

ANNUAL REPORT

JULY 1, 2007 - JUNE 30, 2008



MINNESOTA CAMPAIGN FINANCE and PUBLIC DISCLOSURE BOARD

Issued: September 2008
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Minnesota
*Campaign Finance and
Public Disclosure Board*

DATE: September 16, 2008

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

FROM: Sven Wehrwein, Chair
Campaign Finance and Public Disclosure Board

SUBJECT: Annual Report, July 1, 2007, through June 30, 2008

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

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

Included in this Annual Report is information about the campaign finance disclosure associated with the 2007 nonelection year, two special elections held in fiscal year 2008, the electronic filing of lobbyist and lobbyist principal reports, and the electronic filing of Statements of Economic Interest by public officials.

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

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

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EXECUTIVE SUMMARY

The Campaign Finance and Public Disclosure Board is charged with the administration of the Ethics in Government Act, Minnesota Statutes, chapter 10A. During fiscal year 2008 Board staff continued to keep abreast of technology and the public's continued desire for easy access to information filed with the Board. The Board's website provides searchable databases using a variety of defined inquiries to access information disclosed on reports and statements filed by candidates, political committees, political funds, and political party units. To get information to clients more timely, filed candidate and lobbyist reports are scanned and uploaded to the website. Scanned documents include all information on the report and are available on the website the day after the report due date. In addition, lists of principal campaign committees, political committees, political funds, lobbyists, and public officials are updated daily. For clients without access to a computer, public use computers are available in the Board office.

Lobbyists and lobbyist principals who are required to file with the Board are provided a user name and password to enable them to file their reports electronically. User names and passwords are also provided to all public officials required to file a *Supplementary Statement of Economic Interest* enabling them to file electronically. Paper reports are made available upon request to those lobbyists, principals, and public officials who are unable to file electronically.

The Board held eight regular session meetings and nine executive session meetings; one nominating subcommittee meeting; and several personnel committee meetings. The Board issued eight advisory opinions; investigated three complaints and issued Findings of probable cause in each; investigated 52 potential violations of Chapter 10A involving 43 entities which concluded with 14 Conciliation Agreements and 29 Findings of probable cause. The Board produced nine publications.

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

Public subsidy payments were made to eligible candidates in two special elections and to the state committees of four political parties during fiscal year 2008. Information on payments can be found on page 20.

INTRODUCTION TO THE BOARD

Authority

The Campaign Finance and Public Disclosure Board was established by the state legislature in 1974 through enactment of the Ethics in Government Act, Minnesota Statutes, chapter 10A. Throughout its 34 years the Board has enforced the provisions of Chapter 10A, promulgated and enforced Minnesota Rules 4501 through 4525, and issued 380 advisory opinions to guide clients in meeting the requirements of the Act.

Function

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

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

Membership

The Board consists of six bi-partisan citizen members who are responsible for the administration of the Ethics in Government Act. Members of the Board are appointed by the Governor to staggered four-year terms. Their appointments must be confirmed by a three-fifths vote of the members of each house of the legislature. No more than three members of the Board may support the same political party. The Board holds regular monthly meetings, which are open to the public and executive session meetings which are closed to the public, annually elects its leadership, and reports on its activities to the governor, the legislature, and the public.

Mission Statement

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

Goals and Objectives

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

Website

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

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

During fiscal year 2008 approximately 235,084 people logged on to the Board's website.

2008 Legislative Action

Legislation passed in 2008 added the following to the Board's responsibilities:

- The Board must post on its website by the end of the day after receipt in the Board office, any report of large contribution received from a principal campaign committee, political committee or political fund.
- The Board must accept and file notices from principal campaign committees that do not provide closed captioning for specified types of advertising.

BOARD MEMBERS

Sven Wehrwein



Sven Wehrwein was appointed in May 2005, by Governor Tim Pawlenty and confirmed by the House and Senate in 2006, for a term ending in January 2009. He is a member of the Democratic Farmer Labor party with no restrictions on previous activities. Mr. Wehrwein is a member of the Board of Directors of five Twin Cities-based public companies: Compellent Technologies, Image Leasing Systems, Synovis Life Technologies, Uroplasty, Inc, and Vital Images. He is a graduate of Loyola University in Chicago and earned his MBA in finance at the Sloan School at the Massachusetts Institute of Technology. Mr. Wehrwein has served as an adjunct instructor at the University of Minnesota School of Journalism and Mass Communications and is currently a member of the Loft Literary Center Board. Earlier in his 30-year financial career, he worked as a certified public accountant, investment banker, and chief financial officer.

Hilda Bettermann



Hilda Bettermann was appointed in April 2004, by Governor Tim Pawlenty and reappointed in January 2008 for a term ending in January 2012. She is a former member of the legislature from the Republican Party where she served in the Minnesota House of Representatives for eight years. Ms. Bettermann is currently a Board member of the Brandon History Center and the Douglas County Hospital Board. She is also a former member of the Central Lakes Area Sanitary District Advisory Council, Rural Health Advisory Council, the Workers Compensation Council and the MNSCU Trustee Advisory Council.



Terri Ashmore

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



Felicia Boyd

Felicia Boyd was appointed in April 2004, by Governor Tim Pawlenty and reappointed in January 2008 for a term ending in January 2012. She is a member of the Republican Party of Minnesota with no restrictions on previous activities. Ms. Boyd is a partner in the law firm of Faegre & Benson, where she practices in complex intellectual property litigation. She has successfully led plaintiff and defense litigation on infringement claims related to patents, copyrights, trademarks, and trade dress, including multiple jury trials. She is a graduate of the University of Minnesota Law School and St. Olaf College.

Scott Heintzeman



Scott Heintzeman was appointed in February 2006, by Governor Tim Pawlenty and confirmed by the House and Senate in 2006, for a term ending in January 2010. He has no party preference and no restrictions on previous activities. Mr. Heintzeman is the vice president and chief information officer for Carlson Marketing Group where he oversees the company's technology efforts as well as information, security, project management, and technical architecture. He is a graduate of the University of Minnesota and completed the University's Carlson School of Management Minnesota Management program and Minnesota Executive Program. He was inducted into the Hospitality Financial and Technology Professionals' International Hospitality Technology Hall of Fame in 1999. Mr. Heintzeman resigned his position with the Board effective June 17, 2008.

Bob Milbert



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

SUMMARY OF BOARD ACTIVITIES

Meetings

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

Advisory Opinion Procedure

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

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

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

Advisory opinions issued in fiscal year 2008 are listed under each program.

Publications

The Campaign Finance and Public Disclosure Board issued nine publications:

- Annual Report for Fiscal Year 2007;
- Governor and Lt. Governor Candidates Handbook;
- Attorney General Candidates Handbook;
- Secretary of State and State Auditor Candidates Handbook;
- Senate Candidates Handbook;

- House Candidates Handbook;
- Judicial Candidates Handbook;
- Guide to Interpretation of Minnesota Statutes 10A.071, Prohibition of Certain Gifts; and
- Lobbying Disbursement Summary January – December 2007

Board Members Activities

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

Staff Outreach

Served on:

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

Published:

- an article for the William Mitchell Law Review on campaign finance and Indian Tribes.

Education Outreach

Presented information to:

- five individuals from the Minnesota International Center's international visitor program on lobbyist regulation, the gift ban and campaign finance
- a University of Minnesota Law School class on lobbying and the gift ban
- the Vadnais Lake Area Water Management Organization on the requirements of filing a Statement of Economic Interest

Presented information at Continuing Legal Education seminars for:

- *The Legislative Process* on lobbying and the gift ban

Staff Training

Attended:

- the annual Council on Governmental Ethics Laws (COGEL) conference
- the COGEL Heartland regional conference for staff of COGEL member agencies

- 13 classes/seminars for a total of 100 hours of training to attain and maintain a quality of job performance that meets the needs of the state, the Campaign Finance and Public Disclosure Board, and the individual employee

Client Training

Date	Subject	Attendees
July 24, 2007	Campaign Finance Compliance	21
July 24, 2007	Campaign Finance Reporter Software	12
Sept. 27, 2007	Campaign Finance Reporter Software	9
Sept. 27, 2007	Campaign Finance Compliance	15
Oct. 18, 2007	Campaign Finance Reporter Software	7
Oct. 18, 2007	Campaign Finance Compliance	14
Nov. 14, 2007	Campaign Finance Reporter Software	10
Nov. 28, 2007	Campaign Finance Reporter Software	5
Dec. 13, 2007	Campaign Finance Reporter Software	7
Dec. 17, 2007	Campaign Finance Compliance	10
Jan. 11, 2008	Report Preparation	28
Jan. 28, 2008	Campaign Finance Compliance	14
Feb. 6, 2008	Lobbyist Training	72
Feb. 27, 2008	Campaign Finance Compliance	7
Feb. 27, 2008	Campaign Finance Reporter Software	7
March 19, 2008	Campaign Finance Reporter Software	14
March 19, 2008	Campaign Finance Compliance	27
March 25, 2008	Campaign Finance Reporter Software	7
April 17, 2008	Campaign Finance Compliance	8
April 30, 2008	Campaign Finance Reporter Software	13
May 6, 2008	Campaign Finance Compliance	5
May 14, 2008	Campaign Finance Compliance	8
May 14, 2008	Campaign Finance Reporter Software	5
May 29, 2008	Campaign Finance Reporter Software	14
May 29, 2008	Campaign Finance Compliance	13
June 19, 2008	Campaign Finance Reporter Software	6
June 19, 2008	Campaign Finance Compliance	6

LEGISLATIVE AUDIT OF BOARD

The Office of the Legislative Auditor conducted an audit of the Campaign Finance and Public Disclosure Board. The audit covered the period from July 1, 2004, through June 30, 2007.

The audit scope and findings included:

- The distribution of the State Elections Campaign Fund's public subsidies to qualified state candidates and the state committees of political parties.

The audit concluded that the Board had adequate internal controls to ensure that it properly allocated amounts certified by the Department of Revenue, accurately distributed public subsidy payment to eligible candidates and political parties, and correctly recorded public subsidy payments in the accounting system.

- Receipts from civil penalties and late filing fees.

The audit concluded that the Board had adequate internal controls to ensure that it accurately assessed, safeguarded, and deposited receipts from penalties and late filing fees and properly recorded those receipts in the accounting system.

- Payroll and other administrative expenditures.

The audit concluded that the Board had adequate internal controls to ensure that it accurately compensated employees for work performed, maintained accurate leave records, authorized pay increases, and properly recorded payroll expenditures in accounting and personnel systems; and

that the Board had adequate internal controls to ensure that it properly procured goods and services, accurately paid for goods received and service rendered, and properly recorded administrative expenditures in the accounting system.

CAMPAIGN FINANCE PROGRAM

Program Description The Board administers and regulates the provisions of Minnesota Chapter 10A that govern campaign finance laws for principal campaign committees, political committees, political funds, and political party units.

2008 Legislative Action Legislation passed in 2008 amended Minnesota Statutes Chapter 10A in the following regards:

- Candidates who sign a public subsidy agreement agree to include closed captioning for deaf and hard-of-hearing persons on all professionally produced visual or audio recordings of two minutes or less produced for the purpose of influencing the nomination or election of the candidate by broadcast, cable television, candidate's web site and radio, or file with the board a statement setting forth the reasons for not doing so before the advertisement is disseminated.
- Costs associated with a candidate attending a political party state or national convention in this state are added to the list of noncampaign disbursements.
- The treasurer of a political committee, political fund, principal campaign committee, or party unit must register with the Board by the end of the next business day after it has received a loan or contribution from any one source totaling specified amounts between the last day covered in the last report before an election and the election.
- Lobbying for a ballot question was removed from the category of campaign finance activities.
- Principal campaign committees are required to report any loan or contribution from any one source totaling specified amounts based on the office sought by the end of the next business day after its receipt or by electronic means sent within 24 hours after its receipt.
- Political committees and political funds are required to report any loan or contribution from any one source totaling \$1,000 or more by the end of the next business day after its receipt or by electronic means sent within 24 hours after its receipt.

Advisory Opinions Issued

- Payment of public official's expenses of participation in television or radio messages

The production and broadcast of a public service announcement or paid message featuring a public official does not constitute a contribution to the official's principal campaign committee where the purpose of the message is not to influence the nomination or election of the official. Payment by a lobbyist principal of transportation, meals, or lodging for an official to participate in the production of a television or radio announcement is a prohibited gift to the official unless consideration of equal or greater value is received by the lobbyist principal. No. 394

- Activities related to promoting or defeating a ballot question; political fund registration requirement

A statement identifying a constitutional amendment ballot question and explaining reasons that passage of the amendment would benefit the state of Minnesota is an action to promote a ballot question. If an organization spends more than \$100 to promote a ballot question, it must register a political fund with the Board and make its ballot question expenditures through that fund. No. 395

- Definition of first time candidate

A candidate is entitled to increase in spending limit for candidates running for office for the first time where candidate's prior activities were so insignificant as to not constitute "running for office". No. 397

- Actions to influence the nomination or election of candidates; requirement to establish a political fund

Whether actions taken by an organization will trigger a requirement that the organization establish a political fund and report the costs of those actions to the Board through the fund depends on whether the actions are to influence the nomination or election of candidates. This determination is fact-based and can be made only with reference to the specific facts describing the subject actions of the organization. The request describes activities that would clearly not be considered to be for the purpose of influencing the nomination or election of candidates and others which would clearly be to influence the nomination or election of candidates. It also describes actions in more general terms for which a specific determination of purpose cannot be made based on the information available. No. 398

- Contribution to a political party unit

Payment by an individual for services provided by a vendor to a political party unit is a donation in kind from the individual making the payment to the party unit. No. 399

Filed Complaints

The Board investigated two complaints and issued Findings based on each.

- Complaint of David Day regarding the Michael Jungbauer Volunteer Committee. The Board investigated a complaint alleging reporting and other violations of Minnesota Statutes Chapter 10A. The Board found that there was probable cause to believe that violations of the statutes existed.
- Complaint of David Hoch, on behalf of Minnesotans for Responsible Government regarding the Leech Lake Band of Ojibwe. The Board investigated a complaint alleging that the Leech Lake Band of Ojibwe made a prohibited contribution. The Board found that there was probable cause to believe that a violation of the statutes existed.

Filing Deadlines Late Filing Fees

Approximately 765 *Reports of Receipts and Expenditures* were filed by principal campaign committees. Approximately 750 reports were filed by political committees, political funds and political party units.

Of the 1,515 reports filed, approximately 9% were filed late.

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

- 32 principal campaign committees paid late fees totaling \$2,801; and
- two principal campaign committees were granted waivers of late fees totaling \$635.
- 15 political committees and political funds paid late fees totaling \$1,185; and
- one political committee was granted a waiver totaling \$100.
- six political party units paid late fees totaling \$196

Civil penalty for failure to file a report

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

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

- 11 principal campaign committees paid civil penalties totaling \$6,608; and
- six principal campaign committees were granted waivers totaling \$2,892; and
- one principal campaign committee had a civil penalty reduced by \$500.

- three political committees and political funds paid civil penalties totaling \$600; and
- three political committees were granted waivers totaling \$1,400.

- two political party units paid civil penalties totaling \$187.

Staff review of campaign finance reports

Each filed report was reviewed by Board staff for compliance with the disclosure law requirements including accurate accounting and reporting for receipts and expenditures, proper use of required disclosure schedules, and adherence to applicable contribution and expenditure limits.

Compliance by all candidates during nonelection years:

Nonelection year	Reports filed	Amendments filed
2007	1,515	190
2005	1,605	155
2003	1,420	101

Internal investigations

The Board reviewed 52 potential violations of Chapter 10A, involving 43 entities and made 29 Findings concerning probable cause.

- 14 of the entities entered into Conciliation Agreements;
- 36 entities were fined a total of \$10,645; and
- 18 entities returned a total of \$19,482 to contributors.

Contribution limits

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

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

The Board reviewed three potential violations of this law based on reports filed by principal campaign committees for calendar year 2007. All three cases were concluded by Conciliation Agreement. The Board imposed civil penalties totaling \$600 on the three committees. The three principal campaign committees were required to return a total of \$250 to contributors.

- Single source contributions to principal campaign committees from political committees and political funds

All political committees and political funds must abide by statutory contribution limits when donating to a state executive and legislative office candidate committee.

The Board reviewed one potential violation of this law based on reports filed by political committees and political funds for calendar year 2007. The case was concluded by Conciliation Agreement. The Board imposed a civil penalty of \$200 on the committee. The political committee was required to provide a copy of the candidate committee's check returning the contribution to the committee.

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

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

The Board reviewed four potential violations of this law based on reports filed by principal campaign committees for calendar year 2007. Three cases were concluded by Conciliation Agreement, one case was concluded with Findings. The Board imposed civil penalties totaling \$861 on the four committees. The four principal campaign committees were also required to return a total of \$861 to political party units and terminating principal campaign committees.

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

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

The Board reviewed seven violations of this law based on reports filed by six principal campaign committees for calendar year 2007. The seven cases were concluded by Conciliation Agreement. The Board imposed civil penalties totaling \$981 on five committees. Six principal campaign committees were required to return a total of \$1,116 to contributors.

Contributions during legislative session

- Political party units established by all or a part of the party organization within a house of the legislature are prohibited from soliciting or accepting certain contributions during a regular legislative session.

The Board reviewed two potential violations of this law, based on a report filed by one political party unit for calendar year 2007. Findings of probable cause were issued. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed a \$400 civil penalty on the committee.

Contributions from unregistered associations

- Acceptance of contributions from an unregistered association.

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

The Board reviewed four potential violations of this law based on reports filed by three political committees and political funds for calendar year 2007. Findings of probable cause were issued. The Board imposed civil penalties totaling \$900 on two political committees and political funds and required two committees to return \$15,900 to three donating associations.

The Board reviewed 13 potential violations of this law based on reports filed by seven political party units for calendar year 2007. Findings of probable cause were issued. The Board imposed civil penalties totaling \$2,397 on five political party units and required three political party units to return \$1,355 to three donating associations.

- Contributions made by an unregistered association.

Associations not registered with the Board are prohibited from making contributions of more than \$100 to candidates for state executive and legislative offices, political committees, political funds, and political party units registered with the Board unless the donor provides specified financial disclosure at the time the contribution is made.

The Board reviewed four potential violations of the law based on reports filed by political committees and political funds for calendar year 2007. Findings of probable cause were issued. The Board imposed civil penalties totaling \$1,150 on three unregistered associations.

The Board reviewed 13 potential violations of the law based on reports filed by 12 political party units for calendar year 2007. Findings of probable cause were issued. The Board imposed civil penalties totaling \$2,555 on 12 unregistered associations.

**Failure to terminate
following contribution
to another committee**

A principal campaign committee must terminate its registration with the Board within 12 months after making a contribution to another principal campaign committee.

The Board reviewed one potential violation of the law based on a report filed by principal campaign committee for calendar year 2007. Findings of probable cause were issued. The Board imposed a civil penalty of \$600 on the committee that failed to terminate its registration.

CAMPAIGN FINANCE REPORTER SOFTWARE

Software

The Board provides computer software for recording and reporting receipts

Description

and expenditures to assist principal campaign committees, political committees, political funds, and political party units with the compliance and disclosure requirements of Chapter 10A.

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

Electronic filing

Principal campaign committees, political committees, political funds, and political party units have been using the campaign finance software since June of 1998.

Reporting year	Principal campaign committees	Political committees, political funds, and political party units
2007	201	114
2006	228	126
2005	174	75

PUBLIC SUBSIDY PROGRAM

Program Description

The Board administers and regulates the distribution of payments for the state's public subsidy program that provides public funding to qualified state candidates and the state committees of political parties and allows those candidates and parties to give political contribution refund receipts to individual contributors.

2008 Legislative Action

Legislation passed in 2008 amended Minnesota Statutes Chapter 10A in the following regard:

- The Affidavit of Contributions required for payment of public subsidy must be submitted to the Board not later than the cutoff date for reporting of receipts and expenditures before a primary election.

2008 Special appropriations Election Payments

Public subsidy payments in special elections are made with from the state general fund.

Public subsidy funds were distributed in two special elections held in fiscal year 2008. The amount of public subsidy available in a special election is the same amount for that office and party in the preceding general election:

House District 28B (August 7, 2007) – two candidates; two candidates received public subsidy totaling \$11,365.44.

Senate District 25 (January 3, 2008) – four candidates; two candidates received public subsidy totaling \$22,951.66.

Political Party Payments

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

Based on monthly certification from the Department of Revenue for fiscal year 2008 payments were as follows:

Democratic Farmer Labor	\$52,281
Green Party of Minnesota	4,913
Independence Party of Minnesota	5,802
Republican Party of Minnesota	<u>29,912</u>
Total payments to State Party Committees:	<u>\$92,908</u>

LOBBYIST PROGRAM

Program Description The Board administers and regulates the provisions of Minnesota Chapter 10A that govern registration and public disclosure by lobbyists and their principals attempting to influence state legislative action, administrative action, and the official action of metropolitan governmental units.

Advisory Opinion Issued

- Reporting of Lobbying Disbursements

Compensation paid to a lobbyist is not included in the calculation of lobbying disbursements and is not separately disclosed in a Lobbyist Disbursement Report. No. 392

Filed Complaint

The Board completed one investigation and issued one Finding.

- Complaint of Eric Zaetsch regarding Elwyn Tinklenberg, president of the Tinklenberg Group, an incorporated business that provides services to government. The board investigated a complaint alleging the failure to register as a lobbyist. The Board found no probable cause to believe that a violation of the statutes existed.

Internal Investigations

The Board completed four investigations and issued four Findings.

Contributions during legislative session

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

The Board reviewed one potential violation of this law, based on reports filed by principal campaign committees for calendar year 2007 and issued one Finding of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed a civil penalty of \$200 on one lobbyist.

Failure to provide lobbyist registration number

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

The Board reviewed three potential violations of this law, based on reports filed by principal campaign committees for calendar year 2007 and issued three Findings of probable cause. In lieu of forwarding the public Findings of probable cause to the county attorney, the Board imposed civil penalties totaling \$260 on the three lobbyists.

Filing Deadlines

Approximately 1,440 registered individuals representing 1,327 associations filed 3,798 *Lobbyist Disbursement Reports* in 2007.

Of the 3,798 reports filed, approximately 6% were filed late.

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

- 39 lobbyists paid late fees totaling \$1,180; and
- one lobbyist was granted a waiver of \$45.

Civil penalty for failure to file a report

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

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

- two lobbyists paid civil penalties totaling \$1,000; and
- two lobbyists were granted waivers totaling \$1,400.

Electronic filing

Lobbyist Disbursement Reports may be filed electronically.

Reporting year	Reports filed	Reports filed electronically	% of reports filed electronically
2007	3,798	3,420	90%
2006	3,445	3,031	88%
2005	3,325	1,791	54%
2004	3,260	1,387	43%

Staff review of lobbyist disclosure reports

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

Reporting year	Reports filed	Amendments filed
2007	3,798	8
2005	3,445	3
2004	3,325	4
2003	3,260	6

Annual Report of Lobbyist Principal

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

Filing Deadlines

Approximately 1,260 lobbyist principals filed the *Annual Report of Lobbyist Principal*, due on March 15, 2008, covering calendar year 2007.

Of the 1,260 reports filed in fiscal year 2008, approximately 12% were filed late.

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

- 16 lobbyist principals paid late fees totaling \$750

Civil penalty for failure to file a report

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

- two lobbyist principals paid civil penalties totaling \$400; and
- one lobbyist principal was granted a waiver of \$1,000.

Electronic filing

Annual Report of Lobbyist Principal may be filed electronically.

Reporting year	Reports filed	Reports filed electronically	% of reports filed electronically
2007	1,260	1,117	89%
2006	1,190	951	80%
2005	1,120	445	40%

PROHIBITION ON GIFTS

Program Description

The Board administers and regulates the provisions of Minnesota Chapter 10A that govern the prohibition of gifts from lobbyists and lobbyist principals to public officials.

2008 Legislative Action

Legislation passed in 2008 amended Minnesota Statutes Chapter 10A in the following regard:

- Prohibitions to the gift ban do not apply to a plaque with a resale value of \$5 or less

Advisory Opinions Issued

- Application of Gift Prohibition to Random Drawings

A public official who is a member of a formal group, the majority of whose members are not officials, may enter a random drawing offered by a lobbyist principal. No. 393

- Gift to officials of information digital video disc

Minnesota Statutes, Section 10A.071 prohibits a lobbyist principal from providing to officials a commercial digital video disk that sells to the public at a retail price of approximately \$19. No. 396

ECONOMIC INTEREST PROGRAM

Program Description The Board administers and regulates the provisions of Minnesota Chapter 10A that govern disclosure of economic interests by public officials and local officials in metropolitan governmental units.

2008 Legislative Action Legislation passed in 2008 amended Minnesota Statutes Chapter 10A in the following regards:

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

- Boxing Commission is renamed the Combative Sports Commission and the number of members who must have knowledge of the boxing industry is increased from three to four.

New public officials:

- Director of Explore Minnesota Tourism
- Citizen member of the Lessard Outdoor Heritage Council (effective November 15, 2008, if a constitutional amendment proposed in Laws 2008, chapter 151, is adopted by the voters)

Filing deadlines

- *Original Statements of Economic Interest*

Approximately 300 *Notices of Appointment* appointing or reappointing a public official who is required to file an *Original Statement of Economic Interest* were received in fiscal year 2008

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

- 37 public officials paid late filing fees totaling \$1,545
- 14 public officials were granted waivers totaling \$690

- *Supplementary Statements of Economic Interest*

Supplementary Statements of Economic Interest are required to be filed annually, if there are changes to be reported from the previously filed statement. To assist public officials in determining their need to file, Board staff mailed approximately 2,115 public officials a copy of the information reported on previously filed statements.

Civil penalty for failure to file a statement

A public official is subject to a civil penalty of up to \$1,000 for failure to file an *Original Statement of Economic Interest* within fourteen days after two certified notices have been sent.

- four public officials paid civil penalties totaling \$2,100
- five public officials were granted waivers totaling \$4,200

Staff review of statements

Each filed statement was reviewed by Board staff for compliance with disclosure law requirements. A public official whose Statement was incomplete was required to file an amended Statement.

Reporting year	Number of public officials	Supplemental reports filed	Supplemental reports filed electronically
2008	2,115*	1,206	1,153
2007	1,285	439	272
2006	1,267	(unavailable)	

* The increase in the number of public officials is due to the required filing of Statements of Economic Interest by all members of Soil and Water Conservation Districts, Watershed Districts, and Water Management Organizations beginning in August of 2007.

POTENTIAL CONFLICTS OF INTEREST

Program	A public or local official who in the discharge of the official's duties would be
Description	required to take an action or make a decision that would substantially affect the official's financial interest or those of an associated business must file a <i>Potential Conflict of Interest Notice</i> , or a written statement describing the potential conflict. If there is insufficient time to comply with the written requirements oral notice must be given to the official's immediate supervisor of the possible conflict. If the official is not permitted or is otherwise unable to abstain from action in connection with the matter, the public official must file the Notice with the Board and a local official must file with the governing body of the official's political subdivision. The statement must be filed within one week of the action taken.
Filing	No <i>Potential Conflict of Interest Notices</i> were filed with the Board by public officials in fiscal year 2008.

REPRESENTATION DISCLOSURE

Program	A public official who represents a client for a fee before any individual
Description	Board, commission, or agency that has rule making authority in a hearing conducted under Minnesota Statutes, Chapter 14, and in the cases of rate setting, power plant and powerline siting, and granting of certificates of need under Minn. Stat. §216.B243, must file a <i>Representation Disclosure Statement</i> within 14 days after the appearance has taken place, disclosing the official's part in the action.
Filing	No <i>Representation Disclosure Statements</i> were filed with the Board by public officials in fiscal year 2008.

OTHER BOARD PROGRAMS

Public Employees Retirement Association (PERA) Trustee Candidates

Candidates for election as PERA Trustees are required to file certain campaign finance disclosure reports with the Campaign Finance and Public Disclosure Board under Minn. Stat. § 353.03, subd. 1.

Under this statute, the Board prescribes and furnishes to trustee candidates the reporting form and instructions for completing the form. No filings were required for fiscal year 2008.

Minnesota Technology, Inc. (MTI)

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

Under these statutes, the Board prescribes and furnishes to the directors and president the reporting form and instructions for completing the form. No reports were filed with the Board in fiscal year 2008. There is no penalty for not filing a report.

State Board of Investment (SBI)

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

Under this statute, the Board prescribes and furnishes to the members and employees the reporting form and instructions for completing the form. In April 2008, 27 reports were filed with the Board.

State Pension Plans

Members of a governing Board of a covered pension plan and the chief administrative officer of the plan are required to file certain *Statements of Economic Interest* with the governing Board under Minn. Stat. § 356A.06, subd. 4.

Under this statute, the Office of the State Auditor prescribes the statement and instructions for completing the statement which covers the previous calendar year. The chief administrative officer of each covered pension plan must submit to the Campaign Finance and Public Disclosure Board a certified list of all pension Board members who filed statements with the pension Board no later than January 15th. Approximately 755 pension plans are required to file with the Board under this law. In fiscal year 2008, approximately 330 pension funds filed the required certification with the Board.

STAFF DUTIES

Executive Director	Facilitate achievement of the Board's goals and objectives. Set agenda and prepare materials for Board and committee meetings. Direct all agency and staff operations. Draft advisory opinions for Board consideration. Serve as the Board's representative to the Legislative and Executive Branch. Educate and assist clients in compliance with reporting requirements, limits, and prohibitions. Serve as the Board's Secretary.
Assistant Executive Director	Serve as advisor to the Executive Director and assist in management of the operations for the agency. Conduct complex investigations and prepare drafts for Board consideration. Reconcile and report on the Board's financial systems. Manage the agency's compliance programs and information resources.
Office Manager (Office Services Supervisor)	Administer daily financial and biennial budgeting programs. Draft Board meeting minutes, annual report, and forms and handbooks to assist clients in meeting statutory requirements. Prepare agency fiscal notes for legislative consideration. Serve as agency liaison to other state agencies.
Compliance Officer (Investigator)	Investigate complaints and draft Conciliation Agreements and Findings for Board consideration. Serve as investigate liaison to the Board, Executive Director, and Attorney General's office. Monitor cases for Revenue Recapture and the Minnesota Collections Enterprise. Represent the Board in conciliation court. Prepare and submit reports to the Department of Finance regarding civil penalties. Prepare and conduct training classes for clients on campaign finance laws and reporting requirements.
Programs Administrator (Office & Administrative Specialist Principal)	Provide for distribution, collection, data entry, and filing of disclosure required by Minn. Stat. chapter 10A. Collect, store, and retrieve data for the preparation and analysis of summaries of documents filed with the Board. Provide database advice and guidance to Board staff and clients. Manage all aspects of special elections.

**Information
Technology
Specialist II**

Develop, maintain, and manage complex database applications to support administration of all Board programs and activities. Provide technical service, assistance and training to Board staff. Administer local area network and provide technical support to website. Install new personal computers and associated hardware and software.

Programs Assistant
(Office and Administrative
Specialist Intermediate)

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

Information Assistant

Serve as agency receptionist. Maintain agency receipts for deposit with the State Treasurer. Administer contribution receipt program. Prepare mailings for monthly Board meetings. Arrange for agency printing duplicating, and mailing of official notices. Maintain records retention per agency schedule. Provide typing and word processing assistance to Board staff.

Management Analyst

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

STAFF SALARIES

July 1, 2007- June 30, 2008

<u>POSITION</u>	<u>STAFF</u>	<u>SALARY</u>	
Executive Director	Jeanne Olson Gary Goldsmith	\$51,419 42,879	(7/1/07 – 1/8/08) (12/24/07 – 6/30/08)
Assistant Executive Director	Jeffrey Sigurdson	79,924	
Office Services Supervisor II	LuAnn Swanson	55,415	
Investigator	Joyce Larson	49,443	
Office and Administrative Specialist Principal	Marcia Waller	35,913	
Information Technology Specialist III	Jon Peterson	48,526	
Office and Administrative Specialist Intermediate	Yalana Johnstone	31,785	
Customer Service Specialist Intermediate	Sarah Wood	27,025	(7/1/07 – 6/27/08)
Management Analyst 4	Gary Goldsmith	26,001	(7/1/07 – 12/23/07)
TOTAL 2008 SALARIES		<u>\$448,331</u>	

FINANCIAL INFORMATION

INCOME SUMMARY

Appropriation	\$714,000
Photocopy Revenue	153
Service Processes Fees Recovered	512
Miscellaneous Income	<u>398</u>
TOTAL	<u>\$715,063</u>

EXPENDITURE SUMMARY

Operating budget expenditures	\$715,063
Operating budget balance forward to fiscal year 2010	7,358
TOTAL	<u>\$707,705</u>

BOARD OPERATING BUDGET

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

Full time staff (salary and fringe)	\$559,068
Part time staff (salary and fringe)	31,624
Workers compensation	225
Achievement/Incentive	4,600
Vacation pay out	16,774
Per diem	3,135
Office rent	33,314
Misc. rents	300
Postage	11,841
Telephone	4,334
Photocopy machine leases	6,438
In-State travel – staff	17
Out-State travel	6,882
Printing	483
Board meeting expenses	2,671
Staff / Board development	2,518
Subscriptions, Memberships	520
Supplies/Equipment	6,076
Misc. purchased services	14,832
E-Government InterTech	1,045
Legal costs	807
Client Training	201
Balance forward to fiscal year 2009	<u>7,358</u>
TOTAL	<u>\$715,063</u>

DEPOSITS

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

Late Filing Fees

Principal Campaign Committees	\$2,801	32 committees
48 Hour Notice	150	1 committee
Political Committees and Funds	1,185	15 committees and funds
Political Party Units	196	6 party units
Economic Interest Statements	1,545	37 public officials
Lobbyist Disbursement Reports	1,180	39 lobbyists
Lobbyist Principal Annual Reports	<u>750</u>	<u>16</u> principals
TOTAL LATE FILING FEES	\$7,807	146

Civil Penalties

Unregistered associations		
No disclosure provided	\$3,605	13 unregistered associations
Candidates accepted	432	1 candidate committee
Political Committees and Funds accepted	1,348	3 committees and funds
Political Party Units accepted	1,450	3 party units
Contribution limits violations - accepted		
Candidates accepted in excess of limit	\$600	3 principal campaign committees
Special source (20%) aggregate limit	15,034	6 candidate committees
Excess party contributions	861	4 candidate committees
Contribution limits violations – given to candidates		
Excess political committee contributions	\$200	1 committee and fund
Contributions during session		
Lobbyists giving	\$200	1 lobbyist
Political Committee and Funds giving	400	1 committee and fund
Certified false information	\$1,000	1 candidate committee
Failure to file report		
Candidate Committees	\$6,608	11 candidate committees
Political Committees and Funds	600	3 committees and funds
Political Party Units	188	2 party units
Lobbyists	1,000	2 lobbyists
Lobbyist Principals	400	2 lobbyist principals
Public Officials	2,100	4 public officials
Failure to provide lobbyist registration number	<u>\$260</u>	<u>3</u> lobbyists
TOTAL CIVIL PENALTIES	\$36,286	64

Return of public subsidy	\$37	1 candidate committee
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Gifts to State

Contributions on termination	\$600	1 candidate committee
Returned contributions	<u>543</u>	<u>1</u> candidate committee
	\$1,143	2
TOTAL DEPOSIT STATE GENERAL FUND	<u>\$45,273</u>	

DEPOSITED IN THE GENERAL ACCOUNT OF THE STATE ELECTIONS CAMPAIGN FUND

Anonymous contributions	\$1,642	9 committees
Contribution to S.E.C.F.	33,877	12 committees
Returned contributions	<u>2,874</u>	3 committees
SUBTOTAL	\$38,393	24 (deposited in the general account of the State Elections Campaign Fund)
Photocopy receipts		
Copies	\$153	62 individuals paid (retained by Board to off-set photo copier costs)
State sales tax	11	
St. Paul sales tax	<u>1</u>	
TOTAL COPY RECEIPTS	\$164	
Miscellaneous income		
Miscellaneous	\$398	2
Return of Service Process Fees	<u>512</u>	6 (retained by Board for legal fees paid to serve clients)
	\$910	
TOTAL RECEIPTS	<u>\$84,740</u>	