*

- *Ethical Pitfalls in Administrative Law*
- *The Legislative Process*

Disclosure training offered by Board staff:

- nine sessions on the use of the Board's Campaign Finance Reporter software attended by approximately 65 clients
- three sessions on report training to assist treasurers in filing the *Report of Receipts and Expenditures* attended by approximately 30 treasurers, candidates, and chairs
- four sessions of compliance classes to assist treasurers in understanding the requirements of Minnesota Statutes, chapter 10A attended by approximately 85 treasurers, candidates, and chairs

Staff Training

Attended:

- the annual Council on Governmental Ethics Laws (COGEL) conference
- the COGEL Heartland regional conference for staff of COGEL member agencies
- 16 classes/seminars for a total of 208 hours of training to attain and maintain a quality of job performance that meets the needs of the state, the Campaign Finance and Public Disclosure Board, and the individual employee

Customer Service Survey

In response to a Board recommendation staff reviewed various approaches to conducting a client/customer survey for use in identifying Board provided services that may be made more effective in helping our clients. Staff formulated questions and surveys were made available to the public on the Board's website.

On February 14th invitations were sent to the following clients requesting their participation in a survey:

- 337 individuals on the lobbyist e-mail subscription list,
- 212 individuals on the campaign finance e-mail distribution list, and
- 440 individuals who either are on the e-mail list or who use the Campaign Finance Reporter software.

As of March 5, 2007, surveys were received from:

- 31 individuals who completed the lobbyist survey,
- 23 individuals who completed the campaign finance survey, and
- 105 individuals who completed the Campaign Finance Reporter software survey.

A total of 90 survey respondents provided their e-mail address for follow up contact.

Based on survey results, staff began implementation of the suggestions received.

The Board plans on conducting another survey in two years.

CAMPAIGN FINANCE PROGRAM

Advisory Opinions Issued

- State political party convention expenses # 383

Expenses for a candidate attending a state political party convention paid for by a principal campaign committee are reported as campaign expenditures.

- First time candidate # 384

Requesting that a canvassing board tabulate write in votes for an office at one election does not preclude a candidate at a subsequent election from the ten percent increase in the spending limit available to candidates who run for an office for the first time.

- Candidate participation in fundraising event; use of national political committee funds by political committee registered in Minnesota # 385

Minnesota Statutes Chapter 10A does not regulate a Minnesota officeholder's participation in fundraising activities for a national association not required to register with the Board. If the fundraising activities also constitute efforts to influence the officeholders election, then the costs of participation are campaign expenditures for the officeholder's principal campaign committee and a donation of the costs would be a contribution to the principal campaign committee.

Subject to other applicable statutory requirements and prohibitions, an association can theoretically make independent expenditures for a candidate that has participated in fundraising for the association. However, whether these expenditures are made with the implied consent of or in concert or cooperation with the officeholder can only be determined by examination of the actual facts surrounding the relationships and the expenditures.

Minnesota Statutes, Section 211B.15 prohibits direct and indirect participation in the Minnesota electoral process by corporations. Since the subject association's funds consist of individual, corporate and political committee contributions, Section 211B may prohibit donation of funds to and acceptance by a committee registered with the Board.

An unregistered association that makes contributions to a Minnesota political committee must provide with each contribution detailed disclosure of all of the association's receipts and expenditures, consistent with the requirements of Minnesota Statutes, Section 10A.20.

- Candidate running for two offices in the same election year # 386

An incumbent legislator must pay for the end of the session report with funds from the principal campaign committee for the legislator's office. A candidate with principal campaign committees for two different legislative offices may raise funds separately for each office during an election year. A terminating principal campaign committee may transfer debt to another principal campaign committee of the same candidate. Statutory deadlines may not be extended by the Board.

- Costs of credit card transactions # 387

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.

- Cost of mailing informational magnet and note to constituents # 388

Minnesota Statutes Section 10A.01, subd. 26(20), provides that the cost of producing an informational magnet that will be distributed to constituents is a noncampaign disbursement. Distribution of the magnet and an explanatory note are constituent services, the costs of which are to be reported as noncampaign disbursements or campaign expenditures depending on the time the distribution is made.

- Use of principal campaign committee funds # 390

The cost of a described foreign trip is neither a campaign expenditure nor a noncampaign disbursement that may be properly paid with funds of a principal campaign committee.

- Noncampaign disbursements for expenses of the transition of a constitutional office to a new officeholder # 391

Certain expenses related to the transition of a constitutional office to a newly elected official may be paid by the new official's principal campaign committee and reported as noncampaign disbursements.

Settlement of court case

The United States District Court awarded approximately \$150,000 in attorneys' fees to the plaintiffs in the Minnesota Citizens Concerned for Life v. Douglas Kelley, et. al. case for their attorneys' work at the

district court level related to three provisions of Minnesota Statutes Ch. 211B that were struck down by the 8th District Court. The 8th Circuit Court of Appeals previously awarded a smaller amount for fees related to appellate proceedings in the same matter.

The award was paid through an appropriation from the legislative state aid deficiency bill. Interest on the award totaling \$1,434 was paid from the Board's biennial budget.

Filed Complaints

The Board investigated 23 complaints and issued 23 Findings.

- The Board issued Findings showing that the Minnesota Ethics in Government Act, Minnesota Statutes chapter 10A, does not apply to the Minnesota Judicial Council because the Judicial Council is the administrative body of the judicial branch of state government, and there is no evidence that: 1) the Legislature intended the Minnesota Ethics in Government Act to apply to the state or its judicial branch and: 2) Chief Justice Russell Anderson and Associate Justice G. Barry Anderson made campaign expenditures or engaged in any activities requiring registration as a political committee, political fund, or political party under the provisions of Minnesota Statutes chapter 10A or engaged in any activities requiring them to register as lobbyists under the provisions of Minnesota Statutes §§10A.01, subd. 21 and 10A.03.
- The Board issued Findings showing that there is no evidence that the Minnesota Citizen's Commission For The Preservation of An Impartial Judiciary has made a contribution, received contributions, or made expenditures in excess of \$100 or independently solicited or accepted contributions or made independent expenditures on behalf of a candidate or in support of or in opposition to a ballot question.
- The Board issued Findings showing that there is no evidence that the Minnesota State Bar Association made a contribution, received contributions, or made expenditures in excess of \$100 or independently solicited or accepted contributions or made independent expenditures on behalf of a candidate or to promote or defeat a ballot question.
- The Board issued Findings showing that there is evidence that: 1) members of OutFront Minnesota (OFM) organized and acted in concert in order to take actions in opposition to the placement of a

proposed constitutional amendment on the ballot which qualifies OFM as an association for the purposes of Chapter 10A; 2) OFM made lobbying disbursements in opposition to the placement of a proposed constitutional amendment on the ballot; 3) OFM unintentionally violated Minnesota Statutes §10A.12, subd. 1, when it failed to establish a political fund for the purpose of making expenditures to promote or defeat a ballot question; and 4) OFM is a political committee as defined in Minnesota Statutes §10A.01, subd. 27 and must register a political fund and report receipts and expenditures related to the support or opposition to a ballot question.

- The Board issued Findings showing that there is evidence that: 1) members of the Faith, Family, Fairness Alliance (Alliance) organized and acted in concert to identify and invite speakers to a March 23, 2006, rally at the Capitol Rotunda and that this activity qualifies the Alliance as an association for the purposes of Chapter 10A; 2) there is evidence that the March 23, 2006, rally was an effort to communicate with or urge others to communicate with members of the legislature to oppose the passage of a proposed constitutional amendment and that the actions of the Alliance in support of the rally was “lobbying” as defined in Minn. Rules, 4511.0100, Subpt. 3; 3) there is no evidence that the Alliance spent over \$100 to identify and invite speakers to the rally; 4) there is evidence that the Alliance did not pay for production or mailing costs of the letter inviting Senators to the rally; and 5) the Alliance did not raise or spend sufficient funds to require registration as a political committee or a political fund under Minnesota Statutes §10A.14.
- The Board issued Findings showing that there is evidence that: 1) members of Northfield PFLAG organized and acted in concert to collect contributions and place newspaper advertisements concerning a potential amendment to the Minnesota Constitution and that this activity qualifies Northfield PFLAG as an association for the purposes of Chapter 10A; 2) the content of the advertisements were attempts to influence legislative and administrative action and constitute “lobbying” as defined in Minn. Rules, 4511.0100, Subpt. 3; 3) Northfield PFLAG collected voluntary contributions that in aggregate exceeded \$100 to pay for the advertisements in the *Northfield News* and the collection of these contributions required Northfield PFLAG to register a political fund under the provisions of Minnesota Statutes §10A.14; 4) Northfield PFLAG unintentionally violated Minnesota Statutes §10A.12, subd. 1, when it failed to establish a political fund for the purpose of making expenditures to

promote or defeat a ballot question; and 5) there is no evidence that Northfield PFLAG compensated a lobbyist or spent at least \$50,000 on lobbying efforts.

- The Board issued Findings showing that there is evidence that: 1) members of Equality Minnesota (EM) organized and acted in concert to collect funds and pay for a public opinion survey which qualifies EM as an association for the purposes of Chapter 10A; 2) EM unintentionally violated Minnesota Statutes §10A.12, subd. 1, when it failed to establish a political fund for the purpose of making expenditures to promote or defeat a ballot question; 3) EM provided a press release and summary of what the association determined to be the key findings of the public opinion survey to members of the Governor's staff and members of the State Legislature which constitutes "lobbying" as defined in Minn. Rules, 4511.0100, Subpt 3; 4) EM is not a lobbyist principal; and 5) EM is a political committee as defined in Minnesota Statutes §10A.01, subd. 27 and must register a political fund and report receipts and expenditures related to the support or opposition to a ballot question.
- The Board issued Findings showing that there is evidence to believe that: 1) at the time Representative Davids' 2005 Report of Receipts and Expenditures was filed, it provided insufficient and incorrect disclosure with respect to campaign expenditures, noncampaign disbursements, and constituent services; 2) Representative Davids signed and filed the Committee's 2005 Report of Receipts and Expenditures and at least some of the Committee's checks however, there is no probable cause to believe that either Representative Davids or the Committee's treasurer intentionally attempted to circumvent the responsibilities of the treasurer; 3) at the time Representative Davids' 2005 Report was filed, it provided insufficient disclosure with respect to reimbursements paid to the Representative; 4) Representative Davids did not comply with Minnesota Statutes §10A.18, which requires a person to submit a written bill to the treasurer within 60 days of incurring an expense for which the person expects payment; 5) Representative Davids paid for meals for himself, constituents and others and that he paid the entry fee in a golf tournament, all with principal campaign committee funds and that those uses of committee funds do not fall within any noncampaign disbursement provided in Minnesota Statutes chapter 10A.; 6) Representative Davids produced and distributed idea

solicitations between January 1 and July 31, 2005, and reported the costs as noncampaign disbursements for constituent services; and 7) Representative Davids exceeded his 2005 spending limit of \$5,700 by spending a total of \$5,807.26, which is \$107.26 in excess of the limit. There is no probable cause to believe that Representative Davids: 1) failed to comply with the Board's order in its 2004 investigation which required the review and reimbursement of certain lodging reimbursements; 2) collected mileage reimbursements from the committee other than for reported committee purposes; 3) collected ineligible reimbursements from the Committee for costs of attending the 2004 National Conference of Insurance Legislators meeting; and 4) used his "constituent services office" for his business.

- The Board issued Findings showing that there is no probable cause to believe that any reporting violation raised by the complaint exists for the Minnesotans for Matt (Entenza) committee with respect to the payments made to Gragert Research and that the all expenditures that were the subject of the complaint have been reported rendering the allegations made by the complaint as moot and there is no probable cause to find that any reporting violation continues to exist.
- The Board issued Findings showing that there is no evidence that the Carla Nelson Volunteer Committee violated Minnesota Statutes §10A.20, subd. 3(g), when it failed to itemize an expenditure for internet hosting services on the Committee's Report of Receipts and Expenditures.
- The Board issued Findings showing that there is no evidence that the Republican Party of Minnesota filed an inaccurate or incomplete Report of Receipts and Expenditures in 2005.
- The Board issued Findings showing that there is no evidence that the Mike McGinn Committee filed an inaccurate or incomplete Report of Receipts and Expenditures in 2004.
- The Board found probable cause to believe that that the (Patti) Fritz Volunteer Committee at the time the 2004, 2005, and 2006 Reports of Receipts and Expenditures were filed included expenses that were improperly classified and no probable cause to believe that the reporting violations continue to exist.

- The Board found probable cause to believe that the (Michael) Jungbauer Volunteer Committee's 2006 pre-primary Report of Receipts and Expenditures: 1) incorrectly reported and failed to report certain expenditures; 2) disclosed acceptance of a \$600 contribution from an entity not registered with the Board and without the required disclosure; and 3) failed to report in-kind contributions and corresponding in-kind expenditures.
- The Board found evidence to believe that the Friends of Matt Dean Committee failed to report unpaid campaign expenditures and noncampaign disbursements.
- The Board found probable cause to believe that at the time Tim Faust's 2005 Report of Receipts and Expenditures was filed it included: 1) incorrect dates for every reported transaction; 2) an incorrect calculation of the ending cash balance; and 3) an incorrect calculation of contributions received.
- The Board found that there is probable cause to believe that: the actions of Ms. Suzanne Napgezek and others: 1) were the actions of an association which failed to appoint a chair and treasurer and to register with the Board; 2) failed to maintain a separate bank account for the political committee; 3) commingled committee funds with personal funds; and 4) failed to include the statutorily required disclaimer language for independent expenditure.
- The Board found probable cause to believe that the Pete Nelson for State Representative Committee failed to timely report unpaid campaign expenditures and that there is no probable cause to believe that the payments made for a legislative session wrap up were improperly reported.
- The Board issued Findings showing that there is probable cause to believe that the: 1) Wilkin County Republicans and the Wilkin County RPM are the same association, but that the Wilkin County Republicans did not need to separately register and report to the Board; 2) Wilkin County RPM and the (Paul) Holle for Senate Committee failed to disclose the cost of the newspaper advertisements on their pre-general Report of Receipts and Expenditures; and 3) Wilkin County RPM did not secure written permission to make in-kind donations from the Holle for Senate Committee; the Board also found that there is no probable cause to believe that costs associated with the publication of the newspaper advertisements referenced in the complaint were independent expenditures on behalf of the Holle for Senate Committee.

- The Board issued Findings showing that there is no probable cause to believe that the (Peter) Hutchinson for Minnesota Committee (Committee) directly or indirectly controlled the committee(s) of, commingled funds with, or accepted reimbursements that were in excess of the amount owed to the Committee from the Joel Spoonheim for Secretary of State Committee, John James for Attorney General Committee, or Lucy Gerold for State Auditor Committee. The Board also found that there is probable cause to believe that the Committee incorrectly allocated a share of the cost of certain joint expenditures to the candidate for Lieutenant Governor and that the Committee overstated the Committee's campaign expenditures when it reported the full amount of joint campaign expenditures as an expenditure by the Committee.
- The Board issued Findings showing that there is no probable cause to believe that expenditures claimed by the Republican Party of Minnesota to be independent expenditures on behalf of Phil Krinkie were made with the express or implied consent, authorization, or cooperation of, or in concert with or at the request or suggestion of, Mr. Krinkie or his principal campaign committee or agent. The Findings also provide that there is probable cause to believe that the Republican Party of Minnesota, acting through its agent, knowingly violated the provisions of Minnesota Statutes §10A.17, subd. 4, when it printed and distributed a brochure advocating the election of Phil Krinkie which failed to include the required independent expenditure disclaimer.
- The Board issued Findings showing that there is no probable cause to believe that: 1) the fundraising by the Lac qui Parle County DFL (party unit) constituted earmarking; and 2) the party unit circumvented Chapter 10A by directing contributions through another committee. The Findings also provide that there is probable cause to believe that the treasurer of the Lac qui Parle County DFL violated Minnesota Statutes: 1) requiring the treasurer have an invoice for each paid bill; 2) requiring the authorization of the committee treasurer before incurring any obligation; 3) requiring the treasurer to retain invoices and other documentation sufficient to explain and clarify the transactions reported; 4) prohibiting a treasurer from certifying a report to be true with the knowledge that it is not true; 5) requiring reporting of committee expenditures by categories, including general spending, independent expenditures and approved expenditures; and 6) requiring a specific disclaimer on campaign literature that is produced as an independent expenditure.

- The Board issued Findings showing that there is probable cause to believe that A Stronger America – Minnesota (Committee) failed to report all expenditures as required by Minnesota Statutes §10A.20. The Findings also provide that there is no probable cause to believe that: 1) the Committee violated Minnesota Statutes §10A.27, subd. 17, which prohibits contributions in excess of \$100 from associations not registered with the Board unless the contribution is accompanied by specified financial disclosure; 2) transactions described in the complaint give rise to a violation of Minnesota Statutes §10A.29, which prohibits circumvention of Chapter 10A by making a contribution through another entity; 3) the Committee did not comply with the provisions of Minnesota Statutes §10A.15, subd 3, which requires every political committee registered with the Board to establish a bank account in its name and deposit all contributions directly into that account. The Findings further provide that there is no probable cause to believe that A Stronger America (the National Organization) received contributions or made expenditures to influence the nomination or election of a candidate in Minnesota which would require registration as a political committee.

Filing Deadlines Late Filing Fees

Approximately 1,840 *Reports of Receipts and Expenditures* were filed by principal campaign committees. Approximately 2,215 reports were filed by political committees, political funds and political party units.

Fees for the late filing of the *Report of Receipts and Expenditures*:

- 66 principal campaign committees paid late fees totaling \$7,264;
- nine principal campaign committees were granted waivers of late fees totaling \$2,212; and
- four principal campaign committees had late fees reduced by a total of \$1,204.

- 30 political committees and political funds paid late fees totaling \$4,155;
- seven political committees and political funds were granted waivers of late fees totaling \$3,050; and
- two political committees and political funds had late fees reduced by a total of \$400.

- 37 political party units paid late fees totaling \$3,389;
- 13 political party units were granted waivers of late fees totaling \$6,716; and
- four political party units had late fees reduced by a total of \$925.

Fees for the late filing of the *Report of Large Pre-election Contribution of Loan (48 Hour Notice)*:

- seven principal campaign committees paid late fees totaling \$1,600

Civil penalty for failure to file a report

A principal campaign committee, political committee, political fund, or political party unit is subject to a civil penalty of up to \$1,000 for failure to file reports and statements within fourteen days after two certified notices have been sent.

Civil penalties for the late filing of the *Report of Receipts and Expenditures*:

- six principal campaign committees paid civil penalties totaling \$2,800; and
- eight principal campaign committees were granted waivers of civil penalties totaling \$11,030.

- four political committees and political funds paid civil penalties totaling \$1,200; and
- six political committees and political funds were granted waivers of civil penalties totaling \$600.

- three political party units paid a civil penalty of \$200; and
- ten political party units were granted waivers of civil penalties totaling \$6,700.

Staff review of campaign finance reports

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.

Compliance by political committees and political funds during election years:

| Election year Constitutional/Senate/House offices | Reports filed | Amendments filed |
|---|----------------------|-------------------------|
| 2006 | 4,055 | 520 |
| 2002 | 4,155 | 531 |

Internal investigations

The Board reviewed 69 potential violations of Chapter 10A, involving 50 entities and made 37 Findings concerning probable cause.

- 20 of the committees entered into Conciliation Agreements;
- 47 entities were fined a total of \$91,171;

- 30 entities returned a total of \$79,479 to contributors; and
- 5 committees returned \$1,657 to the State General Fund.

Contribution limits

- Single source contributions from individuals, political committees, and political funds.

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

The Board reviewed four potential violations of this law based on reports filed by three principal campaign committees for calendar year 2006. All four cases were concluded by Conciliation Agreement. The Board imposed civil penalties totaling \$1,500 on three committees. Two principal campaign committees also were required to return a total of \$700 to three contributors and one principal campaign committee was required to forward \$100 to the state general fund.

- Aggregate contributions from political party units and terminating principal campaign committees

All candidates for state executive and legislative offices must abide by statutory aggregate contribution limits from political party units and terminating principal campaign committees.

The Board reviewed one potential violation of this law based on reports filed by principal campaign committees for calendar year 2006. The case was concluded by Conciliation Agreement. The Board imposed a civil penalty totaling \$133 on the committee. The principal campaign committee was also required to return a total of \$133 to a political party unit.

- Contributions from special sources (lobbyists, political committees, political funds, and contributions from individuals of more than \$100 and more than one-half the amount of the contribution limit).

All candidates for state executive and legislative offices must limit their contributions from special sources.

The Board reviewed 13 potential violations of this law based on reports filed by principal campaign committees for calendar year 2006. Twelve cases were concluded by Conciliation Agreement. The Board imposed civil penalties totaling \$2,606 on eight committees. Eleven principal campaign committees were required to return a total of \$2,606 to contributors.

In one case the Board issued Findings of probable cause and imposed a civil penalty of \$28,105. The principal campaign committee failed to pay the civil penalty and the matter was referred to the Office of the Ramsey County Attorney for collection. Due to a conflict of interest the Ramsey County Attorney referred the matter to the Office of the Scott County Attorney. The Board was notified that the Scott County Attorney's Office and the principal campaign committee negotiated a civil penalty of \$14,053, one half of the original civil penalty.

Contributions during legislative session

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

The Board reviewed ten potential violations of this law, based on reports filed by principal campaign committees for calendar year 2006 and issued seven Findings of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed civil penalties totaling \$2,300 on five committees. No civil penalties were imposed on two committees that received contributions from lobbyists who did not include their registration number with the contributions. Seven principal campaign committees were required to return \$2,450 to contributors.

- Political committees, political funds, and legislative caucuses are prohibited from donating contributions to principal campaign committees during a regular legislative session.

The Board reviewed four potential violations of this law, based on reports filed by principal campaign committees for calendar year 2006 and issued four Findings of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed civil penalties totaling \$2,100 on four committees.

- Legislative caucuses are prohibited from soliciting or accepting contributions from political committees or political funds during a regular legislative session.

The Board reviewed one potential violation of this law, based on reports filed by legislative caucuses for calendar year 2006 and issued Findings of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed a civil penalty of \$500 on the legislative caucus. The caucus was required to return \$500 to the contributor.

- Political committees, political funds, and lobbyists are prohibited from donating contributions to legislative caucuses during a regular legislative session.

The Board reviewed one potential violation of this law, based on reports filed by political committees and political funds for calendar year 2006 and issued Findings of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed a civil penalty of \$500 on the donating political fund.

Contribution from unregistered associations

- Acceptance of contributions from an unregistered association.

All candidates for state executive and legislative offices, political committees, political funds, and political party units are prohibited from accepting contributions of more than \$100 from associations that are not registered with the Board.

The Board reviewed 14 potential violations of this law based on reports filed by three political committees and three political party units for calendar year 2006 and issued six Findings of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed civil penalties totaling \$44,729 on five committees, required four committees to return \$73,423 to the donating associations, and required one committee to forward \$824 to the state general fund.

- Contributions made by an unregistered association.

Associations not registered with the Board are prohibited from giving contributions of more than \$100 to candidates for state executive and legislative offices, political committees, political funds, and political party units registered with the Board.

The Board reviewed 15 potential violations of the law based on reports filed by political committees for calendar year 2006 and issued 15 Findings of probable cause. The Board imposed civil penalties of \$8,773 on 14 unregistered associations.

Contribution to a committee in a political subdivision

All candidates for state executive and legislative offices, political committees, political funds, and political party units are prohibited from contributing to local and federal committees.

The Board reviewed one potential violation of this law based on a report filed by a principal campaign committee for calendar year 2006 and

issued Findings of probable cause. The law provides no civil penalty for this violation. The Board ordered the principal campaign committee to recover the \$250 contribution from the local candidate committee.

**Contribution
from a committee
in a political
subdivision**

All candidates for state executive and legislative offices, political committees, political funds, and political party units are prohibited from accepting contributions from local and federal committees.

The Board reviewed two potential violations of this law based on a report filed by a principal campaign committee for calendar year 2006 and issued one Finding of probable cause. The principal campaign committee was required to forward the \$600 contribution to the state general fund.

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.

The Board reviewed three potential violations of this law based on reports filed with the Board for calendar year 2006. The three cases were concluded by Conciliation Agreement. The Board imposed civil penalties totaling \$442 on three principal campaign committees.

CAMPAIGN FINANCE SOFTWARE

Software Description

The Board provides computer software for recording and reporting receipts and expenditures to assist principal campaign committees, political committees, political funds, and political party units with the compliance and disclosure requirements of Chapter 10A.

The software provides compliance warnings as records are entered, generates electronic reports for filing that reduces the data entry demands on Board staff, and provides contact management tools for use by committees and funds in administrating their transactions.

Committees filing electronically

| Reporting year | Principal campaign committees | Political committees, political funds, and political party units |
|---------------------------|--|---|
| 2006 | 234 | 110 |
| 2005 | 174 | 75 |
| 2004 | 127 | 91 |
| 2003 | 180 | 65 |

PUBLIC SUBSIDY PROGRAM

Political Party Payments

The state committees of political parties receive 10% of the checkoffs to the party account of the State Elections Campaign Fund.

Based on monthly certification from the Department of Revenue for fiscal year 2007 payments were as follows:

| | |
|---|------------------|
| Democratic Farmer Labor | \$63,191 |
| Green Party of Minnesota | 10,865 |
| Independence Party of Minnesota | 11,554 |
| Republican Party of Minnesota | 42,765 |
| Total payments to State Party Committees: | <u>\$128,375</u> |

**STATE PUBLIC SUBSIDY PROGRAM
2006 ELECTION
CONSTITUTIONAL, SENATE, AND HOUSE OF REPRESENTATIVES CANDIDATES**

Candidate participation in public subsidy program

| | DFL | IPM | RPM | GPM | OTHE R | TOTAL |
|--|--------------|-------------|--------------|-------------|-------------------|--------------|
| Candidates filing for office: | 221 | 25 | 211 | 5 | 5 | 467 |
| Filing candidates who registered a committee with the Board: | 218 (99%) | 21 (84%) | 206 (98%) | 5 (100%) | 4 (80%) | 454 (97%) |
| Registered candidates who signed a public subsidy agreement: | 212 (97%) | 19 (90%) | 200 (97%) | 5 (100%) | 4 (100%) | 440 (97%) |
| Registered candidates with PSA who received public subsidy payments: | 193 (91%) | 9 (47%) | 178 (89%) | 1 (20%) | 0 (0%) | 381 (87%) |

Distribution of Party Account public subsidy by office and party:

| Governor | DFL | IPM | RPM | GPM | TOTAL |
|----------------------------|------------|------------|------------|------------|--------------|
| Available: | \$292,456 | \$38,059 | \$228,069 | \$42,431 | \$601,015 |
| Paid to candidates: | \$292,456 | \$38,059 | 0 | 0 | \$330,515 |
| Redistributed ³ | 0 | 0 | \$228,069 | \$42,431 | \$270,500 |

| Attorney General | DFL | IPM | RPM | GPM | TOTAL |
|----------------------------|------------|------------|------------|------------|--------------|
| Available: | \$58,491 | \$7,611 | \$45,613 | \$8,486 | \$120,201 |
| Paid to candidates: | \$58,491 | \$7,611 | \$45,613 | 0 | \$111,715 |
| Redistributed ³ | 0 | 0 | 0 | \$8,486 | \$8,486 |

| Secretary of State | DFL | IPM | RPM | GPM | TOTAL |
|----------------------------|------------|------------|------------|------------|--------------|
| Available: | \$33,423 | \$4,349 | \$26,065 | \$4,849 | \$68,686 |
| Paid to candidates: | \$33,423 | \$4,349 | \$26,065 | 0 | \$63,837 |
| Redistributed ³ | 0 | 0 | 0 | \$4,849 | 4,849 |

| State Auditor | DFL | IPM | RPM | GPM | TOTAL |
|----------------------------|------------|------------|------------|------------|--------------|
| Available: | \$33,423 | \$4,349 | \$26,065 | \$4,849 | \$68,686 |
| Paid to candidates: | \$33,423 | \$4,349 | \$26,065 | 0 | \$63,837 |
| Redistributed ³ | 0 | 0 | 0 | \$4,849 | \$4,849 |

| State Senate | DFL | IPM | RPM | GPM | TOTAL |
|--------------------------------|------------|------------|------------|------------|--------------|
| Available: | \$489,072 | \$63,573 | \$380,862 | \$70,824 | \$1,004,331 |
| Paid to candidates: | \$478,308 | \$897 | \$338,825 | 0 | \$818,030 |
| Paid to Party ¹ | \$2,794 | 0 | \$8,113 | 0 | \$10,907 |
| Returned to State ² | \$7,970 | \$62,676 | \$33,924 | \$70,824 | \$175,394 |

| House of Representatives | DFL | IPM | RPM | GPM | TOTAL |
|---------------------------------|------------|------------|------------|------------|--------------|
| Available: | \$496,818 | \$45,784 | \$352,458 | \$57,823 | \$952,883 |
| Paid to candidates: | \$458,566 | \$1,588 | \$318,260 | \$614 | \$779,028 |
| Paid to party ¹ | \$10,586 | 0 | \$9,828 | 0 | \$20,414 |
| Returned to State ² | \$27,664 | \$44,196 | \$24,371 | \$57,209 | \$153,440 |

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

² 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.

³ Party account public subsidy for a constitutional office for which the party has no candidate is redistributed to the candidates of that party at the next state general election.

Distribution of General Account public subsidy by office

| | Total Paid | Number of Candidates | Payment Per Candidate |
|--------------------------|-------------------|-----------------------------|------------------------------|
| Governor | \$735,864 | 2 | \$367,932 |
| Attorney General | \$147,172 | 3 | \$49,057 |
| Secretary of State | \$84,098 | 3 | \$28,032 |
| State Auditor | \$84,098 | 3 | \$28,032 |
| State Senate | \$817,526 | 122 | \$6,701 |
| House of Representatives | \$760,793 | * 247 | \$3,080 |

* The Green Party of Minnesota candidate for the House of Representatives received the party account portion of the public subsidy payment, but did not qualify for the general account payment.

Distribution of General Account public subsidy by party:

| | DFL | IPM | RPM | TOTAL |
|--------------------------|-------------|------------|------------|--------------|
| Governor | \$367,932 | \$367,932 | 0 | \$735,864 |
| Attorney General | \$49,057 | \$49,057 | \$49,057 | \$147,172 |
| Secretary of State | \$28,032 | \$28,032 | \$28,032 | \$84,098 |
| State Auditor | \$28,032 | \$28,032 | \$28,032 | \$84,098 |
| State Senate | \$428,866 | \$6,701 | \$381,959 | \$817,526 |
| House of Representatives | \$385,016 | \$12,320 | \$363,455 | \$760,793 |
| Total | \$1,286,935 | \$492,074 | \$850,535 | \$2,629,551 |

Public subsidy totals by party:

| | DFL | IPM | RPM | GPM | TOTAL |
|-------------------------------------|-------------|------------|-------------|------------|--------------|
| General Account Paid to candidates: | \$1,286,935 | \$492,074 | \$850,535 | N/A | \$2,629,551 |
| Party Account paid to candidates | \$1,354,669 | \$56,856 | \$754,829 | \$614 | \$2,166,968 |
| Party Account paid to party | \$13,381 | 0 | \$17,941 | 0 | \$31,322 |
| Total | \$2,654,407 | \$548,624 | \$1,622,994 | \$614 | \$4,827,841 |

Differences between totals shown and individual amounts included in totals are due to rounding.

**STATE ELECTIONS CAMPAIGN FUND
INCOME TAX AND PROPERTY TAX CHECKOFFS^(A)**

| <u>TAX YEAR</u> | <u>GENERAL ACCOUNT</u> | <u>% OF TOTAL</u> | <u>DFL ACCT.</u> | <u>% OF TOTAL</u> | <u>RPM ACCT.</u> | <u>% OF TOTAL</u> | <u>IND^(D) ACCT.</u> | <u>% OF TOTAL</u> | <u>OTHER PARTIES^(B,E)</u> | <u>% OF TOTAL</u> | <u>TOTAL^(C)</u> |
|-----------------|------------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------------------|-------------------|--------------------------------------|-------------------|----------------------------|
| 1974 - Actual | \$125,169 | - 33.6% | \$175,259 | - 47.1% | \$ 68,395 | - 18.4% | | | \$ 3,488 | - 0.9% | \$ 372,311 |
| 1975 - Actual | 125,979 | - 33.5% | 164,071 | - 43.6% | 83,218 | - 22.1% | | | 2,955 | - 0.8% | 376,233 |
| 1976 - Actual | 106,303 | - 27.2% | 186,927 | - 47.7% | 89,227 | - 22.8% | | | 9,252 | - 2.3% | 391,799 |
| 1977 - Actual | 118,774 | - 26.3% | 187,812 | - 41.6% | 132,913 | - 29.4% | | | 12,013 | - 2.7% | 451,512 |
| 1978 - Actual | 127,740 | - 24.8% | 220,116 | - 42.6% | 153,921 | - 29.8% | | | 14,523 | - 2.8% | 516,300 |
| 1979 - Actual | 118,454 | - 24.2% | 197,503 | - 40.3% | 160,327 | - 32.7% | | | 13,529 | - 2.8% | 489,813 |
| 1980 - Actual | 198,028 | - 24.7% | 332,394 | - 41.4% | 258,748 | - 32.2% | | | 13,962 | - 1.7% | 803,132 |
| 1981 - Actual | 206,640 | - 26.1% | 307,286 | - 38.8% | 262,240 | - 33.1% | | | 14,331 | - 2.0% | 791,608 |
| 1982 - Actual | 207,014 | - 25.7% | 356,800 | - 44.2% | 229,748 | - 28.5% | | | 13,180 | - 1.6% | 806,742 |
| 1983 - Actual | 208,328 | - 25.0% | 330,206 | - 39.6% | 282,790 | - 34.0% | | | 11,888 | - 1.4% | 833,212 |
| 1984 - Actual | 230,294 | - 27.0% | 356,074 | - 41.7% | 266,658 | - 31.3% | | | 0 | - 0% | 853,026 |
| 1985 - Actual | 241,682 | - 30.7% | 299,904 | - 38.1% | 245,682 | - 31.2% | | | 0 | - 0% | 786,848 |
| 1986 - Actual | 228,470 | - 31.1% | 306,258 | - 41.7% | 200,358 | - 27.2% | | | 0 | - 0% | 735,086 |
| 1987 - Actual | 564,790 | - 31.3% | 673,870 | - 37.3% | 567,954 | - 31.4% | | | 0 | - 0% | 1,806,605 |
| 1988 - Actual | 545,885 | - 28.8% | 778,275 | - 41.0% | 573,560 | - 30.2% | | | 0 | - 0% | 1,897,720 |
| 1989 - Actual | 572,375 | - 30.2% | 669,370 | - 35.4% | 650,620 | - 34.4% | | | 0 | - 0% | 1,892,365 |
| 1990 - Actual | 593,250 | - 31.6% | 731,055 | - 38.9% | 554,005 | - 29.5% | | | 0 | - 0% | 1,878,310 |
| 1991 - Actual | 555,730 | - 33.0% | 636,225 | - 37.8% | 491,450 | - 29.2% | | | 0 | - 0% | 1,683,405 |
| 1992 - Actual | 515,855 | - 31.5% | 673,285 | - 41.1% | 449,390 | - 27.4% | | | 0 | - 0% | 1,638,530 |
| 1993 - Actual | 517,790 | - 32.2% | 577,240 | - 36.0% | 511,115 | - 31.8% | | | 0 | - 0% | 1,606,145 |
| 1994 - Actual | 485,905 | - 30.7% | 592,650 | - 37.5% | 500,260 | - 31.6% | | | 0 | - 0% | 1,578,815 |
| 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 |
| 1996 - Actual | 333,135 | - 24.0% | 546,740 | - 39.3% | 415,620 | - 29.9% | 27,685 | - 2.0% | 67,745 | - 4.8% | 1,390,925 |
| 1997 - Actual | 328,575 | - 24.5% | 494,430 | - 36.9% | 404,055 | - 30.2% | 46,465 | - 3.5% | 65,075 | - 4.9% | 1,338,600 |
| 1998 - Actual | 330,920 | - 24.1% | 199,165 | - 14.5% | 444,645 | - 32.4% | 342,480 | - 24.9% | 53,495 | - 3.9% | 1,370,705 |
| 1999 - Actual | 279,480 | - 26.2% | 356,050 | - 33.3% | 305,260 | - 28.6% | 69,875 | - 6.5% | 57,905 | - 5.4% | 1,068,570 |
| 2000 - Actual | 245,980 | - 21.8% | 407,530 | - 36.1% | 340,025 | - 30.2% | 74,190 | - 6.6% | 59,700 | - 5.3% | 1,127,425 |
| 2001 - Actual | 290,655 | - 20.6% | 465,795 | - 33.1% | 446,125 | - 31.7% | 112,215 | - 8.0% | 93,570 | - 6.6% | 1,408,360 |
| 2002 - Actual | 262,365 | - 18.2% | 500,975 | - 34.7% | 477,190 | - 33.0% | 96,250 | - 6.6% | 107,900 | - 7.4% | 1,444,680 |
| 2003 - Actual | 235,425 | - 17.4% | 557,315 | - 41.3% | 419,195 | - 31.1% | 65,675 | - 4.9% | 71,150 | - 5.3% | 1,348,760 |
| 2004 - Actual | 216,610 | - 16.5% | 559,505 | - 42.7% | 421,235 | - 32.1% | 50,440 | - 3.8% | 62,430 | - 4.8% | 1,310,220 |
| 2005 - Actual | 215,565 | - 17.6% | 533,845 | - 43.6% | 357,750 | - 29.2% | 50,740 | - 4.1% | 65,280 | - 5.3% | 1,223,180 |

(A) Beginning with tax year 1980, taxpayers may check off \$2.00; beginning in tax year 1987 taxpayers may check off \$5.00.

(B) Beginning with tax year 1984, no minor parties qualified for inclusion on the state income tax blank; in 1995 two minor parties qualified.

(C) Beginning with tax year 1990, 3% of check-off is retained in the general fund for administrative costs.

(D) Beginning with tax year 2000, four major parties and three minor parties qualified for inclusion on the state income tax blank.

(E) Beginning with tax year 2001, the Green Party is the only party qualifying under "Other".

Based on Department of Revenue's March 1, 2007, certification of 2004 and 2005 tax return checkoffs.

TAX RETURN PARTICIPATION RATE

| <u>TAX YEAR</u> | <u>INCOME TAX</u> | <u>TOTAL NO. OF RETURNS</u> | | <u>% OF PARTICIPATION</u> |
|-----------------|-------------------|-----------------------------|-------------------------------|---------------------------|
| | | <u>PROPERTY TAX REFUNDS</u> | <u>TOTAL NO. OF CHECKOFFS</u> | |
| 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% |
| 1996 Actual | 2,226,721 | 499,845 | 293,312 | 9.8% |
| 1997 Actual | 2,404,536 | 500,001 | 284,528 | 9.0% |
| 1998 Actual | 2,455,354 | 491,768 | 288,901 | 9.8% |
| 1999 Actual | 2,358,098 | 501,999 | 226,270 | 7.9% |
| 2000 Actual | 2,442,043 | 485,330 | 235,692 | 8.1% |
| 2001 Actual | 2,413,791 | 462,830 | 281,672 | 9.8% |
| 2002 Actual | 2,416,197 | 571,014 | 320,024 | 10.7% |
| 2003 Actual | 2,407,546 | 549,414 | 299,984 | 10.1% |
| 2004 Actual | 2,434,369 | 563,641 | 262,044 | 8.7% |
| 2005 Actual | 2,481,591 | 636,504 | 261,823 | 8.4% |

LOBBYIST PROGRAM

Internal Investigations

The Board reviewed 14 potential violations of Chapter 10A, involving ten entities and made ten Findings of probable cause.

Contributions during legislative session

Lobbyists are prohibited from making contributions to principal campaign committees during a regular legislative session.

The Board reviewed six potential violations of this law, based on reports filed by principal campaign committees for calendar year 2006 and issued six Findings of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed civil penalties totaling \$350 on the six lobbyists.

Failure to provide lobbyist registration number

Lobbyists are required to provide their lobbyist registration number when making contributions to principal campaign committees.

The Board reviewed eight potential violations of this law, based on reports filed by principal campaign committees for calendar year 2006 and issued four Findings of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed civil penalties totaling \$1,250 on seven lobbyists.

Filing Deadlines

Approximately 1,370 registered individuals representing 1,245 associations filed 3,500 *Lobbyist Disbursement Reports*.

Of the 3,500 reports filed in fiscal year 2007, approximately 8% were filed late. Of the 3,445 reports filed in fiscal year 2006, approximately 8% were filed late.

Fees for the late filing of the *Lobbyist Disbursement Report*:

- 33 lobbyists paid late fees totaling \$1,870; and
- five lobbyists were granted waivers of late fees totaling \$950.

Civil penalty for failure to file a report

A lobbyist is subject to a civil penalty of up to \$1,000 for failure to file a *Lobbyist Disbursement Report* within fourteen days after two certified notices have been sent.

Civil penalties for the late filing of the *Lobbyist Disbursement Report*:

- 1 lobbyists paid late fees totaling \$100; and
- six lobbyists were granted waivers of civil penalties totaling \$4,700

Electronic filing

Lobbyist Disbursement Reports may be filed electronically.

| Reporting year | Reports filed | Reports filed electronically |
|----------------|---------------|------------------------------|
| 2007 | 3,500 | 3,204 |
| 2006 | 3,445 | 3,031 |
| 2005 | 3,325 | 1,791 |
| 2004 | 3,260 | 1,387 |

Staff review of lobbyist disclosure reports

Each report was reviewed by Board staff for compliance with the lobbyist disclosure law.

| Reporting year | Reports filed | Amendments filed |
|----------------|---------------|------------------|
| 2007 | 3,500 | 0 |
| 2006 | 3,445 | 2 |
| 2005 | 3,445 | 3 |

Annual Report of Lobbyist Principal

An individual or association that spends more than \$500 in a calendar year to engage, compensate, or authorize expenditure of money by a lobbyist; or spends more than \$50,000 in a calendar year on efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units is required to file an *Annual Report of Lobbyist Principal*.

Filing Deadlines

Approximately 1,190 lobbyist principals filed the *Annual Report of Lobbyist Principal*, due on March 15, 2007, covering calendar year 2006.

Of the 1,190 reports filed in fiscal year 2007, approximately 20% were filed late. About 22% of the reports were filed late in fiscal year 2006.

Fees for the late filing of the *Annual Report of Lobbyist Principal*:

- 52 lobbyist principals paid late fees totaling \$1,105; and
- three lobbyist principals were granted waivers of late fees totaling \$320.

Civil penalty for failure to file a report

A lobbyist principal is subject to a civil penalty of up to \$1,000 for failure to file a *Annual Report of Lobbyist Principal* within fourteen days after two certified notices have been sent.

- Two lobbyist principals paid civil penalties totaling \$700; and
- five lobbyist principals had civil penalties reduced by a total of \$3,200.

Electronic filing

Annual Report of Lobbyist Principal may be filed electronically.

| Reporting year | Reports filed | Reports filed electronically |
|-----------------------|----------------------|-------------------------------------|
| 2007 | 1,192 | 1,028 |
| 2006 | 1,190 | 951 |
| 2005 | 1,120 | 445 |

ECONOMIC INTEREST PROGRAM

2007 Legislative Action Changes to agencies whose employees and members are public officials required to file *Statements of Economic Interest* with the Board:

- The Capitol Area Architectural and Planning Board membership was increased from ten members to 12.
- The manager of a watershed district or member of a watershed management organization, approximately 350 members
- Supervisors of a soil and water conservation districts, approximately 500 members
- The Board of Electricity was abolished effective June 30, 2007

Newly created agencies required to file *Statements of Economic Interest* with the Board:

- Plumbing Board, 13 members
- Board of High Pressure Piping Systems, 13 members
- Board of Electricity, 12 members

Advisory Opinion Issued

- Potential Conflict of Interest for a Public Official #389

A conflict of interest does not exist when a public official takes an official action related to a grant program that may eventually benefit the public official or an associated business if the actions do not directly cause the grants to be awarded.

Filed Complaint

The Board investigated one complaint and issued one Finding.

The Board issued Findings showing that there is no probable cause to believe that Denise Dittrich failed to provide all required disclosure on her *Statements of Economic Interest*.

Filing deadlines

- *Original Statements of Economic Interest*

Approximately 180 *Notices of Appointment* appointing or reappointing a public official who is required to file an *Original Statement of Economic Interest* were received in fiscal year 2007.

Fees for the late filing of an *Original Statement of Economic Interest*:

- 11 public official paid late fees totaling \$325;
- one public official was granted a waiver of late fees totaling \$15.

- *Annual Supplementary Statements of Economic Interest*

Supplementary Statements of Economic Interest are required to be filed annually, if there are changes to be reported from the previously filed statement. To assist public officials in determining their need to file, Board staff mailed approximately 1,200 public officials a copy of the information reported on previously filed statements.

Electronic filing

Beginning with the April 15, 2007, *Annual Supplementary Statement of Economic Interest* public officials were able to file their Statement electronically.

| Reporting year | Number of public officials | Supplemental reports filed | Supplemental reports filed electronically |
|-----------------------|-----------------------------------|-----------------------------------|--|
| 2007 | 1,285 | 439 | 272 |
| 2006 | 1,267 | | |
| 2005 | 1,300 | | |

POTENTIAL CONFLICTS OF INTEREST

Filing

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

No *Potential Conflict of Interest Notices* were filed with the Board by public officials in fiscal year 2007.

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 Statutes, Chapter 14, and in the cases of rate setting, power plant and powerline siting, and granting of certificates of need under Minnesota Statutes §216.B243, must file a *Representation Disclosure Statement* within 14 days after the appearance has taken place, disclosing the official's part in the action.

No *Representation Disclosure Statements* were filed with the Board by public officials in fiscal year 2007.

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 Campaign Finance and Public Disclosure Board under Minnesota Statutes § 353.03, subd. 1.

Under this statute, the Board prescribes and furnishes to trustee candidates the reporting form and instructions for completing the form. Two PERA Trustee candidates filed reports for election year 2006.

Minnesota Technology, Inc. (MTI)

Minn. Stats. §§1150.03 and 1160.04 require certain disclosure by the Board of directors and the president of MTI upon appointment and annually thereafter during their term in office.

Under these statutes, the Board prescribes and furnishes to the Board of Directors and President the reporting form and instructions for completing the form. In April 2007, four reports were filed with the Board.

State Board of Investment (SBI)

Minnesota Statutes §11A.075 requires certain disclosure by SBI members upon appointment and SBI employees upon hire and by both annually thereafter until termination of appointment or employment.

Under this statute, the Board prescribes and furnishes to the members and employees the reporting form and instructions for completing the form. In April 2007, 22 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 Minnesota Statutes § 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 to the Campaign Finance and Public Disclosure Board a certified list of all pension Board members who filed statements with the pension Board no later than January 15th. Approximately 750 pension plans are required to file with the Board under this law. In fiscal year 2007, approximately 355 pension funds filed the required certification with the Board.

STAFF DUTIES

Executive Director

Facilitate achievement of the Board's goals and objectives. Set agenda and prepare materials for Board and committee meetings. Direct all agency and staff operations. Serve as the Board's representative to the Legislative and Executive Branch. Educate and assist clients in compliance with reporting requirements, limits, and prohibitions. Serve as the Board's Secretary.

Assistant Executive Director

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 resources. Serve as the agency's representative on the Minnesota Information Policy Council.

Office Manager

(Office Services Supervisor)

Administer daily financial and biennial budgeting programs. Manage payroll and human resource procedures and systems. Draft Board meeting minutes, annual report, and forms and handbooks to assist clients in meeting statutory requirements. Prepare agency fiscal notes for legislative consideration. Serve as agency liaison to other state agencies.

Compliance Officer

(Investigator)

Investigate complaints, draft Conciliation Agreements and Findings for Board consideration. Serve as investigate liaison to the Board, Executive Director, and Attorney General's office. Monitor cases for Revenue Recapture and the Minnesota Collections Enterprise. Represent the Board in conciliation court. Prepare and submit reports to the Department of Finance regarding civil penalties. Prepare and conduct training classes for clients on campaign finance laws and reporting requirements.

Programs Administrator

(Office & Administrative

Specialist Principal)

Provide for distribution, collection, data entry, and filing of disclosure required by Minnesota Statutes chapter 10A. Collect, store, and retrieve data

for the preparation and analysis of summaries of documents filed with the Board. Provide database advice and guidance to Board staff and clients. Manage all aspects of special elections.

**Information
Technology
Specialist III**

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 provide technical support to website. Install new personal computers and associated hardware and software.

Programs Assistant
(Office and Administrative
Specialist Intermediate)

Provide assistance with data entry and initial desk review for all filed reports. Assist with mailing, copying, and filing of all documents filed with the Board office in all agency programs. Serve as backup receptionist.

Information Assistant

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. Maintain records retention per agency schedule. Provide typing and word processing assistance to Board staff.

Management Analyst

Conduct professional legal research and investigations; drafts Findings, Conciliation Agreements, and advisory opinions as needed and as directed by the Executive Director; provides project management, and staff/user support and training for the Board's campaign finance software and other applications. Recommend operational planning and management for the Board's information resources.

STAFF SALARIES

July 1, 2006 - June 30, 2007

| <u>POSITION</u> | <u>STAFF</u> | <u>SALARY</u> |
|--|-------------------|------------------|
| Executive Director | Jeanne Olson | \$92,334 |
| Assistant Executive Director | Jeffrey Sigurdson | 75,961 |
| Office Services Supervisor II | LuAnn Swanson | 53,419 |
| Investigator | Joyce Larson | 47,653 |
| Office and Administrative Specialist Principal | Marcia Waller | 33,729 |
| Information Technology Specialist III | Jon Peterson | 44,472 |
| Office and Administrative Specialist Intermediate | Yalana Johnstone | 30,284 |
| Customer Service Specialist Intermediate | Sarah Wood | 28,041 |
| Management Analyst 4 (.8) | Gary Goldsmith | 51,042 |
| TOTAL 2007 SALARIES | | <u>\$456,935</u> |

FINANCIAL INFORMATION

INCOME SUMMARY

| | |
|--|------------------|
| Appropriation | \$694,000 |
| Appropriation State Aid Deficiency Bill* | 150,000 |
| Photocopy Revenue | 464 |
| Service Processes Fees Recovered | 278 |
| Balance forward from fiscal year 2006 | <u>42,944</u> |
| TOTAL | <u>\$887,686</u> |

*The Board received a one time appropriation of \$150,000 from a State Aid Deficiency Bill approved by the Department of Finance for payment of legal fees in the Minnesota Citizens Concerned for Life v. Douglas Kelley, et. al. case.

EXPENDITURE SUMMARY

| | |
|-----------------------------------|------------------|
| Operating budget expenditures | \$887,686 |
| Less return to state general fund | <u>343</u> |
| TOTAL | <u>\$887,343</u> |

BOARD OPERATING BUDGET

The Campaign Finance and Public Disclosure Board is funded by a direct appropriation from the Minnesota Legislature. The fiscal year budget begins July 1 and ends June 30.

| | |
|-------------------------------------|------------------|
| Full time staff (salary and fringe) | \$531,722 |
| Part time staff (salary and fringe) | 60,402 |
| Workers compensation | 389 |
| Achievement/Incentive | 4,100 |
| Unemployment Benefit | 13,130 |
| Per diem | 2,585 |
| Office rent | 31,609 |
| Postage | 14,739 |
| Telephone | 5,091 |
| Photocopy machine leases | 10,743 |
| In-State travel – staff | 854 |
| Out-State travel | 7,169 |
| Printing | 437 |
| Board meeting expenses | 2,023 |
| Staff / Board development | 9,505 |
| Subscriptions, Memberships | 604 |
| Supplies/Equipment | 30,045 |
| Misc. purchased services | 5,880 |
| E-Government InterTech | 3,762 |
| Legal costs | 152,404 |
| Client Training | 150 |
| | |
| TOTAL | <u>\$887,343</u> |

DEPOSITS

Unless otherwise noted, all receipts collected by the Campaign Finance and Public Disclosure Board are deposited in the general fund of the state.

Late Filing Fees

| | | |
|-----------------------------------|-----------------|-------------------------|
| Principal Campaign Committees | \$7,264 | 66 committees |
| 48 Hour Notice | 1,600 | 7 committees |
| Political Committees and Funds | 4,155 | 30 committees and funds |
| Political Party Units | 3,389 | 37 party units |
| Economic Interest Statements | 325 | 11 public officials |
| Lobbyist Disbursement Reports | 1,870 | 33 lobbyists |
| Lobbyist Principal Annual Reports | 1,105 | 52 principals |
| TOTAL LATE FILING FEES | \$19,708 | |

Civil penalties

| | | |
|---|------------------|---------------------------------|
| Unregistered associations | | |
| No disclosure provided by donating association | \$8,523 | 15 unregistered associations |
| Candidate accepted | 500 | 1 committee |
| Political Committees and Funds accepted | 43,250 | 2 committees and funds |
| Political Party Units accepted | 2,322 | 3 party units |
| Contribution limits violations - accepted | | |
| Candidates accepted in excess of limit | \$1,600 | 3 principal campaign committees |
| Special source (20%) aggregate limit | 2,025 | 7 candidate committees |
| Excess party contributions | 178 | 2 candidate committee |
| Contributions during session | | |
| Candidate giving | \$2,000 | 4 committees |
| Lobbyists giving | 500 | 7 lobbyists |
| Political committees & funds giving | 3,400 | 7 committees & funds |
| Contribution without lobbyist registration number | \$1,125 | 4 lobbyists |
| Exceeding spending limit | \$442 | 3 candidate committees |
| Failure to file report | | |
| Candidate Committees | \$2,800 | 6 committees |
| Political Committees and Funds | 1,200 | 4 committees and funds |
| Political Party Units | 200 | 3 party unit |
| Lobbyists | 100 | 1 lobbyist |
| Lobbyist Principals | 700 | 2 lobbyist principals |
| Failure to obtain written authorization | \$250 | 1 committee |
| Certified false information | 3,000 | 1 party unit |
| Independent expenditures | \$6,000 | 2 committees |
| TOTAL CIVIL PENALTIES | \$238,515 | |

| | | |
|--|------------------------|------------------------|
| Return of Public Subsidy | | |
| Public subsidy not equal to expenditures | \$6,606 | 7 candidate committees |
| Carry forward | 5,692 | 1 candidate committee |
| Voluntary return of public subsidy | 3,626 | 1 candidate committee |
| Withdrew Affidavit of Contributions | 4,740 | 1 candidate committee |
| TOTAL RETURNED PUBLIC SUBSIDY | \$20,664 | |
| Gifts to State | | |
| Contributions on termination | \$640 | 1 candidate committee |
| Returned contributions | 18,281 | 4 candidate committees |
| TOTAL DEPOSIT STATE GENERAL FUND | <u>\$18,921</u> | |

DEPOSITED IN THE GENERAL ACCOUNT OF THE STATE ELECTIONS CAMPAIGN FUND

| | | |
|--|-----------------------|---|
| Anonymous contributions | \$4,601 | 26 committees |
| Returned contributions | 408 | 4 committees |
| TOTAL DEPOSIT STATE ELECTIONS CAMPAIGN FUND | <u>\$5,009</u> | |
| Photocopy receipts | | |
| Copies | \$464 | 143 individuals paid (retained by Board to off-set photo copier costs) |
| State sales tax | 32 | |
| St. Paul sales tax | 2 | |
| TOTAL COPY RECEIPTS | \$500 | |
| Miscellaneous income | | |
| Miscellaneous | \$2,295 | (refund of cancelled class) |
| Return of Service Process Fees | 278 | (retained by Board for legal fees paid to serve clients) |
| TOTAL RECEIPTS | <u>\$2,573</u> | |