

**FEES FOR LOBBYISTS,
POLITICAL COMMITTEES,
POLITICAL FUNDS, PRINCIPAL
CAMPAIGN COMMITTEES, AND
POLITICAL PARTY UNITS**

**REPORT TO THE MINNESOTA LEGISLATURE
FROM
THE MINNESOTA CAMPAIGN FINANCE
AND PUBLIC DISCLOSURE BOARD**

**WITH ASSISTANCE FROM
THE MANAGEMENT ANALYSIS DIVISION
MINNESOTA DEPARTMENT OF ADMINISTRATION**

JANUARY 2004

Minnesota

Campaign Finance and Public Disclosure Board



December 17, 2003

The Honorable Tim Pawlenty
Governor
130 State Capitol

Patrick E. Flahaven
Secretary of the Senate
231 State Capitol

Edward A. Burdick
Chief Clerk, House of Representatives
211 State Capitol

Gentlemen:

Pursuant to a directive in Laws of Minnesota 2003, 1st Special Session, Chapter 1, Article 2, Section 134, the Campaign Finance and Public Disclosure Board developed a schedule of fees that may be assessed on lobbyists, political committees, political funds, principal campaign committees, and political party units. This report describes the process by which the Board consulted with the affected entities and the basis for the fee options selected for presentation to the Legislature.

The Board recommends that *fees not be assessed* to the Board's clients because of the probable negative effects on participation in the Board's disclosure and regulatory programs and on citizen participation in political processes. This message from the Board is consistent with the many written comments received and verbal comments heard in public meetings. Excerpts from these comments are included in the report's Appendix.

In the event that fees are imposed, the Board has selected a preferred option for each entity type that meets the statutory directive for cost recovery and promotes equity among the affected parties. Each fee option recovers only program costs assignable to that entity type – for example, only lobbyist-related costs are recovered in the lobbyist fee option. The Board notes that the Legislature may choose to set any of the fees at a level that recovers less than the full assignable costs. Statutory changes, noted in the report, are necessary to ensure efficient collection of the fees. Finally, the Board recommends, if fees are imposed, that the Legislature consider adopting sunset provisions to eliminate fees when budget conditions allow.

Sincerely,

Handwritten signature of Clyde Miller in blue ink.

Clyde Miller
Board Chair

Board Members:

Wil Fluegel, Vice Chair
Terri Ashmore
Doug Kelley
Bob Milbert
Sidney Pauly

Copies to:

Sen. John Hottinger, Chair, Rules and Administration
Sen. Linda Higgins, Chair, Subcommittee on Elections
Sen. Jane Ranum, Chair, State Government Budget Division
Rep. Jim Rhodes, Chair, Govt. Operations and Veterans Affairs
Rep. Bill Haas, Chair, State Government Finance
Other members of the Legislature (Letter and Executive Summary only)

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FEES FOR LOBBYISTS, POLITICAL COMMITTEES, POLITICAL FUNDS, PRINCIPAL CAMPAIGN COMMITTEES, AND POLITICAL PARTY UNITS

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The Management Analysis Division in the Department of Administration is Minnesota government's in-house fee-for-service management consulting group. For more information call Mark Scipioni at 651.296.7566 or the general number 651.296.7041 or e-mail manalysis@state.mn.us. The Management Analysis Division Website is at www.admin.state.mn.us/mad.

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Additional supporting information, including staff time and cost allocation worksheets and fee calculation worksheets, is available for review. Contact the Board office.

EXECUTIVE SUMMARY

The Minnesota Legislature directed the Campaign Finance and Public Disclosure Board to develop a schedule of fees to be imposed on lobbyists, political committees and funds, and party units, in consultation with the affected parties: *The campaign finance and public disclosure board, in consultation with lobbyists, political committees, political funds, principal campaign committees, and party units, shall develop an equitable schedule of fees to be imposed on them to recover the costs incurred by the board in regulating them. The board must submit the recommended fee schedule to the legislature by January 15, 2004.* Laws of 2003, 1st Special Session, Ch.1, Art.2, Sec.134.

Consultation with the affected parties

The Board consulted with the affected parties in several ways: 1- mailed letters to each affected person or entity inviting comments and suggestions, 2- broadcast project updates (ten during the project) by e-mail and US Mail, 3- developed and published for comment Internal Study Guidelines, 4- conducted public meetings in Minneapolis and St. Paul, 5- used the Board Website during the project for project updates, to display excerpts from public comments, and to display interim project documents for comment, and 6- requested fee schedule options from affected parties, after cost data was developed.

From written comments and public meeting speakers, several concerns were expressed often: fees would have a negative effect on participation in political processes; fees would have a proportionately greater effect on small political committees, political funds, and political party units; nonprofit 501(c)(3) “charities” would have to take funds from services to pay fees; and there would be the potential that someone might pay others’ program costs. Overall the affected parties expressed opposition to fees.

Equitable fees

The Board became aware of legal challenges in a small number of other states where fees were charged to lobbyists and determined that accurate estimation of Board costs attributable to each entity type named in the legislation was necessary. After considerable work with staff, the analysis and calculations helped to ensure that costs attributable to each of the named entity types would be used to develop the fee schedule.

The matter of equity in establishing fees brought a large number of very diverse opinions from the affected parties. Written comments are excerpted in the Appendix; complete comments are available at the Board office. As noted above, equity was promoted in that only costs attributable to each entity type formed the basis for fees. Also, within each entity type, measures to promote equity were informed by information provided by the affected parties, the practices of other states, and others factors described in the Internal Study Guidelines. Overall, the Board concludes that in the balancing of considerations, its proposals are equitable among the entity types and among their members.

The Board’s analysis of costs attributable to each entity type resulted in the following distribution: lobbyists, 28 percent; political committees and political funds, 13 percent; principal campaign committees, 38 percent; and political party units, 14 percent. A

portion of the costs, 7 percent, was excluded from consideration because these Board activities did not pertain to any of the named entities. Additionally, the costs of Attorney General Office services and statewide indirect costs, which are not charged to the Board, were excluded from consideration. After considering options developed by staff and the consultant and others suggested by the affected parties, the Board selected the following:

Fee Schedule Options for Cost Recovery

Lobbyists would pay \$75 per registration. The fee would be paid upon registration and annually (June 15) for each entity for which they are registered. Principals/associations pay no fee under this option. As used here, “entity” means an individual, association, political subdivision, or public higher education system.

Political Committees and Political Funds would pay an annual fee based on the level of contributions and independent expenditures made in a two-year period.

\$25 fee for up to \$10,000	\$1,500 for over \$100,000 up to \$500,000
\$150 for over \$10,000 up to \$50,000	\$4,000 for over \$500,000 up to \$1,000,000
\$400 for over \$50,000 up to \$100,000	\$15,000 for over \$1,000,000

Principal Campaign Committees. The framework for fees includes three parts:

- (1) Each candidate would pay a \$100 registration fee at the time of committee registration.
- (2) Each candidate who files an Affidavit of Candidacy would pay to the filing officer an additional amount that is equal to the current amount for filing (Minn. Stat. §204B.11, subd. 1). The portion that is new would be deposited under a distinct revenue code for the Board. The Board portion would be \$300 for each candidate for Governor/ Lieutenant Governor, Attorney General, State Auditor, and Secretary of State; \$100 for each candidate for Senate and House of Representatives; and \$300 for each candidate for Judicial offices.
- (3) Each candidate would pay a fee noted below by July 1 each election year. Board costs would be recovered over four years, based on the election cycle. The statute would provide that the fees must be paid before the candidate may file for office. The fees would be: \$802 each candidate for House of Representatives; \$1,602 each candidate for Senate; \$2,345 each candidate for Governor/Lieutenant Governor, Attorney General, Secretary of State, and State Auditor; and \$610 each candidate for Judicial offices.

Political Party Units. State committees and legislative caucuses would pay an annual fee based on the level of disbursements in a two-year period. The statute would provide that political party units shall not issue political contribution receipts until fees are paid.

\$30 fee for up to \$25,000	\$1,900 for over \$500,000 up to \$1,000,000
\$160 for over \$25,000 up to \$100,000	\$14,000 for over \$1,000,000 up to \$10,000,000
\$760 for over \$100,000 up to \$500,000	\$25,500 for over \$10,000,000

Recommendations For reasons noted in the report, *the Board urges the Legislature to not impose fees*. If fees are imposed, the Board recommends statutory changes, noted in the report, to ensure efficient fee collection, and that consideration be given to sunset the fees when budget conditions allow. The Board favors fee options that would simplify administration. The Board’s option for Political Committees and Funds provides a sliding scale that imposes lower fees on the smallest organizations. The proposal addresses the issues of equity – recognizing the practical impossibility of reconciling all views of fairness expressed by the affected parties. Finally, the selected options recover the Board’s costs to administer programs for each entity named in the study legislation.

INTRODUCTION

The Minnesota Campaign Finance and Public Disclosure Board was established by the state legislature in 1974 and charged with administering the Ethics in Government Act, Minnesota Statutes Chapter 10A. The Board's four major programs are campaign finance registration and disclosure, public subsidy administration, lobbyist registration and disclosure, and economic interest disclosure by public officials.

The Board has six members, appointed by the Governor on a bi-partisan basis for staggered four-year terms. The appointments must be confirmed by a three-fifths vote of the members of each house of the legislature. The nine-member staff includes the executive director, assistant executive director, office manager, information systems manager, information technology specialist, programs administrator, programs assistant, compliance officer, and information assistant.

The Board's current annual budget is approximately \$700,000. Since 1974, the Board's activities for all programs have been funded through the state's General Fund. The Legislature initiated fees for lobbyists and lobbyist principals in the 2003 1st Special Session (fees that expire on June 30, 2004) and directed the Board to study and recommend a broader schedule of fees for the Board's major regulated entities:

The campaign finance and public disclosure board, in consultation with lobbyists, political committees, political funds, principal campaign committees, and party units, shall develop an equitable schedule of fees to be imposed on them to recover the costs incurred by the board in regulating them. The board must submit the recommended fee schedule to the legislature by January 15, 2004.

(Laws of 2003, 1st Special Session, Ch.1, Art. 2, Sec. 134).

The Board contracted with the Management Analysis Division, Minnesota Department of Administration, for assistance to conduct the study and prepare the report. Mark Scipioni, Senior Management Consultant, assisted the Board with the study and report.

Prior to the legislative directive, the Legislature had requested from the Board information about the similar ethics agency fees charged in other states, and the Board responded with the report entitled *Review of States' Registration Fees for Lobbyists, Political Committees, Candidates for Office, and Public Officials*. The report is published on the Board's Website at <http://www.cfboard.state.mn.us/forms/RegFee403.pdf>. An overview of other states' practices in charging such fees is provided in the Appendix (page A-1).

DEVELOPMENT of the FEE SCHEDULE

The legislative directive provided that the Campaign Finance and Public Disclosure Board should develop the fee schedule in consultation with the affected parties and that the fee schedule proposed by the Board should be “equitable.” These considerations are discussed, followed by the methodology and results of the fee schedule development effort. The report’s Appendix contains the other states’ summary and the public comments portions of the study effort. The worksheets and other supporting documentation that went into calculations of staff time allocation, cost allocations, and fee schedule options are contained in a separate document. Contact the Board office for this additional information.

Consultation with the Affected Parties

The directive provided that the Board should develop fees in consultation with the affected parties. At the project’s start, a letter was sent to each of the 4,600 lobbyists, political committees, political funds, principal campaign committees, and political party units of record in the Board office. The letter, reproduced in the Appendix (page A-2), invited the affected parties to submit written comments and suggestions concerning the study and development of a fee schedule, to note their interest in attending and/or speaking at public meetings that the Board would schedule depending upon the level of interest, and to indicate if they wished to have their names placed on a project update list to be sent at intervals via e-mail or US Mail.

The Board received over 100 responses to the request for written comments. The communications from affected parties were excerpted and published to the Board’s Website. The written comments illustrate a very wide divergence of opinions about how the fee schedule should be developed and how the concept of “equitable” fees, as specified in the study directive, should be interpreted. The excerpted comments are reproduced in the Appendix (pages A-3 to A-12).

Based on the level of interest indicated in communications from the affected parties, two public meetings were scheduled – at Minneapolis City Hall and the State Office Building in St. Paul. At the two meetings, Board members, staff, and the consultant heard from and responded to the attendees. Additional written comments were received. A summary of public meeting comments is reproduced in the Appendix (pages A-13 to A-17). The comments again reflected the diverse opinions about the study process and preferred outcomes. Several messages from the affected parties were consistent throughout the study:

- Preference that fees not be charged
- Concerns that fees would have a deleterious effect on participation in political processes and even the practice of democracy

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- Concerns that fees would have a proportionately greater effect on small political committees, political funds, and political party units
 - Concerns that nonprofit 501(c)(3) “charities” would be taking funds from their services to needy persons and programs to pay the fees
 - Concern that entity types would be paying for others’ costs
 - Wide range of ideas for the assignment of fees based on specific ideas of how “equity” ought to be interpreted

The Board established a project update mechanism that included e-mail and US Mail. Ten project updates were provided between June and November 2003.

The Board published information on the Board’s Website throughout the project, including all project updates, excerpts from written comments received, interim project documents, and the report of the Board’s review of other states’ practices in charging similar fees.

“Equity” in relation to development of fees

As a result of the earlier review of other states’ practices in charging similar fees, the Board became aware of a small number of legal challenges in states where fees were charged to lobbyists. As a consequence, the staff and consultant concluded that accurate estimation of Board costs attributable to each entity type named in the legislation would be necessary. If fees are assessed, the Board believes that those recommended in this report meet the statutory directive in terms of cost recovery, “equity” in the assignment of costs and balancing of diverse interests, and in the simplicity of administration for staff and those affected by the fees. The analysis and calculations conducted for the study helped to ensure that only costs attributable to each of the named entity types would be used to develop the fee schedule.

Written comments from the affected parties and the opinions expressed at public meetings confirmed the very diverse interpretations of “equity” as it applies to fees that these people and entities might pay. In the study, equity was promoted first because only the costs attributable to each entity type formed the basis for fees. Second, within each entity type, various measures to promote equity were applied based on information provided by the affected parties, the practices of other states, and others factors described in the Internal Study Guidelines. Overall, the Board believes that in the balancing of considerations that resulted in the fee schedule shown below, equity is promoted among the entity types and among members within each entity type.

Internal Study Guidelines

Because of the suggestions made and questions raised by affected parties about how the Board would conduct its analysis, the staff and consultant produced and published a set of *Internal Study Guidelines*. The guidelines describe basic principles and the process that would be used for the study. The ten study guidelines were discussed and approved

by the Board at a regular meeting, then published to the Board's Website with an invitation for comments from the affected parties. They are shown below.

1. The Board's report will present a limited number of fee schedule options consistent with the legislative directive.
2. In developing a fee schedule, consideration will be given to fee schedule options and ideas presented to committees during the last legislative session, options and ideas presented in writing by the entities that the Board is directed to be "in consultation with," and the practices and policies of other states.
3. A fee schedule will promote simplicity for the Board's clients and for staff administration of the fees.
4. Every entity (of the types listed in the study directive) that comes under the Board's statutory purview and is the subject of any level of activity by staff will pay a fee.
5. Options will include a fee schedule that recovers the Board's full budget – less the amount not allocable to the entities listed in the study directive (see item 10) – and may include one or more options that recover less than the Board's full budget as so modified.
6. Indirect cost allocations will be based on the usual practices for state government.
7. Because the Board's work varies based on multi-year election and reporting cycles, the period for comparative analysis will be a biennium. Fiscal years 2002-03 will be used for historical information; the 2005-06 fiscal years will be used to project activities and budget as the basis for costs and fee schedule. Personnel-related costs attributable to each entity type for FY05-06 will be estimated based on activities and costs during FY02-03, adjusted for changes that can be estimated from available information.
8. One-time or unusual costs (such as for information systems, etc.) will be projected if information is available, or determined on the basis of historical information.
9. Within each type of entity, the basis for higher or lower fees for groupings of individual entities (if variation within entity type is deemed appropriate) may be based on differences in workload indicators (estimated) attributable to them, differences in direct and/or indirect costs attributable to them, another recognized basis for difference (as an example, levels of their expenditures), or a combination of factors.
10. A portion of the costs of the gift ban program will be included in calculations to the extent that the costs relate to entities named in the statutory directive. However, the following Board costs will not be included in calculations of a fee schedule, based on language of the statutory directive: costs related to regulation of public officials, local officials in metropolitan governmental units, and the individuals who file forms for Public Employees Retirement Association, Minnesota Technology Inc., and State Board of Investment.

Determination of Costs Assignable to Each Entity Type

Because the Campaign Finance and Public Disclosure Board staff is organized functionally rather than by program or regulated entity, and no reason for staff to maintain detailed time records had existed prior to this study, ascertaining costs attributable to the named entities was somewhat complicated. The estimation of costs attributable to each of the entities named in the legislative directive had several components.

First, staff members were asked to list all of the activities they perform for each of the named entities (“direct services”) and note the month or months in which the activities occur for a two-year period that included an election year and non-election year (Fiscal Years 2002-2003). Staff also noted activities that were attributable to more than one of the entities and activities not directly attributable to specific entities (“other services”) and the months in which they occurred. The latter category of services included most human resource, financial, information systems, and other activities.

The “direct services” and “other services” for each staff member were organized on a second set of worksheets. Each staff member was asked to estimate, by month for the two-year period, the percent of his or her time attributable to a comprehensive set of sub-groupings of activities during the months. Each month’s total for every staff member would add to 100 percent. Staff time allocation worksheets were created initially by staff members and reviewed by their supervisors and managers.

From this information, the staff time percentages attributable to each named entity-type for staff members and for the office as a whole were calculated. With the addition of information about personnel costs (salaries and benefits) and non-personnel costs from the MAPS (the state accounting system), the costs of services to the named entities, both direct and indirect, were calculated. Non-personnel costs were allocated consistent with state government practices. The default allocation method for non-personnel costs, when no other method was appropriate, was the all-staff direct services percent allocation.

This historical information (Fiscal Years 2002-2003) was then projected forward for estimating costs and allocations for the period during which fees would be first assessed (Fiscal Years 2005-2006). Staff used the historical worksheets as a starting point and discussed together the factors that would change their individual activities and allocation of time for the future period. Staff members individually noted factors that would change their time allocations and made necessary adjustments. Their supervisors and managers reviewed the worksheets.

Certain Board costs were not assignable to any of the entity types named in the study directive, and those costs were excluded. They comprised one-half of costs to administer the Gift Ban provisions and all costs for economic interest disclosure. Additionally, the costs of Attorney General Office services and statewide indirect costs, which are not charged to the Board, were excluded from consideration.

Allocation of costs to the named entity types

The budget for Fiscal Years 2005-2006 was based on the approved Fiscal Year 2004 budget – the best available information. The allocation of these costs to the named entities by the method described above produced the following results:

Allocation of Board Costs to Entities Named in the Fees Study

	Two-Year Cost	Percent of Total
Lobbyists	\$390,200	28%
Principal Campaign Committees	\$537,200	38%
Political Party Units	\$191,400	14%
Political Committees and Funds	\$182,600	13%
(Excluded)	<u>\$102,600</u>	<u>7%</u>
	\$1,404,000	100%

Development of fee schedule options

Staff and the consultant referenced other states' fee schedules and practices, the options presented in the 2003 Legislative Session, and those suggested by the affected parties consulted during the project in developing fee options. The study directive and Internal Study Guidelines, noted in a previous section of the report, provided additional guidance in narrowing the available options. In particular, the Internal Study Guidelines were used with reference to simplicity of administration, exempting none of the regulated entities for which the Board conducted activities and incurred costs from paying a fee, and keeping small the fees in the lowest tiers of rates.

FEE SCHEDULE OPTIONS

All of the options presented by the staff and consultant, and considered by the Board, are presented here, although the Board selected one option for each entity type to bring forward to the Legislature.

Lobbyists

Approximate cost recovery for each option: \$390,200. As used here in relation to lobbyist fees, “entity” or “entities” mean an individual, association, political subdivision, or public higher education system.

Board selected option for cost recovery:

Lobbyists pay a fee upon registration and annually (June 15) for each entity for which they are registered. Principals pay no fee under this option. Statutes should be amended to provide that no individual may act as a lobbyist until the fee is paid.

Fee amount:	\$75 per registration
Number of lobbyists affected:	2,605

Basis for selection of this option: Staff work is related to the number of lobbyist/client combinations. By charging lobbyists (rather than both lobbyists and associations), less administrative costs would be incurred in sending and processing billings and follow-up activities. The fee is easy to understand for clients and to administer for the staff. Other states use this means of assessing fees.

Additional options:

Entities with one lobbyist pay one amount and entities with more than one lobbyist pay a higher amount annually on March 15. Lobbyists pay no fee under this option.

Fee amount:	\$150 per entity with one lobbyist
Number of entities affected:	543
Fee amount:	\$200 per entity with two or more lobbyists
Number of entities affected:	582

Lobbyists and entities pay fees (lobbyists upon registration and annually on June 15, entities annually on March 15), each contributing about half of the costs. Lobbyists who represent one entity and entities with one lobbyist pay one amount and lobbyists who represent more than one entity and entities with more than one lobbyist pay a higher amount.

Fee amount:	\$75 per lobbyist who represents one entity
Number of lobbyists affected:	978
Fee amount:	\$100 per lobbyist with more than one entity
Number of lobbyists affected:	227
Fee amount:	\$75 per entity with one lobbyist
Number of entities affected:	543
Fee amount:	\$100 per entity with more than one lobbyist
Number of entities affected:	582

Political Committees and Political Funds

Approximate cost recovery each option: \$182,600.

Board selected option for cost recovery:

Political committees and funds pay an annual fee based on the level of contributions and independent expenditures made in a two-year period. Statutes should be amended to provide that no committee activity may occur (contributions accepted or disbursements made) until the fee is paid.

Fee amounts:	Number affected:
\$25 for contrib. and ind. expend. up to \$10,000	231
\$150 for contrib. and ind. expend. over \$10,000 up to \$50,000	77
\$400 for contrib. and ind. expend. over \$50,000 up to \$100,000	17
\$1,500 for contrib. and ind. expend. over \$100,000 up to \$500,000	22
\$4,000 for contrib. and ind. expend. over \$500,000 up to \$1,000,000	1
\$15,000 for contrib. and ind. expend. over \$1,000,000	2

Basis for selection of this option: The fee is based on contributions and independent expenditures made to influence Minnesota elections. The low-end fee benefits the majority of entities and allows them to remain active with the Board. Most fees are paid by relatively few committees and funds that have the greatest expenditures.

Additional option:

Political committees and funds pay an annual fee based on the level of receipts in a two-year period.

Fee amounts:	Number affected:
\$25 for receipts up to \$25,000	259
\$135 for receipts over \$25,000 up to \$100,000	59
\$650 for receipts over \$100,000 up to \$500,000	26
\$1,600 for receipts over \$500,000 up to \$1,000,000	2
\$11,800 for receipts over \$1,000,000 up to \$10,000,000	3
\$21,400 for receipts over \$10,000,000	1

Principal Campaign Committees

Approximate cost recovery each option: \$537,200. The structure for fees/cost recovery for principal campaign committees *includes three parts.*

Board selected option for cost recovery:

Part 1- Each candidate for office pays a registration fee at the time of committee registration.

Fee amount: \$100 Number affected: 150

Part 2- Each candidate who files an Affidavit of Candidacy pays to the filing officer an additional amount that is equal to the current amount for filing (Minn. Stat. 204B.11, subd. 1). The portion that is new would be deposited under a distinct revenue code for the Board. The amounts shown below are only the Board portion.

Fee amounts:	Number affected:
\$300 candidates for Governor/Lieutenant Governor, Attorney General, State Auditor, and Secretary of State FY07-08	25
\$100 candidates for Senate and House of Representatives	
FY05-06 (House only)	300
FY07-08 (Senate and House)	450
\$300 candidates for Judicial offices	
FY05-06	100
FY07-08	100

Part 3- Each candidate pays a fee (by July 1 each election year) that is calculated by adjusting the fees proposed in the last legislative session (the higher of the Governor's proposal or the House proposal for each office) multiplied by the ratio that achieves the required cumulative cost recovery. The fees for each office would stay constant over four years even though different offices are up for election. Costs would be recovered over each four years. The statute would provide that the fees must be paid before the candidate may file for office.

Fee amounts:	Number affected:
\$2,345 candidates for Governor/Lieutenant Governor, Attorney General, Secretary of State, and State Auditor FY07-08	25
\$1,602 candidates for Senate FY07-08	150
\$802 candidates for House of Representatives (FY05-06 and FY07-08)	600
\$610 candidates for Judicial offices (FY05-06 and FY07-08)	200

Basis for selection of this option: Within each office, each person pays the same fees. The fees promote ease of collection and uniform payment -- payment must be made before registration, before filing for office, and at the time of filing for office. Payments for candidates for offices that run each two years are consistent from election to election (making the four-year cost recovery period necessary).

Additional options for part 3 only

Each candidate pays a fee (by July 1 each election year) that is calculated by adjusting the fees proposed in the last legislative session (the higher of the Governor’s proposal or the House proposal for each office) multiplied by the ratio that achieves the required cumulative cost recovery. The fees would change each two years because different offices are up for election. Costs would be recovered over each two years. The statute would provide that the fees must be paid before the candidate may file for office.

Fee amounts:	Number affected:
\$1,244 candidates for House of Representatives (FY05-06)	300
\$889 candidates for Judicial offices (FY05-06)	100
\$1,795 candidates for Governor/Lieutenant Governor, Attorney General, Secretary of State, and State Auditor (FY07-08)	25
\$1,167 candidates for Senate (FY07-08)	150
\$583 candidates for House of Representatives (FY07-08)	300
\$449 candidates for Judicial offices (FY07-08)	100

Use of Public Subsidy Funds (a non-fee option). This option does not raise any new fees, but decreases the amount the state contributes each election year to partisan candidates. An estimated one-third of the election year general fund appropriation under Minn. Stat. Sec. 10A.31, Subd. 4(b), that otherwise would go to candidates, would be applied to cover the shortfall from fees recovered in Parts 1 and 2 above. The amount of public subsidy funds that would be required to make up the shortfall for cost recovery are estimated to be:

FY05-06	\$462,200	FY07-08	\$439,700
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The impact on public subsidy payments to candidates (using a rounded \$500,000 from public subsidy funds) would be reductions per candidate in the following amounts:

FY05-06	\$858 for House candidates (assuming 272 candidates)
FY07-08	\$52,500 for Gov./Lt. Gov. candidates (assuming 4 candidates)
	\$21,000 for Attorney General candidates (assuming 2 candidates)
	\$6,000 for State Auditor candidates (assuming 4 candidates)
	\$6,000 for Secretary of State candidates (assuming 4 candidates)
	\$1,754 for Senate candidates (assuming 133 candidates)
	\$858 for House candidates (assuming 272 candidates)

Political Party Units

Approximate cost recovery each option: \$191,400

Board selected option for cost recovery:

State committees and legislative caucuses pay an annual fee based on the level of disbursements in a two-year period. The statute would provide that the political party units shall not issue political contribution receipts until the fees are paid.

Fee amounts:	Number Affected:
\$30 for disbursements up to \$25,000	1
\$160 for disbursements over \$25,000 up to \$100,000	1
\$760 for disbursements over \$100,000 up to \$500,000	1
\$1,900 for disbursements over \$500,000 up to \$1,000,000	1
\$14,000 for disbursements over \$1,000,000 up to \$10,000,000	3
\$25,500 for disbursements over \$10,000,000	2

Basis for selection of this option: The eight largest party units account for more than 50 percent of total disbursements. This option permits the sub-state party units to operate without paying a fee. On the other hand, state committees may choose to assess a portion of their costs to sub-state party units. Administration of the fees is simplified based on billing a smaller number of entities. Costs for collection would be considerably lower than if a large number of entities were charged.

Additional options:

State committees and legislative caucuses pay an annual fee based on the ratio of cost recovery annualized to total state committee and legislative caucus disbursements (a rate of \$1 for each approximately \$363 of 2001-2002 disbursements, with a \$20 minimum fee). The statute would provide that the political party units shall not issue political contribution receipts until the fees are paid.

State committees pay \$44,600, \$30,000, \$320, and \$180

Legislature caucuses pay \$6,700, \$6,500, \$4,800, \$2,800, and \$20

State committees pay an annual fee based on based on the ratio of cost recovery annualized to total state committee revenues (a rate of \$1 for each approximately \$276 of 2001-2002 revenues). The parties could decide to recover some costs from the sub-state party units. The statute would provide that the political party units shall not issue political contribution receipts until the fees are paid.

State committees pay \$54,200, \$40,900, \$430, and \$260

State committees and legislative caucuses pay an annual fee based on the ratio of cost recovery annualized to total state committee and legislative caucus revenues (a rate of \$1 for each approximately \$351 of 2001-2002 revenues, with a \$20 minimum fee). The statute would provide that the political party units shall not issue political contribution

receipts until the fees are paid.

State committees pay \$43,800, \$31,000, \$320, and \$240
Legislature caucuses pay \$7,100, \$6,700, \$4,300, \$2,600, and \$20

State committees pay an annual fee based on the ratio of cost recovery annualized to total state committee disbursements (a rate of \$1 for each approximately \$285 of 2001-2002 disbursements). The statute would provide that the political party units shall not issue political contribution receipts until the fees are paid.

State committees pay \$55,300, \$39,900, \$420, and \$190

State committees and legislative caucuses pay an annual fee based on the level of receipts in a two-year period. The statute would provide that political party units shall not issue political contribution receipts until fees are paid.

Fee amounts:	Number Affected:
\$30 for disbursements up to \$25,000	1
\$160 for disbursements over \$25,000 up to \$100,000	1
\$760 for disbursements over \$100,000 up to \$500,000	1
\$1,900 for disbursements over \$500,000 up to \$1,000,000	1
\$14,000 for disbursements over \$1,000,000 up to \$10,000,000	3
\$25,500 for disbursements over \$10,000,000	2

Political party units pay an annual fee based on the level of receipts in a two-year period. The statute would provide that the political party units shall not issue political contribution receipts until the fees are paid.

Fee amounts:	Number Affected:
\$30 for disbursements up to \$25,000	318
\$140 for disbursements over \$25,000 up to \$100,000	14
\$670 for disbursements over \$100,000 up to \$500,000	2
\$1,680 for disbursements over \$500,000 up to \$1,000,000	1
\$12,300 for disbursements over \$1,000,000 up to \$10,000,000	3
\$22,150 for disbursements over \$10,000,000	2

Political party units pay an annual fee based on the level of disbursements in a two-year period. The statute would provide that the political party units shall not issue political contribution receipts until the fees are paid.

Fee amounts:	Number Affected:
\$30 for disbursements up to \$25,000	318
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\$12,300 for disbursements over \$1,000,000 up to \$10,000,000	3
\$22,150 for disbursements over \$10,000,000	2

CONCLUSIONS and RECOMMENDATIONS

In arriving at the proposed fee schedule, the Board considered the information provided by the affected parties principally through solicited written comments and communications at two public meetings. The Board considered a proposal received in response to its request for options but did not adopt it for this report.

The Board sought to balance diverse interests among the affected parties. The Board also incorporated its preference for a fee schedule that would be easier for stakeholders to understand and the Board staff to administer (in terms of lower overall cost including staff time). The Board attempted to make fees at the low end of “tiered” rates more than proportionately smaller to accommodate the large number of entities that have few resources. The Board did not exclude any entity completely from a fee on the basis that each of them requires some level of staff effort and costs. Additionally, the Board did not want to appear to show favor to certain types of entities. The staff and consultant can make available the information needed to consider additional options or recalculate fees to accommodate reductions or exclusions of certain entities from the fees.

The Board urges the Legislature to not impose fees on its clients. The Board concludes that fees would have a negative impact on disclosure in all programs. The current systems allow individuals and associations to influence the legislative and election process by providing required disclosure. Entities with few resources may be disadvantaged. The Board also concludes that fewer individuals would have the resources to register a principal campaign committee and file for office with the level of fees that would be necessary to recover all Board costs. The probable decrease in disclosure and participation is an undesirable outcome.

If fees are assessed, the Board believes that those recommended in this report meet the statutory directive in terms of cost recovery, “equity” in the assignment of costs and balancing of diverse interests, and in the simplicity of administration for staff and those affected by the fees.

APPENDIX

Summary of other states' fees	<i>A-1</i>
Letter inviting participation by affected parties	<i>A-2</i>
Written comments and suggestions from the affected parties	<i>A-3 to A-12</i>
Comments and suggestions received at two public meetings	<i>A-13 to A-17</i>

Addendum

Additional supporting information, including staff time and cost allocation worksheets and fee calculation worksheets, is available for review. Contact the Board office

Summary of Other States' Fees

In February–April 2003, the Minnesota Campaign Finance and Public Disclosure Board reviewed the status of states' program registration fees charged to lobbyists, political committees, candidates, and public officials. One-fourth of the states charge no fees. Three-fourths of the states charge lobbyist registration fees and one in seven charge political committee registration fees. Each of the other two types of registration fees is assessed by one state.

No registration fees – 12 states: AR-DE-HI-IA-MA-MI-MN-OK-OR-PARI-WA

Lobbyist fees – 38 states: AL-AK-AZ-CA-CO-CT-FL-GA-ID-IL-IN-KS-KY-LA-ME-MD-MS-MO-MT-NE-NV-NH-NJ-NM-NY-NC-ND-OH-SC-SD-TN-TX-UT-VT-VI-WV-WI-WY

Political committee fees – 7 states: AZ-KS-LA-NH-NM-ND-WI

Candidate fees – 1 state: KS

Public official registration fees – 1 state: OH

Lobbyist registration fees. The basis for assessing lobbyist registration fees and the amount charged varies among states. Base fees range from \$10 to \$250 for the simplest registration. But the base fee often does not provide a good picture of actual charges because the basis for calculating the fees varies. Some states charge fees only to lobbyists, while others charge lobbyists and lobbyist principals. Fees can be annual, biennial, or another timing variation. In some states, a status change requires a new or additional fee. Other variations are numerous – for example, lobbyists may be charged a base fee plus an additional amount for each principal represented and similarly principals charged a base fee plus addition for each lobbyist engaged. Certain types of lobbyists are exempted from registration fees in some states, such as those who lobby for governmental or non-profit entities, who are uncompensated, or whose expenditures or revenues fall short of a threshold amount.

Court challenges to lobbyist registration fees. A few states' lobbyist registration fees have been successfully challenged under the First Amendment rights of free speech and to petition government. A general rule is that when lobbyist registration fees can be demonstrated to recover only the administrative costs of the lobbyist program, the challenges have not been successful.

Political committee registration fees. Annual fees for these seven states range from \$5 to \$250. Two states charge \$50; two charge \$100; one has a sliding scale of fees from \$20 to \$240 depending on receipts. The most common threshold for receipts or expenditures (below which there is no fee) is \$500, and the thresholds range from \$200 to \$2,500.

Candidate registration fees. In Kansas, each candidate for specified statewide offices pays \$480 and certain other candidates for state offices each pays \$35, in addition to any other fees, to the secretary of state. These fees are credited to the governmental ethics commission fee fund.

Public official registration fees. In Ohio, a public official who is appointed to a non-elective office of the state or an administrative or supervisory employee who holds a non-elective position in a public agency of the state (see the statutory language for greater specificity) pays a fee of \$25 or \$50. The state agency that is the primary employer of the official or employee pays the required fees.

Letter requesting participation of the affected parties

Minnesota

Campaign Finance and Public Disclosure Board

190 Centennial Building 658 Cedar Street St. Paul MN 55155-1603 www.cfboard.state.mn.us

DATE: 27 June 2003

TO: Lobbyists and Lobbyist Principals
Treasurers of Political Committees, Political Funds, and Political Party Units
Candidates and Treasurers of Principal Campaign Committees

FROM: Jeanne Olson Telephone: 651-296-1721
Executive Director 800-657-3889
Fax: 651-296-1722
800-357-4114

SUBJECT: Notice re Development of Fee Schedule and Request for Information

The Legislature directed the Campaign Finance and Public Disclosure Board to consult with you to develop an equitable schedule of fees to recover costs of regulating the entities noted above. The fee amounts will be adjusted each biennium as part of the Board budget request. A proposed fee schedule must be presented to the legislature by January 15, 2004. (Laws of 2003, 1st Special Session, Ch.1, Art. 2, Sec.134.)

Written submissions. With this letter, the Board is offering you an opportunity to submit written comments or suggestions about development of the fee schedule. Please submit your comments as early as possible. We will appreciate receiving written comments no later than July 15, before the start of public meetings. Send comments to me at the Board office by mail or fax, or e-mail them to jeanne.olson@state.mn.us.

Public meetings. The Board will schedule one or more public meetings during August and/or September. At the meetings, the Board and staff will hear from interested persons about fees. At least one meeting will be held in St. Paul. Other *possible* locations include, but are not limited to, St. Cloud, Rochester, Duluth, and Fergus Falls. You may suggest locations for consideration. The meetings will be scheduled based on the number of people who notify the board that they would attend a meeting at that location – a minimum attendance threshold will be established to schedule any meeting. We anticipate no more than three or four meetings in total. If you want to attend a meeting, please contact me by July 15 (fax or e-mail) naming the location where you would prefer to attend a meeting.

Notification of events. If you would like to be notified about the public meetings and other steps in this process as the information becomes available, please send me an e-mail to that effect. We will set up a broadcast e-mail to send periodic updates to interested people.

Thank you for your interest and for sending me your comments and location preference by July 15.

Comments and suggestions regarding the fees study

Following are comments and suggestions received by July 15 from lobbyists, political committees, political funds, principal campaign committees, and party units. These *excerpts* present the authors' ideas about how to develop an "equitable schedule of fees" as directed by the legislation. Information that would identify the authors of comments is not included in this compilation. All submissions in their entirety are available for review at the Board office.

Lobbyist fees

I believe that unpaid volunteer lobbyists should be exempt from paying any fee. However, any fee should relate to a percentage of earned income by the lobbyist. Volunteer activity is free, and thus, any percentage should result in no fee for volunteer, citizen lobbyists.

[The lobbyist and principal] are also registered with the North Dakota Secretary of State, where there is an annual lobbyist registration fee of \$20 for situations like this. We would hope that your annual fee for situations like ours be as low as possible, and not exceed \$100.

It might be wise to have a low fee for either (or both) non-profits or religious organizations. . . . A large [lobbyist] fee would be a significant burden on a relatively small denomination.

I offer these comments from the perspective of an organization that has maintained [lobbyist and lobbyist principal] registration despite minimal historic lobbying expenditures out [of] commitments to full disclosure and openness in the legislative process. Consistent with those commitments, I would assert that a fee schedule that works to discourage registration and reporting all involved in the legislative or regulatory process ill serves the people of Minnesota. . . . preliminary estimates of the combined fees for registration as a lobbyist and lobbyist principal in some cases exceed the amount this organization typically reports as the total of its annual lobbying expenditures. . . . I only ask that the Board assure itself that the fee schedule recommended to the legislature truly reflect the cost of regulation, and that any economies realized in regulating organizations that report minimal lobbying expenditures be considered in the rates to the smallest reporting entities.

We are concerned that the current fee for lobbyists and principals will have a particularly negative impact on nonprofit organizations. Nonprofit organizations are not able to shift the burden of the fees to clients. Nonprofit staff that lobby and fall within the requirements of the law must pay fees from their organizations' core budgets for programs and services. Since most nonprofits that receive funds from private foundations or government sources cannot use those funding streams for purposes related to lobbying, they need to deplete their limited "undesignated" funds to pay the fees. . . . [Our] concern is that the newly instituted fees will have a chilling effect on lobbying activity. We urge the Board to design a system in which: 1) all categories of institutions and individuals regulated by the Board participate in funding the Board. 2) Nonprofits qualified as 501(c)(3) "purely public charities" be exempt from the fee. Any lobbying done by these groups is part of their contribution to the public good. Also, their resources are more severely limited and constrained than the resources of other entities.

We object to the exclusion of any entities, such as 501(c)(3) organizations, that are regulated from any fee requirement. Any entity that is regulated by the Board - thereby causing time and work to the Board - ought to be subject to fees. The alternative, which shifts the cost of regulation of even excluded entities to other organizations, is fundamentally unfair. There is no just reason why, for example, citizens who contribute to a PAC should be effectively taxed to lobby on their own behalf in order to pay for regulation of a 501(c)(3) organization with lobbying goals with which these

citizens disagree. It is true that 501(c)(3) organizations serve a "charitable purpose" and that lobbying cannot be a major activity of such entities. Insofar as such entities do in fact lobby, however, they are necessarily acting apart for their major charitable purpose and behaving in a manner no different than any other lobbying agency to induce or persuade elected officials to act to benefit the entity or those it purports to represent.

Clearly, citizens who are appearing on their own behalf do not have any clients and must be exempted from lobbyist registration fees It is absolutely clear from the Board's own review of other states' lobbyist registration requirements that individual citizens may approach their government representatives without incurring a fee. . . . The State cannot penalize its citizens for exercising our constitutional right to reform corruption in government, and ordinary citizens must be exempt from lobbyist registration fees. The Board must immediately exempt ordinary citizens from the lobbyist registration fee (tax).

. . . lobbyists should be charged according to what their association spends - on a prorated basis.

I . . . feel there are some core functions of government which should be supported by the general taxing authority of the government. Within this category I certainly include such fundamental citizen rights as running for elective office. I, therefore, encourage the Board to adopt a fee schedule that would levy a fee for lobbyist registration commensurate with associated Board operating costs, but would charge only a nominal fee to register a campaign. For me, the idea of a heavy fee to run for office smacks of a poll tax.

I think one fair and equitable way to approach the fee schedules for lobbyists is to develop a non-profit rate and a for-profit rate. I would suggest \$25 for non-profit organizations and \$75 for the for-profit companies. I personally don't believe that non-profits should be expected to pay the same fee for lobbying as [larger companies] that has much deeper pockets for this type of expense.

The fee schedule should reflect the fact that many nonprofits have very small budgets and their lobbyist is often assigned many other duties as well. For advocacy nonprofits, they do not financially gain from lobbying at the capitol, nor are they protecting their interests. They are providing a voice to those who often do not have one at the capitol such as children or people with disabilities. . . . To charge my small nonprofit (who uses a sheet of paper twice to save costs) the same amount as a lobbying firm where people draw down large salaries does not seem fair. The legislature benefits from hearing from organizations such as mine on how bills will affect people. If large fees are charged, it may make it impossible for some of us to continue.

It might be wise to have a low [lobbyist] fee for either (or both) non-profits, or religious organizations. I have heard that this is done in other states. My office is funded by donations from . . . within Minnesota and has a small budget to use to look after religious and individual rights issues. A large fee would be a significant burden on a relatively small denomination. Lobbying is only a part of the work of this office...the larger portion is media relations.

I would hope that the bulk of the expenses that the Campaign Finance and Public Disclosure Board needs to operate be derived from the private sector lobbyists and principals rather than from non-profit organizations and should be based on size and scope of their lobbying efforts. I believe a percentage of how much is spent on salaries, materials, publications, etc. should be the primary factor in determining the fee schedule for each organization's or private company's lobbying efforts, rather than a set fee for each lobbyist or each organization.

I am the president of [organization]. Most of what constitutes lobbying for me is writing letters to the local newspaper and writing letters to the members of my local union. In my . . . years as president, I have gone to the Capitol to speak with legislators one time. However, because I receive a stipend for being president and because some of my job description includes promoting

a political view that is supportive of education, I am listed as a lobbyist. Thus, I think the fee should be very minimal for someone such as myself. I think \$25 to \$50 per year is reasonable.

The fee schedule should take into account the difference in organization's and corporate resources. For charitable organizations, the Attorney General's Office draws a line at \$350,000. Organizations with less than \$350,000 are not required to provide a financial audit in its annual report to the AG's office. One idea: Organizations under this level of revenue could be exempted from the fee schedule. The fee schedule should take into account the number of lobbyists that are employed full time and part time by the company or organization because every lobbyist adds to the cost of regulation. The fee schedule should take into account the difference between for-profit organizations and non-profit organizations. The fee schedule should take into account the difference between non-profit 501(c)3 organizations like our health care policy organization and other non-profit organizations like hospitals and HMOs. As opposed to other organizations and corporations, non-profit 501(c)3 organizations are very limited in their ability to lobby. Therefore, the lobbying expenses of these organizations are significantly lower. In addition, small 501(c)3 organizations often have very limited resources for their entire program. Adding state fees to pay for the cost of regulating an activity in which these organizations little engage will hamper the organization's ability to sustain its primary educational mission.

As a very small non-profit with limited staff and even more limited undesignated resources, it is difficult for us to participate in legislative sessions at all. I would hope that organizations under a certain spending level (\$500?) would be exempt from fees altogether and, further, that the fees increase as lobbying expenditures do.

It is very important that any fee structure be sensitive to the situation of agencies and organizations representing or serving special populations--e.g. low-income people or people with disabilities. Lobbyists representing such entities are often employees, or sometimes clients. It is important for such lobbyists to be the voices of disadvantaged people at the legislature, and organizations are often forfeiting the direct-service time of those individuals in order for their client-populations to have a voice. It would be an additional unfair burden for the type of organizations I describe to pay any significant fee in order for their client-interests to be represented at the legislature.

I am a citizen activist who spent more than \$300 of my own money during the 2003 Legislative Session to provide written testimony to the House and Senate . . . in an attempt to counter a deluge of industry propaganda. . . it is ridiculously easy to reach the \$250 expenditure ceiling at which an individual becomes a lobbyist in the eyes of the State, if any serious effort is undertaken to educate lawmakers. In 2003, this expenditure threshold translates into a \$50 fee for citizen activists like me, and amounts to a whopping 20 percent surcharge on the \$250 reporting threshold. The Board should consider that a paid lobbyist for a large corporation . . . is charged the same as the unpaid citizen activist who is seeking to obtain and enforce constitutional due process rights for the citizens of this state. This shocking imbalance is disgraceful and unfair, and must be immediately remedied by the Board

Committee, party, and candidate fees

There should be some exemption for small political committees with very limited funds from having to pay a fee, particularly if they are inactive.

Almost all of the money for legislators comes from either the direct payment from the state as part of the check-off on income taxes or from contributions of individuals who receive the money back from the state through the state Contribution Refund system. . . . Therefore, I believe it would be improper and illogical to have legislators pay additional fees.

Many . . . local units [of political parties] are really not involved with funding campaigns in any

way and have a very hard time just raising enough funds to pay the costs of conventions, notices of meetings, etc. Therefore, it is inappropriate to charge any fees to these local units of political parties.

I am concerned that small parties are not being given the same respect and chances that the large parties are routinely given. The proposal to tax political parties is an insult to democracy. It puts an unfair price on access to democracy.

I do not think there should be a fee based upon a flat percentage of the amount candidates or other organizations raise. I do not expect that there is a large relationship between the amount of money an organization raises and the work you are required to do to regulate them. I think there should be a lower fee for those (presumably few) candidates who choose not to take the public subsidy or qualify for the PCR program. They should be less work . . . I would suggest that you only have a fee due at the time a person files for office, and not an annual fee. . . . In fact, you should probably require the fee to be paid before a person receives their public subsidy check . . . so that you can withhold funds from those checks if needed to collect the fee. I would substantially raise beef up the penalties associated with late filing and other infractions, so that those that are following the law are given the lowest possible fees. . . . those that are causing problems are probably driving a large share of the costs

1. The fee should be assessed fairly.
2. The fee should not be so large as to discourage participation from anyone other than the large, well-established committees. Certainly, the cost for oversight should be something less than 1 percent of a committee's annual revenue.
3. The fee should be easy to calculate and pay.
4. Large committees should pay more than small committees. I recommend three tiers based on the amount of money raised during the period.
5. The fee should be paid with each report that is filed. This will encourage people to close out inactive committees, freeing up resources needed for oversight.
6. With political party units, it might be good to assign a base fee by type of unit (i.e., senate district/county, congressional district, state) and then add a surcharge based on revenues.

[The party] is a fledgling organization with fewer than ten members. We collect no dues, have no fees of any kind and do no fundraising. . . . We would be opposed to any fees placed on organizations whose aim is educational, not program. It should not cost anything to participate in good citizenship.

We object to a percentage-based or tiered fee structure based on expenditures, disbursements, and/or contributions (as opposed to flat fee) for PACs. Any attempt to pro-rate the fee based on the amount of expenditures, disbursements and/or contributions will inevitably entangle the Board in distinguishing between forms of express and issue advocacy, thereby creating costly and burdensome regulatory problems and raising constitutional issues prompting potential litigation. Moreover, since all PACs will be required to issue the same reports that are the primary subject of Board regulation, there is no substantially greater work caused to the Board by PACs with greater rather than lesser expenditures, disbursements, or contributions. Finally, a percentage-based or tiered fee structure effectively taxes political speech based on the number of citizens who exercise this right and the value that they attach to its exercise.

Party units that handle less than \$1,000 [should] be exempt [and] the fee be based upon a percentage of the funds handled, so those that handle more and have more influence on elections pay more.

We feel that a fee schedule should somehow be based on a sliding scale. We are concerned that if the cost is too high for candidate committees, it may be prohibitive in their deciding to run (as some candidates are not the best fundraisers and sometimes money is hard to come by). Also, some committees, like larger state party units or PAC units tend to have more flexibility with money, than

do smaller committees. Would this fee schedule be a payment made once a year, half year, or quarterly? Reason asking, what would happen if a candidate committee filed for office, lost in the primary and closed their account all activity under a years time. Would they get a refund for the months the committee was not formed?

The [party] is a small grassroots organization that is trying to involve citizens in the democratic process. . . . We believe that money should not be a barrier to participate in a democracy.

It is a sad day when citizens are, in effect, required to pay to participate in the political process in a democracy. . . . We strongly object to the proposed recovery of costs from political party units. The proposal is also ridiculous in regard to political candidates' campaigns. . . . Does it make sense to require candidates to return funds sent to them by the state to help defray state costs incurred in regulating how those funds are spent?

The [party] feels we would be on record for a 1 percent fee of our in that we receive from the supporters. This amount would average about 12.00 to 15.00 a year. We feel this would be sufficient because our bookkeeping is very little and does need to use many of the forms that we receive for the office.

The [party] is a grassroots-based organization that refuses to accept money from corporations and other political action committees. We also do not have any major donors to fund our operations. Not only might fees be an undue burden, but we believe that it is fundamentally wrong to put a price tag on the democratic process. Participation at this level is a right in our state, and it should not be turned into a privilege.

. . . there is absolutely NO excuse to charge parties to participate in democracy.

I believe that organizations below a certain funding activity or amount should be exempt from any fees .Our volunteers try to keep up with regulations by filing timely reports, no matter how small the amounts. To add fees for complying with the reporting regulations or for supporting a political party or candidate does not seem just to me.

I suggest that we [political fund] pay a percentage on what we spend for political purposes, such as 5 percent, on an annual basis.

I am 100 percent opposed to political user fees on local political party units. This is an inappropriate way to raise taxes. It reminds me of the reaction the original colonialist had regarding the stamp tax or the tax on tea. Political user fees are an affront to collective common sense. Why should citizens on the grass roots level have to pay taxes to participate in our democracy?

We suggest that party units that handle less than \$1,000 be exempt from a fee, and that the fee be based on a percentage of the funds handled so those that handle more and have more influence on elections pay more.

How much money does your department intend to raise? My suggestion then is to divide that total by the approximate number of candidates and then that is the fee each candidate should pay.

I strongly urge you to establish fees based on the budgets of organizations. Political entities that you regulate have varying budgets. I would think that small non-profits, with limited budgets, should be the lowest. You may want to consider establishing slightly higher rates for party units than you set for non-profits.

I would argue that as citizens of Minnesota all of us benefit from cleaner campaigns than would exist without the Board and its activities. They constitute a public good. We do not benefit as

individual members of a party unit; we benefit as a community of citizens. Public goods that benefit us all are exactly what taxes are designed to pay for. If the citizenry as a whole benefits from a service then those who provide it should benefit from doing so; they certainly should not have to pay to do it. I would argue that the proposed fee is, in effect, a tax on political activity for party units. It verges on a poll tax.

I wish first to lodge a protest at being required to pay a fee for the so-called “privilege” of being regulated. Our committees derive no benefit from this regulation; rather it is the public that benefited and the cost of this regulation should be borne by the general revenue of the state. Imposition of a fee to small committees, such as we are, will pose an extreme hardship. Fundraising for candidates who are not personally wealthy is difficult enough already without this added burden. This is one more impediment placed in the way of getting average citizens to run for office. However, since it appears that the Board is already bound by legislative dictate in this matter, I would urge you to develop a sliding fee schedule, with no fee required for entities that raise less than \$3,000 per year, or are inactive. . . . This would concentrate the fee generation into the bigger campaigns, which require the most oversight anyway.

Re: Candidates and Treasurers of Principal Campaign Committees. I would hope that consideration is taken for the size and spending limits of the various levels of campaigns to be used as the measurement of fees imposed. And, a much greater fee should be imposed if campaigns do not agree to the spending limits.

Other, general, and combined comments

We recommend: Any fee levied by the Board be directly related to the actual cost of administering the respective report(s) filed. The Board reduce its administrative costs by implementing and requiring electronic filing of all reports. The Board support legislation adding ‘registration fees’ to the list of permitted administrative expenses reimbursable by a nonprofit corporation to a political committee, and eliminating the \$5,000/7.5 percent cap (M.S. 211B.15, Subd. 17).

We respectfully request that the proposed fee schedule for Board services to be presented before our State Legislature on January 15, 2004 firmly reflects the . . . party’s position of no new fees.

[I] ask that you consider the amount of funds we handle in one year. . . . If fees are set too high it would be tough on the units that do a minimum of fundraising.

Lobbyists and PACs should pay fees based on the money generated by the PAC or corporation doing the lobbying. Citizen lobby groups should pay no fee.

Are all groups involved in these activities being asked to share expenses? Specifically, non-profits and union groups.

A lot of these forms are a waste of time for small groups like ours. At most \$25.00.

Lobbyist and lobbyist principals, \$500 to \$1,000. Treasurers of political committees, \$250. Treasurers of political funds, \$500. Treasurers of political party units, \$1,000. Candidates for [House], \$500, Senate \$1,000, cabinet \$1,000, Governor \$5,000. Treasurers of principal campaign committees, \$1,000.

1. The fee schedule should be based on a percentage of either expenditures or contributions .We prefer expenditures since this is a better reflection of the size of the campaign. 2. The program should require no additional paperwork or reports. All of the entities involved are required to file reports with the Board, I believe. The fees should be based on the information in those reports. Candidates file two reports during an election year, the fee amount could simply be a part of those

reports. 3. The fees themselves should be classified as non-campaign expenditures. 4. The percentage fee should be based on campaign expenditures by campaign committees. 5. The amount of the fee cannot be determined without the following information: The amount, which the legislature and the Board seek to recover. The total of expenditures by all the entities involved during election and non-election years. An estimate of the percentage needed to raise the desired [amount] could be obtained simply by dividing the first amount by the second. We would suggest that consideration be given to 1 percent of expenditures. 6. This proposal has the advantage of raising fees from lobbying organizations during non-election years, as well as from all entities during non-election years.

Perhaps you should, or the Minnesota Department of Revenue should focus on the contributions made by the large PAC's, political committees, and lobbyists. Perhaps "large" might be defined as \$100,000 per year in contributions, or some such limit beyond which they have to submit to scrutiny. Such a focus on the largest contributors would likely eliminate 95 percent or more of the costly make-work you impose on us and the staff you need to process your make-work.

I suggest a sliding fee schedule based on revenue/budget, and for for-profit entities, multiplying the resulting figure by a factor of three or a similar number.

I am opposed to the establishment of a fee structure for lobbyists and political funds (PACS). I do not believe this will stand up against case law. I'm not sure, under our constitution, that one could be assessed a fee to lobby a member of the legislature or to try to influence an election. The rights of free speech might, then, not be free after all.

My suggestion would be to set a percentage of funds received by the entity commensurate with the actual cost of the regulatory expenses. Always subject to review of course.

I want to discourage the Board from imposing fees on candidates for public office for a variety of reasons. First, the education, oversight and reportage you provide to and request from candidates is really in service of the public, not the candidates. The public is your client. Further, charging candidates fees, no matter how nominal, tends to give incumbents a further advantage by raising the minimum bar it takes to compete. Finally, this simply takes money away from an already finitely capped spending limit, a de facto reduction of that limit money that could be better spent educating the public as to the choices in an election. Even though the fee amounts are likely to be relatively small (I am assuming), I think the important point is the principle. . . . I do not hold the same opinion toward lobbyists, political committees or political funds. Their special interest advocacy can be viewed as a corrupting influence in our democratic process, they proceed relatively unfettered with minimal responsibility, and they should have to pay for the right to wield their clout in a process that is supposed to be representational of all the people, and not just of the varying special interests. I do not think political party units, at least at the Senate District level, should have to pay a fee. They are a local support group and extension of the candidacy process. Often the senate districts struggle to have funds to support their candidates. No one but the most involved ever thinks of giving to their local senate district, or knows where or how.

Additional comments and suggestions regarding the fees study

Following are additional comments and suggestions received after July 15 from lobbyists, political committees, political funds, principal campaign committees, and party units. (See also the earlier Website entry that presents comments and suggestions received by July 15.) These excerpts show the authors' ideas about how to develop an "equitable schedule of fees" as directed by the legislation. Information that would identify the

authors of comments is not included in this compilation. Each new paragraph is a different commenter. All submissions in their entirety are available for review at the Board office.

Lobbyist fees

The [nonprofit organization] is concerned that the imposition of fees on lobbyists and principals will curtail the involvement of nonprofits in the policymaking process and will ultimately result in lack of input from the key players on this issue. Curtailing the input by imposing fees that many of the . . . organizations cannot bear, will mean the state does not get the valuable input from these organizations. Uninformed policy is most often bad policy. For this reason, we oppose any lobbying fees. We would like to see non-profits exempt from fees. Non-profit lobbying is already regulated by the federal government so the state could reduce its cost of regulating non-profits by deferring to the federal reporting required. Federal oversight justifies either exemption of nonprofits from state fees, or reduced fees as it will cost less to monitor nonprofits. If fees are imposed, we recommend that the Board define “equitable fees” based on the ability of an organization to pay, or the level of expenditures an organization has for lobbying. Lobbying fees could be modeled after Minnesota’s attorney licensing fee schedule, which takes into account an attorney’s ability to pay.

The lobbyist fee should be a percent of pay, and unpaid “lobbyists” should have the fee waived altogether.

Citizen lobbyists, I believe, should not have to pay a registration fee for exercising their duty and responsibility as citizens in our democracy.

In this country somewhere in the range of 85 percent of human services are paid for from government sources Thus, public policies and public resources are central to our ability to serve and that is why we are involved in public policy advocacy. We hope that the Board will consider two important elements that distinguish our advocacy from that of for-profit enterprises Our advocacy is for Minnesotans in need and for adequate funds to carry out public policy and public good. Our work is to advocate for sufficient funds and reasonable policies to carry out public purposes. We do not seek to enrich shareholders or increase the wealth of the enterprise. . . . whatever funds we have are very much needed to aid in the service itself.

[A] flat fee seems like a very unfair way to raise revenue, impacting the smallest organization much harder than it would a very large organization. I can hardly think of another revenue source – tax or fee – that is so regressive.

Fees placed on lobbyists should be commensurate with their commercial activity. Lobbyists representing groups without commercial activity (which only roughly corresponds to “non-profit”) would not be assessed a fee. A fee is, after all, a barrier. . . . For example, a fee would automatically penalize a group simply for being small.

What to most lobbyists may be a minor cost of doing business, is a major expense to grassroots lobbyists such as myself – ending my involvement in the endeavor of citizen lobbying. . . . The fees are also very damaging to very small organizations that have the audacity to try to influence legislation and public policy.

The [organization] is dropping its registration until further notice, and accordingly I am dropping my own registration. I think it likely that as a citizen I may continue to inform legislators not only concerning my own views, but of past (and perhaps new) positions of our organization, so long as I am not sent as an official representative of the organization. Thus it appears that so far as my activities are concerned, the state will be less well informed.

It’s a sad case that we are charged fees when our only intent was to register to be open and public

about everything the [organization] does.

We suggest that different fee categories for lobbyists and lobbyist principals be created that are based on the amount spent each year. . . . We believe that [the] great differences in what organizations spend on lobbying is good reason to charge graduated fees. We would consider a fee of \$25 to be more reasonable for a small, non-profit organization of our size.

Committee, party, and candidate fees

User fees on political party units are an additional way for the two-party system to lock itself into place. On the contrary, democracy is supposed to welcome new ideas, new participants. . . . A flat fee does not take into account the vast difference between the few small and two dominant parties. . . . If anything, the fee should be a small percent of revenue.

It is imperative that the proposed fee schedule be based on the individual entities' income and financial basis. There must be a sliding fee with the proportions charged based on the income of each entity. The [organization] is a very small political action committee with very small finances from contributions from supportive people. . . . We would not be able to afford much of a charge for the regulation fee.

I object to fees being levied against candidate committees because such fees increase the entry cost to running for office. Just as poll taxes are considered unfair barriers to citizens wishing to vote, so fees and onerous regulations can be barriers to candidacies and political involvement. . . . Should only well-healed and paperwork-ready campaigns be encouraged? Each new fee and regulation creates another barrier to participation. If you must set fees for participation, you should do what is done with regard to filing fees: allow an alternative route so petition signatures can be submitted in lieu of the fees.

I would like to add my voice to the people who are opposing the fees for campaigns and related committees. I oppose plutocracy.

I cannot believe that you are even considering a move to assess user fees to political parties. . . . I trust that you will reject such an affront to free speech rights and basic democracy.

Has anyone ever measured the amount of the Board's money, time, and service the two major parties use compared to the smaller parties?

Other, general, and combined comments

The state of Minnesota has a long and proud history of open politics and active voter participation. . . . Associated with this is an unusual history of small-party activity and third-party success, beginning in the 1870's with the Antimonopoly party and carried on ever since. The imposition of fees for lobbying and political party organization threatens this long tradition. It will have a chilling effect on voter participation in the political process It is a bad idea, perhaps unconstitutional in some respects, and certainly contrary to everything we try to teach our youngsters in civics classes.

First, we believe the very fact of establishing a registration fee for any of these types of committees or groups raises constitutional issues. The fee is essentially a tax on what the courts have looked on as free speech. In imposing fees on these types of groups, you also risk reducing the amount of disclosure currently provided to the Board. . . . [I]n the states that currently charge fees, there are two mitigating factors: the fees are used only to cover the cost of the registration and reporting program, and the fees are reasonable (\$10 to \$250) and in many cases are not charged to groups that expend small amounts of money. [We] do not oppose a fee structure . . . , but believe: Fees should cover only the cost of administering the registration program, and the revenue generated should be put into a segregated fund, not the state's general fund. Fees should be reasonable and fair, and to the greatest extent possible, equal. We recognize that processing some of the larger reports requires greater administrative expense; however, tiered fee structures imply that the more you spend on

speech, the greater your fee should be. This . . . raises equal protection issues. The definition of a lobbyist should be changed We suggest either raising the threshold of money paid to an individual to \$10,000 in any one year, or reverting to a threshold of hours in a given month, but increasing the number of hours to 50, the same as for a non-elected local official or an employee of a political subdivision. We also recommend eliminating the phrase “urging others to communicate with public or local officials” from the lobbyist definition.

[We] urge you to recommend to the Legislature a General-Fund supported system of lobbyist/principal campaign committee/ PAC/party committee/ public official regulation rather than a fee-supported system. Minnesota’s basic approach to regulation of lobbying, political campaign activity and public officials is disclosure – tell citizens what is going on and let the citizens decide whether the activity is appropriate. That is a state responsibility, and General Fund support avoids burdens on First Amendment rights. . . . [We] believe lobbyists will view a fee system as equitable – fair and reasonable – if they believe the fee schedule accurately reflects costs to the Board. Board costs are related to the number of registrations and reports generated, complexity of the reports, and follow-up activities. We urge the Board and the consultant to conduct a detailed analysis, perhaps using a “time spent” calculation. . . . It may make sense to charge every lobbyist the cost of registration, reporting lobbyists an additional amount for processing reports. . . . The Board conducts significant follow-up activity with regard to campaign committees, PACs and party units, calling attention to errors and discrepancies and requiring resolution. . . . [We] believe either all users of Board services should pay fees proportionate to the costs they cause, or no users should pay. Some non-profits argue that they and their lobbyists should pay reduced or no fees Several points should be made: More than 100 section 501(c)(3) organizations spent millions of dollars lobbying in Minnesota last year. . . . The Legislature this year amended the definition of “lobbyist” to make certain that support personnel do not need to register as lobbyists. Unless a lobbyist is paid a total of more than \$3,000 in a year, the lobbyist need not register and pay a fee. The same result occurs if a lobbyist is a volunteer and spends no more than \$250 in a year. Reduction or elimination of fees for some lobbyists would shift costs onto other lobbyists, some of whom may lobby on the other side of an issue from a non-profit. Once a fee schedule veers away from reflecting Board costs, it fuels a perception of unfairness and raises concern over disparate impacts on advocates. The Board should not move from quantitative and objective criteria to qualitative, value-based and subjective standards such as importance of the message, amount spent lobbying, direct lobbying versus grassroots, resources or financial gain. [We] urge the Board to recommend annual fees. Many lobbyists are on one-year contracts. . . . We suggest the reasonableness of any fees requires the fees to be closer to \$10 than \$250.

Minnesota should not have fees to participate in democracy. Our decisions should be, must be, based on what is right for us, not on what other states or government entities choose to do. . . . There is no justification for these fees.

I would suggest first – we revise the fines we levy for mistakes, knowingly or unknowingly done. Whether for late reports or for withholding records or information, it would not seem unfair to charge the party in error 0.3 percent of their total working budget. . . . With rigor of investigation and true concern to make the parties forthcoming in their numbers, quite a bit of income could be generated. As to fees for the parties . . . I would ask exemption for those who do not collect over \$500 a year. Also, for the rest I think the policy should be those who have the most funds pay the highest fees.

Public meeting comments and suggestions regarding the fees study

Minneapolis City Hall, September 9, 2003

Offensive to charge fee – no benefit – it is a tax. Principal is that if legislature mandates for public good – then public must pay for it. Reporting to the public is the benefit, so the public should bare the cost of the service.

If public good is disclosure then public should pay. The fees are not the same as a liquor license or filing title at the county court house because you are getting benefit from transaction. There is no benefit to our PAC for filing disclosure reports mandated by legislature.

There is no benefit to lobbyist for fee. There is also the question of 1st amendment rights. There is evidence in other states, and from comments from members that some lobbyist will be deterred from registering if there is a fee. We will view fees as equitable (and therefore be more likely to accept fees) if fees represent staff time and direct costs. For example only reporting lobbyists should have to pay a fee, or should pay a higher fee, because only reporting lobbyists generate reports – and therefore create work for the Board.

Fees should be placed on all clients of Board - not just lobbyists – otherwise non-direct costs are shifted more to lobbyists. Also if only lobbyists are charged there is more credence to 1st amendment argument that this is an infringement on free speech. How is it fair if only lobbyists are picked as a subset of Board clients that must be charged for reporting to the Board?

Creates competitive disadvantage if fees drive small lobbyists organizations from field. We appreciate new amendments to lobbyist definition, also like guidelines developed by Board for determining costs.

Green party does not accept PAC or corporate money – local BPU's of Green Party must raise own funds and set own agenda. All funds are from local donations. Legislature came close to ending major party status for Green Party that would have dried up access to PCR. This would have eliminated only real funding mechanism. Now comes fee for parties – this may be another attempt to stifle other parties by Republicans and Democrats.

If there must be fees have a sliding scale that is not imposed on beginning/newly created committees. Also amount of work that group represents to Board - i.e. small party vs. major PAC should also be considered.

Advocate for abused children. Seventy percent of cases of abused children are represented in court and in legal proceedings by volunteers. Volunteers tried to lobby legislature on budget cuts to this program. Will these volunteers be able or willing to pay fee? Legislature does not have time to learn about all issues, limiting lobbyist access reduces information to legislature.

Appalling that rights are being taken away. How does imposing fee help free speech? Small parties have no resources for fees, so this is an attack on small parties.

\$150 feeds family of four for 2 weeks, could be used for after school program for several children. So fees would have a real impact on charities that provide services to the needy.

Board is a public good so public should pay.

Board should remember that fees for public defender was found unconstitutional.

700 charities benefit in MN from United Way, many of who want to provide information to the legislature. 1st amendment rights are valid concern if fees imposed. Believes that charities should be treated differently from other non-profits. Non-profits cannot pass along fees to clients. Non-profits exist to help clients, not turn to them for funding. Most clients are poor which is why they

come to non-profits and cannot afford fees.

IRS tax code limits lobbying for 501c3: Cannot lobby for or against candidate. Cannot contribute to candidate. Must report lobbying amount, and issues on which they are lobbying. Are limited on percentage of budget that they can use for lobbying. Must have reports on lobbying expenditures available at no charge to the public for 3 years. Several others states – Alaska and Georgia and Wyoming are examples – either exempt 501c3 from fee or have a reduced charge.

Charities should be exempt from principal fee, lobbyists that are employed outside of charity may be charged. But employees of charity that lobby and volunteers that lobby should be exempt from fees.

Democracy is in trouble – country is a plutocracy, money buys votes. Illogical to use party fees to diminish democracy. Fees on parties have a particularly heavy effect on grass roots efforts. There should be no price tag for participating in democracy.

Board should be brave and recommend no fees for political parties in final recommendation.

Party collected 70 dollars at initial meeting – current balance in account is 30 dollars – so to local party units 50-dollar fee per year is significant. This particular BPU has 5 members – any fee is significant. If small parties must sell ideas of party to raise money, then fund raising affects nature of party and compromises ideals on which the party is founded. Parties are not immune from economic times – bad time to ask parties, or their members, for fees.

Fees are especially harmful to women who want to organize in parties. If you spend time on raising fees you cannot spend time on meaningful issues. Not all people will want to spend time on fundraising.

Fees are another example of putting a price tag on democracy. Party wants to grow party in local levels of government. A fee would inhibit forming BPUs at local level. Fees may be low to some, but to local individuals forming groups fees are hard to manage.

Redress of grievances should not be an opportunity to collect fees.

Sliding fee is not a good idea, cost of democracy should be born by population as a whole - not those who choose to participate in it.

Bill of Rights – 1st amendment is imperiled by tax on free speech. Parallel to mandatory tithe for religion – that would be unacceptable, so are fees. Fees are unconstitutional – challenges Board to tell the legislature that fees are unconstitutional. Abolitionists were right – and it is right to say no to Board fees.

Took 150 phone calls and post cards to get 8 people to come together for a night of politics. It costs to get people to come to meeting, it was a cost for these people (to their free time) to attend meeting. Should they now come up with fee as an additional cost for wanting to be involved as a citizen?

Board should look at raising fines levied on late reports and or civil penalties and use money from clients that do not report to pay for cost of Board.

If fees must be imposed should have sliding fee – perhaps based on percentage of total budget for year.

If proper fines were levied against Governor and AG alone there would be enough money raised to finance Board.

Wants exemption for parties with budgets of less than \$500 a year.

Homemaker from Vadnais Heights. From rest of presenters it is clear that this is not just an issue for central cities or traditional DFL strongholds, white people from the suburbs are against fees as

well. Fees are an attempt to keep riff-raff out of process. How dare people think that paying taxes gives them a right to address politicians? We will stop this by putting on a fee for addressing legislature. Happy that fees for lobbyists puts us in company of Deep South states. How about bringing back poll tax?

Nature of party is very small local groups – party does not want to lose that organizational aspect of party. Fees make small grass roots organizations difficult.

Many candidates are not affiliated with party, they run to get a single issue voiced. They know that they will not win, but they want to get their issue out. Charging fee deters this type of candidate, which prevents public from learning about issues.

This is not a fee but a regressive tax that affects minorities and the poor more than the established and well to do.

Any fee will be a disincentive to participate in democracy and increase disenchantment with democratic process.

Many small candidates and committees have volunteer treasurers and are already intimidated by process and requirements. They would be driven off by higher penalties.

What is meant by “charities”? Answer: Organizations that are organized as a 501c3 was focus of remarks, not all nonprofits.

Board should collectively tell the legislature that fees are a bad idea. Real client is not regulated community, public of Minnesota is real client – they expect free access to information collected by the Board.

Public meeting comments and suggestions regarding the fees study State Office Building, St. Paul, September 10, 2003

Party is a small grass roots organization – no dues or fees, therefore no resources to pay fees. Money should not be a barrier to participate in Democracy.

Engagement in public dialogue is vital to nonprofits in securing funds and providing services to their clients. Nonprofits do lobby – oppose fees that interfere with ability of public to interact with legislature. Charities cannot shift costs of fees to clients – fees must come from core budget, which means less funding for clients in need. Cannot use government supplied funds or funds from foundations to pay lobbying fees, so payment for fees must come from limited undesignated funds raised from individuals. If fees have to be adopted then 501c3 charities should be exempt. Resources of 501c3 are more limited than other nonprofits, and this type of organization exists for the public good. Charities already provide extensive disclosure to public through documents filed with IRS, and there is no fee charged for IRS disclosure. Other states (Indiana for example) charge 501c3 50 percent of fee used for other lobbying entities.

A 501c3 must provide a public service and benefit to receive tax status. Their services tend to fall between traditional government services and services provided by private sector. Also a contribution to a 501c3 can be used as a tax deduction. A 501c3 can hire a lobbyist or have a lobbyist on staff. Most 501c3s do not have resources for a high level of lobbying. Fees for a 501c3 should not be based on size of organization.

Green Party local units are independent, so no central funds or fund raising mechanism to use for paying fees. To raise fees units would have to charge members to belong to a Green Party, which is the opposite of ideals for which the party stands.

The whole concept of user fees instead of taxes is silly. User fees only shifts burden to others, and

in this case to people who cannot pay.

Remember that court found user fees for public defenders unconstitutional. Charges on political parties would also be unconstitutional. Would be particularly unconstitutional if you charged local units, it might be constitutional if you only charge a fee for state party. Small parties will be hurt more by fees than small party units, so fees benefit DFL and Republican parties.

Lobbyists maybe can afford fees in some cases, but a flat fee on all lobbyists is a type of class warfare on lobbyists who represent the poor. If fees must be charged the fees should be scaled by income of group, or number of members of group divided by total income of group.

Advocates no fees at all on any client of Board. If fees must be imposed then at least no fees on groups that can demonstrate that they cannot afford to pay the fee.

There should also be no fees on lobbyists who represent non-profits. Fees on this type of lobbyist will decrease the number of lobbyists that can be fielded, and reduce the ability of non-profits to speak on issues that affect them.

If candidates must be charged a fee, then there should be no fee for first time candidates. Fees for first time candidates will serve as a barrier to them entering the political arena. At the very least there should be lower fees to first time candidates who have not yet raised money, or do not take funds from lobbyists or PACS.

Fees paid by a candidate should be classified as a non-campaign expenditure.

Fees must reflect cost to the board of administrating program. Candidates are a client group on which the Board spends a lot of time, if there are fees the fees for candidates will have to reflect the amount of staff effort needed to administer programs for candidates. Because candidates already pay a filing fee when they file for office, perhaps the filing fee should be directed to support the operation of the Board.

It would be a mistake to set fees that try to distinguish between “white hats and black hats” based on type of association for which the individual lobbies.

Is concerned that fees will lead to reduced disclosure, which is contrary to the goal of the Board. Preference is that the Board does not impose a fee structure. However if fees must occur then Board should insist that fees go to a segregated fund for the Boards use, not to the general fund of the state. Fees should be to the greatest extent flat. For example our organization has the largest report – this is because we disclose everything – so both free speech and complete reporting is penalized if size of the report is used as basis of fee. Fees will reduce the number of “marginal” lobbyists that disclose. We want additional changes to definition of lobbyist. Increase compensation level from \$3000 to \$10,000 and add back an increase hour threshold of 50 hours per month.

Lobbyist fees in other states are \$10 to \$250 – Board should provide for fees in the same range.

Concerned that fees represent an attempt to control small parties that threaten status quo. Wants no fees for political parties. But if fees are required then: All groups, not just parties, should have to pay. Fees should not harm smaller parties, or provide an undue burden. Parties that are charged fees should be represented on Board. No taxation without representation. Against flat fee, better to have a sliding fee based on income in and expenditures out. Contributions from individuals should be weighed differently than PAC contributions in determining fees. Board must have a waiver process for groups that cannot pay fee. The Board should form an advisory group to represent parties and other groups not represented in membership of Board.

Two concerns on lobbying fees: Fees have a chilling effect on communications to policy makers. Fees create a hardship for nonprofits that help people obtain affordable housing. Affordable housing is an area that nonprofits are taking the lead on an important social issue. Nonprofits in

this area must continue to provide communication to legislators on this issue. Fees hinder ability to provide input on public policy.

Suggested that Board model fees on attorney licensing fees. Attorney licensing fees take into account income of attorney.

Use suggestions only if Board must impose fees, association is against any fees.

Against free speech being turned into fee speech. Encourage revolt by the Board; suggest no fee to the Legislature for political parties.

We are a 501c3 organization, faith-based and faith-owned charitable service organization. In this country somewhere in the range of 85 percent of human services are paid for from government sources and we similarly receive 76 percent of our revenue from government sources to provide service in all 87 counties of the state. Thus, public policies and public resources are central to our ability to serve and is why we are involved in public policy advocacy. We take great care that public funds go to the intended service population. We hope that the Board will consider two important elements that distinguish our advocacy from that of for-profit enterprises and form a rational basis for applying a different standard and fee structure: 1. Our advocacy is for Minnesotans in need and for adequate funds to carry out public policy and public goods. Our work is to advocate for sufficient funds and reasonable policies to carry out public purposes. 2. We do not seek to enrich shareholders or increase the wealth of the enterprise. In these dramatically difficult times for social service organizations whatever funds we have are very much needed to aid in the service itself.

Is a member of organization that is not a political party and not a lobbying group, but may want to do so in the future. May be intimidated by fees. Concerned that small contributions to organizations may dry up if people that contributions are used to pay a "tax". Board should not only consider overall budget of organization when setting fees, but also consider their administrative costs and overhead.