

## CHAPTER 4503

### ETHICAL PRACTICES BOARD

### CAMPAIGN FINANCE ACTIVITIES

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#### 4503.0010 SCOPE.

This chapter applies to the campaign finance activities of candidates and their principal campaign committees, political party units, political committees, and political funds regulated by Minnesota Statutes, sections 10A.11 to 10A.335.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### 4503.0100 DEFINITIONS.

Subpart 1 **Scope.** The definitions in this part apply to this chapter and Minnesota Statutes, chapter 10A. The definitions in chapter 4501 and Minnesota Statutes, chapter 10A, also apply to this chapter.

Subp. 2. **Adjournment sine die.** "Adjournment sine die" means final adjournment by the legislature in the second year of a biennium.

Subp. 3. **Anonymous contribution.** "Anonymous contribution" means a contribution for which the name and address of the donor cannot be determined

Subp. 4. **Fundraising event.** "Fundraising event" means a meal, party, entertainment event, rally, or similar gathering of three or more individuals where contributions are solicited or received.

Subp. 5. **Receipted bill.** "Receipted bill" means an invoice marked paid by the vendor or a canceled check with a corresponding invoice indicating the purpose of the expenditure.

Subp. 6. **Services for a constituent.** "Services for a constituent" means services performed or provided by an incumbent legislator or constitutional officer for the benefit of one or more residents of the official's district. "Services for a constituent" do not include gifts, congratulatory advertisements, charitable contributions, or similar expenditures.

Subp. 7. **Statewide election.** "Statewide election" means an election for a statewide constitutional office, appeals court, or supreme court office, or an election in which a question or proposition on the ballot can be voted on by all voters of the state.

Subp. 8. **Unpaid bill.** "Unpaid bill" means an advance of credit for which payment has not been made. An advance of credit is an unpaid bill from the time it is incurred, regardless of when an actual invoice is received.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### 4503.0200 ORGANIZATION OF POLITICAL COMMITTEES AND POLITICAL FUNDS.

Subpart 1. **Organizational information to be provided by a political party.** The statement of organization of a political party must include a list of the names of the party units organized in each house of the legislature and in congressional districts, counties, legislative districts, municipalities, and precincts, along with the name and address of the treasurer and chair of each unit, and must be updated annually.

Subp. 2. **Officers of principal campaign committee.** A candidate may be chair, treasurer, or both, of the candidate's own principal campaign committee. The candidate is ultimately responsible for the principal campaign committee's compliance with Minnesota Statutes, chapter 10A.

Subp. 3. **When registration is not required.** When a person or group merely solicits contributions with the approval of a candidate or the treasurer, deputy treasurer, or agent of a political committee or political fund and when those contributions are made directly to the reporting committee or fund, that person or group need not establish a separate political committee or political fund.

Subp. 4. **Change of officer.** The treasurer of a political committee or political fund must file with the board a written notice of any change of officers within ten business days after the change occurs. The notice must include the name and address of each new officer and the effective date of the change.

Subp. 5. **Termination of responsibility of former treasurer.** A former treasurer who transfers political committee or political fund records and receipts to a new treasurer or to the chair of the committee or fund is relieved of future responsibilities when notice required under subpart 4 is filed or when the former treasurer notifies the board in writing of the change.

Subp. 6. **Depositories.** The depositories of a political committee or political fund include any depository in which the committee or fund has a savings, checking, or similar account, or purchases a money market certificate or certificate of deposit.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### 4503.0300 TERMINATION OF POLITICAL COMMITTEE OR POLITICAL FUND.

Subpart 1. **Termination report.** A termination report must cover the period from the closing date of the last report filed through the date of termination.

Subp. 2. **Time of termination after making transfers between principal campaign committees.** A principal campaign committee which makes a transfer or contribution to another principal campaign committee in anticipation of termination must complete its termination by the end of the reporting period in which the transfer or contribution was made.

Subp. 3. **Transfer of debts.** An agreement to transfer debts upon the termination of a candidate's principal committee for one office under Minnesota Statutes, section 10A.241, must be made in writing, signed by the candidate and the committee treasurers, and preserved in the records of each committee.

Subp. 4. **Payment plan pending dissolution of inactive political committee or political fund.** An inactive political committee or political fund that must dissolve according to Minnesota Statutes, section 10A.242, and that has liquidated its available assets to pay its debts may submit to the board a proposed payment schedule to settle any remaining debts. Upon approval of the schedule, the board may allow the committee or fund to defer dissolution until all debts are paid.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### 4503.0400 DISTRICT COURT JUDICIAL CANDIDATES.

Subpart 1. **Donations in kind.** Donations in kind to a candidate for district court judge which in aggregate exceed \$100 must be disclosed in accordance with Minnesota Statutes, section 10A.20, subdivision 3, paragraph (b).

Subp. 2. **Contributions from one source.** Contributions to a candidate for district court judge from any one source totaling more than \$400 received between the last day covered in the last report prior to an election and the election must be reported to the board in person, by telegram or mailgram, or by certified mail within 48 hours after receipt and must also be included in the next required report.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

**4503.0500 CONTRIBUTIONS.**

Subpart 1. **Transmission of contributions.** Promptly after receipt of any contribution or on demand of the treasurer, an individual must transmit the contribution together with any required record to the treasurer.

Subp. 2. **Identification of contributor.** The contributor of goods or of services is the individual or association that pays for the goods or services.

Subp. 3. **Contributions from Hennepin county registered associations.** In lieu of registration with the board, an association registered with the Hennepin county filing officer under Minnesota Statutes, sections 383B.041 to 383B.058, that makes contributions of more than \$100 to a committee or fund in a calendar year may notify the recipient committee of its registration with Hennepin county, including its registration number, and instruct the recipient committee to include the notice when the recipient committee discloses receipt of the contribution.

Subp. 4. **Contributions by joint check.** A contribution given by a check written on a joint account is considered to be a contribution by the persons who signed the check in equal proportions unless otherwise specified on the check by the signers.

Subp. 5. **Forwarding anonymous contributions.** An anonymous contribution in excess of \$20 must be forwarded to the board in its entirety within 14 days after its receipt by the treasurer along with a statement of the amount of the contribution and the date on which it was received.

Subp. 6. **Value of contributions of automobile use.** Automobile use provided without reimbursement to the provider is a donation in kind valued at the lowest rate used by the state of Minnesota to reimburse its employees for automobile use.

**Statutory Authority:** *MS s 10A.02*

**History:** 20 SR 2504

**4503.0600 USE OF CREDIT CARDS.**

Subpart 1. **Contributions.** A candidate or treasurer of a political committee or political fund may approve the solicitation and collection of campaign contributions through the use of credit cards. An organization that issues credit cards, when acting in the ordinary course of business by collecting and disbursing funds designated by the card holders for contributions to a committee or fund, is not required to register or report.

Subp. 2. **Expenditures; disbursements.** A treasurer who reimburses a credit card company for campaign expenditures or noncampaign disbursements that require itemization on a report of receipts and expenditures under Minnesota Statutes, section 10A.20, must disclose the purpose and the name and address of the vendor supplying the good or service for which payment is made.

**Statutory Authority:** *MS s 10A.02*

**History:** 15 SR 1512; 20 SR 2504

**4503.0700 CONTRIBUTION LIMITS.**

Subpart 1. **Loans included in aggregation of contributions.** Contribution limits apply to the aggregation of:

- A. money;
- B. donations in kind;
- C. outstanding loans from the contributor; and
- D. proceeds of outstanding loans endorsed by the contributor.

Subp. 2. **Special election contribution limits.** Election year contribution limits set forth in Minnesota Statutes, section 10A.27, apply to a special election cycle.

Subp. 3. **Independent application of limits for special election.** Contribution limits apply independently for election years, other years, and special election cycles.

**Statutory Authority:** *MS s 10A.02*

**History:** 20 SR 2504

**4503.0800 DONATIONS IN KIND AND APPROVED EXPENDITURES.**

Subpart 1. **Approved expenditure is always a donation in kind.** Every approved expenditure is a donation in kind of the goods or services purchased with the expenditure.

Subp. 2. **Multicandidate materials.** An approved expenditure made on behalf of multiple candidates must be allocated between the candidates on a reasonable basis if the cost exceeds \$20 per candidate.

Subp. 3. **Multipurpose materials.** A reasonable portion of the fair market value of preparation and distribution of association newsletters or similar materials which, in part, advocate the nomination or election of a candidate is a donation in kind which must be approved by the candidate if the value exceeds \$20, unless an independent expenditure is being made.

Subp. 4. **Office facilities.** The fair market value of shared office space or services provided to a candidate without reimbursement is a donation in kind.

Subp. 5. **Campaign expenditures for constituent services paid with personal funds.** Costs of providing constituent services that are campaign expenditures and paid with the personal funds of the candidate are a donation in kind to the principal campaign committee of the candidate.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### 4503.0900 NONCAMPAIGN DISBURSEMENTS.

Subpart 1. **Additional definitions.** In addition to those listed in Minnesota Statutes, section 10A.01, subdivision 10c, the following expenses are noncampaign disbursements.

A. transportation, meals, and lodging paid to attend a campaign school;

B. costs of campaigning incurred by a person with a disability, as defined in Minnesota Statutes, section 363.01, subdivision 13, and which are made necessary by the disability;

C. the cost to an incumbent or a winning candidate of providing services to residents in the district after the general election in an election year for the office held;

D. payment of advances of credit in a year after the year in which the advance was reported as an expenditure; and

E. payment of fines assessed by the board.

Subp. 2. **Nonreportable noncampaign disbursements.** Noncampaign disbursements for services to residents in the district paid with personal funds of an incumbent or winning candidate are not reportable.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### 4503.1000 CAMPAIGN MATERIALS INCLUDING OTHER CANDIDATES.

Subpart 1. **Inclusion of others without attempt to influence nomination or election.** Campaign materials, including media advertisements, produced and distributed on behalf of one candidate which contain images of, appearances by, or references to another candidate, but which do not mention the candidacy of the other candidate or make a direct or indirect appeal for support of the other candidate, are not contributions to, or expenditures on behalf of that candidate.

Subp. 2. **Multicandidate materials prepared by a candidate.** A candidate who produces and distributes campaign materials, including media advertisements, which include images of, appearances by, or references to one or more other candidates, and which mention the candidacy of the other candidates or include a direct or indirect appeal for the support of the other candidates must collect from each of the other candidates a reasonable proportion of the production and distribution costs.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### 4503.1100 CARRYFORWARD OF CAMPAIGN FUNDS; UNPAID ADVANCES OF CREDIT.

Subpart 1. **Retention for unpaid advances of credit.** In addition to the carryforward permitted under Minnesota Statutes, section 10A.25, subdivision 11, the treasurer of a prin-

principal campaign committee may retain into the next election cycle an amount equal to the sum of all unpaid advances of credit on the last day of the previous election cycle.

**Subp. 2. Forgiveness and payment of advances of credit.** When an advance of credit for which funds were retained under subpart 1 is later forgiven or paid by an individual or association other than the principal campaign committee, funds retained under subpart 1 based on the advance of credit must be disposed of pursuant to Minnesota Statutes, section 10A.25, subdivision 11.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### **4503.1200 JOINT FUNDRAISING EVENTS BY PRINCIPAL CAMPAIGN COMMITTEES.**

**Subpart 1. General requirement.** Proceeds and costs of joint fundraising events held by two or more principal campaign committees must be allocated in such a way as to avoid earmarking and prohibited transfers or contributions from one principal campaign committee to another.

**Subp. 2. Elective procedures to assure compliance.** Principal campaign committees may be certain that allocation of proceeds and costs of a joint fundraising event will not result in earmarking or a prohibited transfer or contribution if:

A. contributions are made individually to each committee by check payable to the committee, by cash given in a separate collection for the committee, or by cash with a record kept of each contributor and recipient;

B. expenses of the event are allocated among the participating committees in direct proportion to the contributions received by each committee; and

C. campaign expenditures and noncampaign disbursements are allocated separately and in the same proportion.

**Subp. 3. Recordkeeping and reconciliation of expenses.** The treasurers of principal campaign committees conducting a joint fundraising event must maintain records of all costs associated with the event. After the conclusion of the event, the treasurers shall complete a reconciliation and allocation of the costs of the event pursuant to this part, and shall make any transfers of funds between the committees necessary to properly allocate the expenses.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### **4503.1300 GOVERNOR AND LIEUTENANT GOVERNOR.**

**Subpart 1. Seeking endorsement as lieutenant governor.** Raising and spending funds to seek endorsement as lieutenant governor may be done either through a separate principal campaign committee established by the lieutenant governor candidate or through a joint principal campaign committee of the governor and lieutenant governor candidates.

**Subp. 2. Separate records for seeking endorsement.** A principal campaign committee that makes expenditures and authorizes approved expenditures to seek endorsement for the office of lieutenant governor at the convention of a political party and intends those expenditures to be in addition to the expenditure limit established by Minnesota Statutes, section 10A.25, subdivision 2, shall maintain a separate record of those expenditures.

**Subp. 3. Merger of committees.** Separate committees of a candidate for governor and lieutenant governor must be merged not later than five business days after the joint endorsement or filing for office by the candidates for governor and lieutenant governor. The merger must be accomplished by amending the statement of organization of one of the committees making it a joint committee and by terminating the remaining committee. All funds, assets, and debt of the terminated committee must be transferred to the joint committee at the time of the merger. The transfer of debt must be by means of an agreement meeting the requirements of part 4503.0300, subpart 3.

**Subp. 4. Contribution limits for governor and lieutenant governor before and after merger of separate committees.** Prior to the merger of separate principal campaign committees for governor and lieutenant governor, each committee may accept contributions up to the limits set forth in Minnesota Statutes, section 10A.27, subdivision 1, clause (a), for

governor and lieutenant governor running together. After the merger of the committees, contributions to either committee from a single source must be aggregated in determining whether the contribution limit for the joint committee has been reached or exceeded. If the limit has been exceeded, contributions must be returned in accordance with subpart 5.

**Subp. 5. Return of contributions after merger.** Funds transferred to the joint committee which result in aggregate contributions in excess of the applicable limits may be returned to the contributor within 60 days of the transfer of funds to the joint committee.

**Subp. 6. Public subsidy agreement.** Promptly following their joint endorsement or filing for office, candidates for governor and lieutenant governor who have not each signed a separate public subsidy agreement must jointly sign a public subsidy agreement if they wish to receive a public subsidy.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### **4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

**Subpart 1. Expenditure limits.** A candidate or officeholder who signs a public subsidy agreement is bound by the expenditure limits in an election cycle whether or not the candidate actually receives funds from the state elections campaign fund.

**Subp. 2. Affidavit of contributions for special elections.** For a special election for which the filing period does not coincide with a general election, the candidate must submit the affidavit of contributions not later than five days after filing an affidavit of candidacy or nominating petition for the office sought.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### **4503.1500 AGREEMENT TO MAKE LOAN.**

An agreement to make a loan to a political committee or fund must be made in writing and signed by the borrower and endorsers.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*

#### **4503.1600 FUNDRAISING DURING LEGISLATIVE SESSION.**

If the board makes a public finding that there is probable cause to believe a violation of Minnesota Statutes, section 10A.065, has occurred, in lieu of pursuing or enforcing a judgment, the board may attempt to negotiate a settlement agreement with the candidate, political committee, or political fund for payment of the civil fine.

**Statutory Authority:** *MS s 10A.02*

**History:** *20 SR 2504*