

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 2042**

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Introduction and first reading

OFFICIAL STATUS

Referred to State Government Finance and Policy and Elections

1.1 A bill for an act  
 1.2 relating to elections; prohibiting independent expenditures by political parties as  
 1.3 a condition of receiving a public subsidy; amending Minnesota Statutes 2018,  
 1.4 sections 10A.25, subdivision 1, by adding a subdivision; 10A.28, subdivision 1;  
 1.5 10A.31, subdivision 5; 10A.322, subdivision 4, by adding a subdivision; 290.06,  
 1.6 subdivision 23.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2018, section 10A.25, subdivision 1, is amended to read:

1.9 Subdivision 1. **Limits are voluntary.** The expenditure limits imposed by this section  
 1.10 on a candidate apply only to a candidate who has signed an agreement under section 10A.322  
 1.11 to be bound by them as a condition of receiving a public subsidy for the candidate's campaign.  
 1.12 The prohibition imposed by this section on a political party applies only to a political party  
 1.13 that has signed an agreement under section 10A.322 to be bound by the prohibition as a  
 1.14 condition of receiving a public subsidy for the party's activities.

1.15 Sec. 2. Minnesota Statutes 2018, section 10A.25, is amended by adding a subdivision to  
 1.16 read:

1.17 Subd. 14. **Independent expenditures by political parties.** (a) A political party that has  
 1.18 signed an agreement under section 10A.322 must not make an independent expenditure  
 1.19 except as provided in paragraph (b). This prohibition applies to all party units of a political  
 1.20 party that has signed an agreement under section 10A.322.

1.21 (b) A political party that agrees not to make independent expenditures as a condition of  
 1.22 receiving a public subsidy is released from the prohibition and remains eligible to receive  
 1.23 a public subsidy if a different political party that has at least ten members in the legislature

2.1 has not agreed to the prohibition and makes an independent expenditure during the election  
2.2 cycle to which the agreement applies.

2.3 (c) A political party that has not agreed to the prohibition in this subdivision must file  
2.4 written notice with the board and provide written notice to every other political party within  
2.5 24 hours after making an independent expenditure. The notice must state only that the  
2.6 political party has made an independent expenditure. Upon receipt of the notice, the political  
2.7 party that agreed to the prohibition is no longer subject to the prohibition but remains eligible  
2.8 to receive a public subsidy.

2.9 Sec. 3. Minnesota Statutes 2018, section 10A.28, subdivision 1, is amended to read:

2.10 Subdivision 1. **Exceeding expenditure limits.** (a) A candidate subject to the expenditure  
2.11 limits in section 10A.25 who permits the candidate's principal campaign committee to make  
2.12 expenditures or permits approved expenditures to be made on the candidate's behalf in  
2.13 excess of the limits imposed by section 10A.25, as adjusted by section 10A.255, is subject  
2.14 to a civil penalty up to four times the amount by which the expenditures exceeded the limit.

2.15 (b) The chair of a political party subject to the prohibition in section 10A.25 that makes  
2.16 expenditures in violation of section 10A.25 is subject to a civil fine of up to four times the  
2.17 amount of the expenditures. The chair of the political party is also subject to a civil fine for  
2.18 any violations of section 10A.25 made by a party unit of the chair's party.

2.19 Sec. 4. Minnesota Statutes 2018, section 10A.31, subdivision 5, is amended to read:

2.20 Subd. 5. **Allocation.** (a) **General account.** In each calendar year the money in the general  
2.21 account must be allocated to candidates as follows:

2.22 (1) 21 percent for the offices of governor and lieutenant governor together;

2.23 (2) 4.2 percent for the office of attorney general;

2.24 (3) 2.4 percent each for the offices of secretary of state and state auditor;

2.25 (4) in each calendar year during the period in which state senators serve a four-year  
2.26 term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state  
2.27 representative; and

2.28 (5) in each calendar year during the period in which state senators serve a two-year term,  
2.29 35 percent each for the offices of state senator and state representative.

2.30 (b) **Party account.** In each calendar year the money in each party account must be  
2.31 allocated as follows:

- 3.1 (1) 14 percent for the offices of governor and lieutenant governor together;
- 3.2 (2) 2.8 percent for the office of attorney general;
- 3.3 (3) 1.6 percent each for the offices of secretary of state and state auditor;
- 3.4 (4) in each calendar year during the period in which state senators serve a four-year
- 3.5 term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state
- 3.6 representative;
- 3.7 (5) in each calendar year during the period in which state senators serve a two-year term,
- 3.8 35 percent each for the offices of state senator and state representative; and
- 3.9 (6) ten percent or \$50,000, whichever is less, for the state committee of a political party
- 3.10 that has signed and filed with the board a spending limit agreement under section 10A.322;
- 3.11 one-third of any amount in excess of that allocated to the state committee of a political party
- 3.12 under this clause must be allocated to the office of state senator and two-thirds must be
- 3.13 allocated to the office of state representative under clause (4).

3.14 Money allocated to each state committee under clause (6) must be deposited in a separate

3.15 account and must be spent for only those items enumerated in section 10A.275. Money

3.16 allocated to a state committee under clause (6) must be paid to the committee by the board

3.17 as it is received in the account on a monthly basis, with payment on the 15th day of the

3.18 calendar month following the month in which the returns were processed by the Department

3.19 of Revenue, provided that these distributions would be equal to 90 percent of the amount

3.20 of money indicated in the Department of Revenue's weekly unedited reports of income tax

3.21 returns and property tax refund returns processed in the month, as notified by the Department

3.22 of Revenue to the board. The amounts paid to each state committee are subject to biennial

3.23 adjustment and settlement at the time of each certification required of the commissioner of

3.24 revenue under subdivisions 7 and 10. If the total amount of payments received by a state

3.25 committee for the period reflected on a certification by the Department of Revenue is

3.26 different from the amount that should have been received during the period according to

3.27 the certification, each subsequent monthly payment must be increased or decreased to the

3.28 fullest extent possible until the amount of the overpayment is recovered or the underpayment

3.29 is distributed.

3.30 Money not allocated to a state committee under clause (6) because the state committee

3.31 has not signed and filed with the board a spending limit agreement under section 10A.322

3.32 must be canceled to the general fund.

4.1 Sec. 5. Minnesota Statutes 2018, section 10A.322, is amended by adding a subdivision to  
4.2 read:

4.3 Subd. 2a. **Agreement by political party.** (a) As a condition of receiving a public subsidy,  
4.4 the chair of the state committee of a political party must sign and file with the board a written  
4.5 agreement in which the state committee agrees that the political party and all its party units  
4.6 will comply with section 10A.25. Once filed, an agreement may not be rescinded.

4.7 (b) The board must provide agreement forms to political parties on request at any time.  
4.8 The state chair must file the agreement with the board by February 1 in order to be allocated  
4.9 money credited to the party account for the preceding taxable year.

4.10 (c) The spending limit agreement remains in effect until the end of the first election  
4.11 cycle completed after the agreement was filed or the dissolution of the political party,  
4.12 whichever occurs first.

4.13 (d) The board must notify the commissioner of revenue of any agreement filed under  
4.14 this subdivision.

4.15 Sec. 6. Minnesota Statutes 2018, section 10A.322, subdivision 4, is amended to read:

4.16 Subd. 4. **Refund receipt forms; penalty.** (a) The board must make available to a political  
4.17 party on request and to any candidate for whom an agreement under this section is effective,  
4.18 a supply of official refund receipt forms that state in boldface type that:

4.19 (1) a contributor who is given a receipt form is eligible to claim a refund as provided in  
4.20 section 290.06, subdivision 23; ~~and~~

4.21 (2) if the contribution is to a candidate, that the candidate has signed an agreement to  
4.22 limit campaign expenditures as provided in this section; and

4.23 (3) if the contribution is to a political party, the political party has signed an agreement  
4.24 to limit campaign expenditures as provided in this section.

4.25 The forms must provide duplicate copies of the receipt to be attached to the contributor's  
4.26 claim.

4.27 (b) The willful issuance of an official refund receipt form or a facsimile of one to any  
4.28 of the candidate's contributors by a candidate or treasurer of a candidate who did not sign  
4.29 an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the  
4.30 board.

5.1 (c) The willful issuance of an official refund receipt form or a facsimile to an individual  
5.2 not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil  
5.3 penalty of up to \$3,000 imposed by the board.

5.4 (d) The willful issuance of an official refund receipt form or a facsimile to one of any  
5.5 of the political party's contributors by a state chair of a political party that has not signed  
5.6 an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the  
5.7 board.

5.8 (e) A violation of paragraph (b) ~~or~~ (c), or (d), is a misdemeanor.

5.9 Sec. 7. Minnesota Statutes 2018, section 290.06, subdivision 23, is amended to read:

5.10 Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer  
5.11 may claim a refund equal to the amount of the taxpayer's contributions made in the calendar  
5.12 year to candidates and to a political party. The maximum refund for an individual must not  
5.13 exceed \$50 and for a married couple, filing jointly, must not exceed \$100. A refund of a  
5.14 contribution is allowed only if the taxpayer files a form required by the commissioner and  
5.15 attaches to the form a copy of an official refund receipt form issued by the candidate or  
5.16 party and signed by the candidate, the treasurer of the candidate's principal campaign  
5.17 committee, or the chair or treasurer of the party unit, after the contribution was received.  
5.18 The receipt forms must be numbered, and the data on the receipt that are not public must  
5.19 be made available to the campaign finance and public disclosure board upon its request. A  
5.20 claim must be filed with the commissioner no sooner than January 1 of the calendar year  
5.21 in which the contribution was made and no later than April 15 of the calendar year following  
5.22 the calendar year in which the contribution was made. A taxpayer may file only one claim  
5.23 per calendar year. Amounts paid by the commissioner after June 15 of the calendar year  
5.24 following the calendar year in which the contribution was made must include interest at the  
5.25 rate specified in section 270C.405.

5.26 (b) No refund is allowed under this subdivision for a contribution to a candidate unless  
5.27 the candidate:

5.28 (1) has signed an agreement to limit campaign expenditures as provided in section  
5.29 10A.322;

5.30 (2) is seeking an office for which voluntary spending limits are specified in section  
5.31 10A.25; and

5.32 (3) has designated a principal campaign committee.

6.1 This subdivision does not limit the campaign expenditures of a candidate who does not  
6.2 sign an agreement but accepts a contribution for which the contributor improperly claims  
6.3 a refund.

6.4 No refund is allowed under this subdivision for a contribution to a political party or  
6.5 party unit unless the state chair of the political party has signed and filed an agreement to  
6.6 limit campaign expenditures as provided in section 10A.322.

6.7 (c) For purposes of this subdivision, "political party" means a major political party as  
6.8 defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion  
6.9 on the income tax or property tax refund form under section 10A.31, subdivision 3a.

6.10 A "major party" or "minor party" includes the aggregate of that party's organization  
6.11 within each house of the legislature, the state party organization, and the party organization  
6.12 within congressional districts, counties, legislative districts, municipalities, and precincts.

6.13 "Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a  
6.14 candidate for judicial office.

6.15 "Contribution" means a gift of money.

6.16 (d) The commissioner shall make copies of the form available to the public and candidates  
6.17 upon request.

6.18 (e) The following data collected or maintained by the commissioner under this subdivision  
6.19 are private: the identities of individuals claiming a refund, the identities of candidates to  
6.20 whom those individuals have made contributions, and the amount of each contribution.

6.21 (f) The commissioner shall report to the campaign finance and public disclosure board  
6.22 by each August 1 a summary showing the total number and aggregate amount of political  
6.23 contribution refunds made on behalf of each candidate and each political party. These data  
6.24 are public.

6.25 (g) The amount necessary to pay claims for the refund provided in this section is  
6.26 appropriated from the general fund to the commissioner of revenue.

6.27 (h) For a taxpayer who files a claim for refund via the Internet or other electronic means,  
6.28 the commissioner may accept the number on the official receipt as documentation that a  
6.29 contribution was made rather than the actual receipt as required by paragraph (a).

6.30 **Sec. 8. EFFECTIVE DATE.**

6.31 This act is effective June 1, 2019, and applies to contributions received and expenditures  
6.32 made on or after that date.