

## **Dissolving a Principal Campaign Committee**

This information brief answers frequently asked questions about the law on dissolving a principal campaign committee under portions of [Minnesota Statutes, chapter 10A](#), and [Minnesota Rules 4503.0300](#).

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A candidate for elected office is not required to formally dissolve his or her principal campaign committee following an election, and the candidate's electoral success or failure does not immediately affect the status of the committee. However, depending on the candidate's future personal or political plans, in some cases dissolution of a campaign committee may be appropriate.

The questions and answers presented in this publication cover the formal process and obligations inherent in a dissolving campaign committee. The publication does not address other external considerations that may affect a candidate's decision to dissolve a principal campaign committee.

### **What does “dissolving a principal campaign committee” mean?**

A candidate for legislative or constitutional office (governor and lieutenant governor, attorney general, secretary of state, or state auditor) must register a principal campaign committee with the State Campaign Finance and Public Disclosure Board (board) if he or she (1) accepts over \$100 in contributions from any source other than his or her own funds or (2) accepts public funding for his or her campaign.

Dissolving a principal campaign committee means ending its operations so that it no longer exists. Dissolution consists of paying all debts, selling all assets, disposing of any remaining physical assets and account balances in excess of \$100, and filing a termination report with the board.

## **What actions are required when a campaign committee dissolves?**

### **Debts and Assets**

A principal campaign committee must pay its debts when dissolving. Available assets must be liquidated, if necessary to pay outstanding debts. If an inactive committee has insufficient assets to pay all debts, the board may set up a payment schedule and defer dissolution until debts are paid.<sup>1</sup> The campaign finance law does not extinguish committee debts. Debtor and creditor rights would be covered by contract law or other applicable law.

A principal campaign committee must sell its assets, deposit the proceeds in the committee's account, and dispose of the proceeds in one of the ways listed as permissible here or in [Minnesota Statutes, section 211B.12](#). Assets include credit balances with vendors and property, such as computers and postage stamps. Assets must be reported at their fair market value.<sup>2</sup>

### **Termination Report**

To formally end operations, a dissolving principal campaign committee must file a termination report with the board. A termination report must cover the period from the closing date of the committee's last filed report through the date of termination and must include all information required in other periodic reports by the committee.<sup>3</sup>

## **What actions are prohibited when a campaign committee dissolves?**

Campaign funds and assets of a principal campaign committee may not be converted to a candidate's personal use at any time, including when the committee is dissolving. A candidate may buy committee assets but must pay fair market price.

Principal campaign committees of candidates for legislative or statewide office may not contribute funds to local or federal candidates at any time, including when the committee is dissolving.<sup>4</sup>

## **What actions are permitted when a campaign committee dissolves?**

When debts have been paid and assets have been sold with the proceeds deposited in the committee's account, the remaining funds may be used in the following ways:

- An unlimited amount may be donated to a 501(c)(3) charitable organization as long as the campaign committee dissolves within one year after making the contribution<sup>5</sup>

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<sup>1</sup> [Minn. Stat. § 211B.12](#); if a committee is not dissolving, the charitable contribution limit is \$100.

<sup>2</sup> [Minn. Stat. § 10A.24](#).

<sup>3</sup> [Minn. Stat. § 10A.24, subd. 1](#).

<sup>4</sup> [Minn. Stat. § 10A.27, subd. 9](#).

<sup>5</sup> [Minn. Stat. § 211B.12](#); if a committee is not dissolving, the charitable contribution limit is \$100.

- An unlimited amount may be given to ballot question campaigns or political committees, political funds, and party units registered with the board<sup>6</sup>
- An unlimited amount may be given to the general account of the state election campaign fund or to any political party unit<sup>6</sup> (Note: A contribution to a legislative caucus must be made when the legislature is not in regular session.<sup>7</sup>)
- An unlimited amount may be transferred from a dissolving principal campaign committee of a legislative candidate to another principal campaign committee for the same candidate<sup>8</sup>
- Contributions may be made to other candidates' principal campaign committees on the conditions stated below

### **What are the restrictions on contributions to candidates when a campaign committee dissolves?**

A contribution by a dissolving committee to a candidate for a legislative or statewide office must be timed so that committee termination will be completed by 12 months after the contribution was made. When making a contribution, a dissolving committee must give the recipient a written statement that the committee intends to dissolve within 12 months after the contribution is made.<sup>9</sup> If the committee fails to dissolve within that time, the board may levy against the committee a civil penalty up to four times the amount of contributions made.<sup>10</sup>

A contribution from a dissolving principal campaign committee counts against the recipient's political party contribution limit. The political party contribution limit provides that a candidate may accept an aggregate amount for all party units and dissolving principal campaign committees equal to ten times the contribution limit applicable to the office in the year the contribution is made.<sup>11</sup> Both the candidate who accepts contributions that exceed this limit and the dissolving principal campaign committee that makes a contribution that exceeds this limit are subject to a civil penalty up to four times the amount of the excess.<sup>12</sup>

If a contribution from a dissolving principal campaign committee is not accepted, it must be forwarded to the board for deposit in the general account of the state elections campaign fund.<sup>13</sup>

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<sup>6</sup> This is a permitted use of funds even when a committee is not dissolving.

<sup>7</sup> [Minn. Stat. § 10A.273.](#)

<sup>8</sup> [Minn. Stat. § 10A.27, subd. 2.](#)

<sup>9</sup> [Minn. Stat. § 10A.27, subd. 9.](#)

<sup>10</sup> [Id.](#)

<sup>11</sup> [Minn. Stat. § 10A.27, subd. 2.](#)

<sup>12</sup> [Minn. Stat. § 10A.28, subd. 2.](#)

<sup>13</sup> [Minn. Stat. § 10A.273.](#)

A dissolving principal campaign committee may not contribute to a legislative candidate or candidate for constitutional office during a regular legislative session. Contributions from any political committee, political fund, or dissolving principal campaign committee to a candidate registered with the board must be made only when the legislature is not in regular session. A contributor or a recipient candidate who violates this provision is subject to a civil penalty of up to \$1,000.<sup>14</sup>

**Note:** [Minnesota Statutes, chapters 10A, 211A, and 211B](#) do not prohibit contributions to judicial candidates from the principal campaign committees of legislative or statewide office candidates when the contributing committee is dissolving. However, judicial candidates may want to consult with the Board on Judicial Standards regarding acceptance of such funds.

### **When may or must a campaign committee be dissolved?**

A principal campaign committee may be dissolved whenever the candidate so desires, except as otherwise noted here.

If a committee has debts incurred more than six years ago, has disposed of all assets, and has filed a statement of inactivity, the committee may choose to notify remaining creditors by certified mail and file a termination report.<sup>15</sup>

A candidate may also terminate one campaign committee by transferring the committee's debts to his or her principal campaign committee for another state office. The other committee must assume and continuously report the transferred debt until it is paid or forgiven. A loan that is forgiven is treated as a contribution to the committee that transferred the debt.<sup>16</sup>

A committee must be dissolved within 60 days after receiving notice from the board that the committee is inactive. A principal campaign committee becomes inactive on the later of the following dates:

- Six years after the last election at which the candidate was a candidate for the office sought or held when the committee registered with the board
- Six years after the last day on which an individual held an elective office that is subject to [Minnesota Statutes, chapter 10A](#)<sup>17</sup>

*For more information about campaigns and elections, visit the elections area of our web site, [www.house.mn/hrd/issinfo/elect.htm](http://www.house.mn/hrd/issinfo/elect.htm).*

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<sup>14</sup> [Minn. Stat. § 10A.27, subd. 9.](#)

<sup>15</sup> [Minn. Stat. § 10A.24, subd. 2.](#)

<sup>16</sup> [Minn. Stat. § 10A.241.](#)

<sup>17</sup> [Minn. Stat. § 10A.242.](#)