

**STATE OF MINNESOTA  
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

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**September 6, 2023  
Blazing Star Room  
Centennial Office Building**  
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**MINUTES**

The meeting was called to order by Chair Soule.

Members present: Asp, Flynn, Leppik, Rashid, Soule, Swanson

Others present: Sigurdson, Engelhardt, Olson, staff; Hartshorn, counsel

**MINUTES** (August 9, 2023)

The following motion was made:

Member Leppik's motion: To approve the August 9, 2023, minutes as drafted.

Vote on motion: Unanimously passed.

**CHAIR'S REPORT**

**2023 meeting schedule**

The next Board meeting was scheduled for 9:30 a.m. on Wednesday, October 4, 2023. The date of the December Board meeting will be changed to December 13, 2023.

**EXECUTIVE DIRECTOR'S REPORT**

Mr. Sigurdson stated that interviews are scheduled for applicants for the vacant legal/management analyst position. Mr. Sigurdson said that position descriptions are still being developed for the new IT position and the additional lobbying program position. Mr. Sigurdson stated that he is communicating with MNIT regarding a service agreement for moving the Board's IT resources to the Azure cloud environment. Mr. Sigurdson said that he would like the migration to be complete by the beginning of 2024. Mr. Sigurdson said that he is also communicating with MnGeo, an office within MNIT, regarding a service agreement whereby it will help develop mapping tools for the Board's website. Mr. Sigurdson explained that the tools will be interactive and allow website users to quickly see which political races are the most competitive. Mr. Sigurdson stated that on September 13 he will be making a presentation to the Minnesota Governmental Relations Council (MGRC), which is the first of the Board's educational efforts to help explain the changes to the lobbying program that will go into effect on January 1, 2024.

**RECONCILIATION OF 2022 CONTRIBUTIONS**

Mr. Sigurdson presented members with a memorandum that is attached to and made a part of these minutes. Mr. Sigurdson stated that just under \$57 million in 2022 contributions between registered entities was reported to the Board and about \$3.5 million of that total initially did not reconcile. Mr. Sigurdson said that formal letters were mailed to 249 candidate committees and 451 political committees and funds and party units in May and June of 2023. Mr. Sigurdson explained that while most of the issues have been resolved, over \$80,000 in contributions remains unreconciled. Mr. Sigurdson stated that there are reasons why some contributions cannot be reconciled, such as if a contribution made in December is not received by the recipient until the following January.

Vice Chair Asp asked why the amount that remains unreconciled is so much higher than in previous election years, such as 2020. Mr. Sigurdson stated that there is one large \$15,000 reconciliation issue that remains unresolved because an entity has not yet filed an amended report, and that resolution of that one issue will significantly reduce the unreconciled balance. Ms. Engelhardt stated that part of the total involves contributions to or from political party units where there is a discrepancy as to whether the contribution was made to or given by the old party unit or the new party unit that formed following the redistricting process. Mr. Sigurdson said Board staff continues to work to resolve the remaining reconciliation issues.

**ENFORCEMENT REPORT**

**A. Waiver Requests**

Entity	Late Fee/ Civil Penalty	Report Due	Factors and Recommended Action	Board Member's Motion	Motion	Vote on Motion
1. Kathleen Behounek (Office of Administrative Hearings)	\$100 LFF \$1,000 CP	2022 Annual EIS	Statement due Jan. 30 received July 24, 2023. Ms. Behounek retired in Feb. 2022 after 30 years with OAH in part to assist a family member with their medical conditions. She provided OAH her forwarding information, but did not update her address with the Board, so all of her reminders were sent to her address at OAH and her state email address, which was no longer active. OAH forwarded her the Board's correspondence in July, and she filed within a few days. She is no longer a public official. RECOMMENDED ACTION: Waive	Flynn	Approve staff recommendation for requests 1-2	Unanimously approved

2. Michael Skaug (Agricultural Chemical Response Compensation Board)	\$30 LFF	Original EIS	Statement due June 5 received June 28, 2023. Mr. Skaug was in the hospital with medical issues and unable to file on time. RECOMMENDED ACTION: Waive	Flynn	Approve staff recommendation for requests 1-2	Unanimously approved
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**B. Informational Items**

**1. Payment of civil penalty for excess special source contributions**

Abeler (Jim) Volunteer Committee, \$100

**2. Payment of civil penalty for prohibited contribution during legislative session**

Ryan Wilson for State Auditor, \$100

**3. Payment of civil penalty for excess party unit contributions**

Ryan Wilson for State Auditor, \$165

**4. Payment of late filing fee for 2022 pre-general 24 hour notice of large contributions**

Campaign Fund of Alicia (Donahue) for 54, \$250

**5. Payment of late filing fee for 2022 pre-primary 24 hour notice of large contributions**

Neighbors for Sheigh (Freeberg), \$250

**6. Payment of late filing fee for 2022 annual EIS**

Michelle Vaughn, \$75  
 Peter Hanley, \$35

**RULEMAKING UPDATE**

Mr. Olson presented members with a memorandum that is attached to and made a part of these minutes. Mr. Olson stated that the comment period for the request for comments published on July 24 will continue through September 22, 2023, and thus far the Board has received three comments. Mr. Olson said that one comment encouraged modification of the political contribution refund (PCR) receipt form to allow multiple small contributions from the same contributor to be grouped together within a single receipt, such as if a contributor donates \$10 per month to a party unit via a recurring online contribution. Mr. Olson explained that the procedure is already available to treasurers when issuing PCR receipts using the paper receipt forms provided by the Board, but when PCR receipts are

generated electronically, a separate receipt is generated for each individual contribution. Mr. Olson said he believes the Board has rulemaking authority regarding the format of the receipt form and it is up to the Board to decide whether adopting a rule regarding the format is appropriate.

In response to a question from Chair Soule, Mr. Sigurdson recommended engaging in rulemaking to specifically authorize grouping small contributions together for purposes of issuing a single PCR receipt. Mr. Olson explained that the Board previously issued Advisory Opinion 360 in 2004 allowing that practice with respect to paper PCR receipts.

The following motion was made:

Member Leppik's motion: To draft a proposed rule authorizing the aggregation of small contributions for purposes of issuing a single PCR receipt.

Vote on motion: Unanimously passed.

### **LEGAL REPORT**

Mr. Hartshorn presented members with a legal report that is attached to and made a part of these minutes. Mr. Hartshorn stated that a default judgment motion was filed last week in the Trace matter and he expects a default judgment motion to be filed next week in the Thompson matter.

### **EXECUTIVE SESSION**

Chair Soule recessed the regular session of the meeting and called to order the executive session. Upon recess of the executive session, Chair Soule had nothing to report into regular session.

There being no other business, the meeting was adjourned by the chair.

Respectfully submitted,



Jeff Sigurdson  
Executive Director

Attachments:  
Memorandum regarding reconciliation of contributions  
Memorandum regarding rulemaking  
Legal report



# MINNESOTA CAMPAIGN FINANCE BOARD

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**DATE:** August 30, 2023  
**TO:** Board Members  
**FROM:** Jeff Sigurdson  
Executive Director **TELEPHONE:** 651-539-1189  
**SUBJECT:** **Yearly Update on Reconciliation of Contributions between Registered Committees**

## **Background**

In the fall of 2013, the Star Tribune published an article describing problems found in the database of contributions to state candidates, political party units, and political committees and funds provided to the paper by the Campaign Finance and Public Disclosure Board. In particular the Star Tribune found that it could not reconcile over \$20 million dollars in contributions reported between registered committees during the years 2000 to 2012. Staff confirmed that the problems identified in the article existed, and during the remainder of 2013, all of 2014, and the first quarter of 2015, worked to reduce the number of contributions between registered entities that did not reconcile.

At the August 2015 Board meeting staff reported to the Board on the progress made in reconciling contributions, and reported on nine steps implemented by the executive director to minimize unreconciled contributions in future reporting years. The Board directed staff to stop the active reconciliation of contributions made prior to 2014, and to report annually to the Board regarding the reconciliation of contributions for the prior reporting year. This memo provides the status of the reconciliation of contributions between registered entities reported in 2022.

## **Reconciliation of 2022**

The 2022 year-end reports of receipts and expenditures were due on January 31, 2023. The reports were processed using procedures designed to limit the number of unreconciled contributions caused by data entry errors. These procedures include double checking the data entry of paper reports by staff and requiring treasurers to submit complete amended reports if warranted.

In Table 1 the 2022 reconciliation numbers are highlighted in grey. The years 2011 – 2021 are provided for comparison.

**Table 1**

<b>Year</b>	<b>Total Itemized Transfers Between Registered Committees</b>	<b>Amount Initially Not Reconciled</b>	<b>Percentage Initially Reconciled</b>	<b>Current Amount Not Reconciled</b>	<b>Percentage Currently Reconciled</b>
2011	\$4,087,836	\$500,960	87.75%	\$5,870	99.86%
2012	\$32,772,360	\$4,326,600	86.80%	\$19,614	99.94%
2013	\$4,506,703	\$417,657	90.73%	\$8,167	99.82%
2014	\$24,647,813	\$1,955,927	92.06%	\$30,561	99.88%
2015	\$5,125,778	\$530,272	89.65%	\$1,430	99.97%
2016	\$32,920,683	\$5,621,789	83.02%	\$20,858	99.94%
2017	\$5,548,494	\$180,393	96.69%	\$7,175	99.87%
2018	\$43,457,655	\$2,514,075	94.21%	\$10,500	99.98%
2019	\$8,015,000	\$363,378	95.47%	\$5,165	99.93%
2020	\$40,444,505	\$2,533,949	93.73%	\$3,065	99.98%
2021	\$7,792,135	\$645,533	91.71%	\$17,750	99.77%
2022	\$56,872,614	\$3,499,393	93.84%	\$86,717	99.84%
<b>Totals</b>	<b>\$266,191,576</b>	<b>\$22,445,039</b>	<b>91.57%</b>	<b>\$216,872</b>	<b>99.92%</b>

The reconciliation process takes considerable staff time to complete. Staff initially reached out informally through email to treasurers with a reconciliation issue and asked them to review their records on specific contributions. A significant number of problems were resolved through emails and subsequent amendments. Formal letters requiring a response were mailed to 249 candidate committees and 451 political committees and funds and party units in May and June of this year. In almost all cases, amendments were secured from the donor, the recipient, or both to resolve the discrepancies. Staff is still working with multiple committees to resolve contributions that do not reconcile.



# MINNESOTA CAMPAIGN FINANCE BOARD

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**Date:** August 30, 2023

**To:** Board members  
Nathan Hartshorn, counsel

**From:** Andrew Olson, Legal/Management Analyst      **Telephone:** 651-539-1190

**Subject:** Rulemaking update

The comment period for the request for comments published on July 24 will continue through September 22, 2023. As of the date of this memorandum the Board has received three comments.

One comment that was received shortly before the Board's August meeting encouraged modification of the political contribution refund (PCR) receipt form to allow multiple small contributions from the same contributor to be grouped together within a single receipt. For example, if a contributor donates \$10 per month to a party unit via a recurring online contribution, the party unit's treasurer could wait until the contributor has donated the maximum amount that is eligible to be refunded within a calendar year, then issue a single PCR receipt showing the total amount contributed. That procedure is already available to treasurers when issuing PCR receipts using the paper receipt forms provided by the Board and the instructions printed on the receipt booklets describe how to group contributions together for that purpose. That procedure was approved by the Board within Advisory Opinion 360, issued in 2004.<sup>1</sup> However, PCR receipts may also be generated using Campaign Finance Reporter or Campaign Finance Reporter Online, and when PCR receipts are generated electronically, a separate receipt is generated for each individual contribution. As a result, a candidate committee or party unit that prints and mails electronically-generated PCR receipts for contributors who make multiple small contributions may incur additional costs for ink and postage.

Within its request for comments the Board stated that it would consider "rule adoptions, amendments, and repeals concerning other topics within Minnesota Statutes chapter 10A that may arise during the rulemaking process." While the Department of Revenue is responsible for designing the PCR application form under Minnesota Statutes section 290.06, subdivision 23,<sup>2</sup> the Board is responsible for making the PCR receipt form, which is separate, available to those eligible to issue PCR receipts under Minnesota Statutes section 10A.322, subdivision 4<sup>3</sup>. Under

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<sup>1</sup> [cfb.mn.gov/pdf/advisory\\_opinions/AO360.pdf](https://cfb.mn.gov/pdf/advisory_opinions/AO360.pdf)

<sup>2</sup> [revisor.mn.gov/statutes/cite/290.06#stat.290.06.23](https://revisor.mn.gov/statutes/cite/290.06#stat.290.06.23)

<sup>3</sup> [revisor.mn.gov/statutes/cite/10A.322#stat.10A.322.4](https://revisor.mn.gov/statutes/cite/10A.322#stat.10A.322.4)

Minnesota Statutes section 10A.02, subdivisions 12a and 13,<sup>4</sup> the Board has general rulemaking authority to carry out the purposes of Chapter 10A, and also has authority to adopt rules when it “intends to apply principles of law or policy announced in an advisory opinion . . . more broadly than to the individual or association to whom the opinion was issued.” Therefore, the Board may wish to pursue adoption of a rule allowing multiple small contributions from the same contributor to be grouped together within a single electronically-generated PCR receipt, and explicitly applying the policy announced within issue one in Advisory Opinion 360 to all party units and candidate committees that are eligible to issue PCR receipts.

Board staff has begun drafting the proposed rule language for the rules that are technical or not expected to be controversial. During the remainder of the comment period, staff will begin drafting the statement of need and reasonableness (SONAR), which is a detailed explanation of why the Board feels that the proposed rules are necessary, reasonable, and authorized by law. After the comment period has ended, Board staff anticipates that a subcommittee of three Board members, including Vice Chair Asp, Member Swanson, and Member Rashid, will begin meeting and considering draft rule language.

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<sup>4</sup> [revisor.mn.gov/statutes/cite/10A.02#stat.10A.02.12a](https://revisor.mn.gov/statutes/cite/10A.02#stat.10A.02.12a)



**CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD  
September 2023**

**ACTIVE FILES**

Candidate/Treasurer/ Lobbyist	Committee/Agency	Report Missing/ Violation	Late Fee/ Civil Penalty	Referred to AGO	Date S&C Personally Served	Default Hearing Date	Date Judgment Entered	Case Status
Thompson, John	John Thompson for 67A	Civil Penalty and late filing fee for the committee's 2022 year-end report	\$1,000 LFF \$1,000 CP	3/10/23	7/5/23			
	Trace, LLC Contacts: Ashley Moore, Patrick Hynes	2021 Annual Report of Lobbyist Principal, due 3/15/22	\$1,000 LFF \$1,000 CP	12/6/22	4/21/23			Motion for default judgment served 8/29/23