

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

.....
**March 17, 2015
Room G-31
Minnesota Judicial Center**
.....

MINUTES

The meeting was called to order by Chair Beck.

Members present: Beck, Flynn, Oliver, Rosen, Sande

Others present: Goldsmith, Sigurdson, Fisher, Pope, Zietlow, staff; Schlick Nguyen, counsel

MINUTES (February 3, 2015, and February 6, 2015)

After discussion, the following motion was made:

Member Rosen's motion:	To approve the February 3, 2015, and the February 6, 2015, minutes.
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Vote on motion:	Unanimously passed (Flynn abstained).
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CHAIR'S REPORT

Board meeting schedule

The next Board meeting is scheduled for April 14, 2015.

Welcome to new Board member Carol Flynn

Members and staff welcomed new member Carol Flynn to the Board.

New member Senate confirmation hearings

Mr. Goldsmith reported that the first Senate confirmation hearing for new members and, for member Sande's reappointment, had been scheduled for March 26, 2015.

Discussion of April lunch to welcome new members and honor members who left the Board this year

Mr. Goldsmith told members that this lunch tentatively was scheduled for April 14, 2015.

EXECUTIVE DIRECTOR TOPICS

Status of office operations

Executive Director Goldsmith reported that staff had been busy with the deadline for principal reports, the mailing for the supplementary statement of economic interest, and the legislative session.

Website redevelopment

Mr. Goldsmith told members that a temporary web developer would begin building web pages to access the data in the databases during the second week in April. Mr. Goldsmith said that the project called for using MN Geo for some work and other state resources when possible.

Mr. Goldsmith said that the database redesign project was almost completed. This project would make it easier for the new website to access the data in the databases.

Mr. Goldsmith also told members that MN.IT had informed him that development of the Board's web site would not start before May. Because of budgeting considerations, Mr. Goldsmith suggested that MN.IT's role would likely be delayed until the next fiscal year. MN.IT also informed Mr. Goldsmith that it was not willing to assign a designer for the development of a logo or a homepage banner for the Board until other steps in the design process were completed.

Legislative session update

Mr. Goldsmith reported that the Board's technical bill was now on the floor in the Senate and in the Elections Committee in the House. Not many changes had been made to the bills. Mr. Goldsmith stated that the disclosure bill was in the Elections Subcommittee in the Senate and awaiting introduction in the House. Mr. Goldsmith told members that the House probably would adopt a delete everything amendment for the disclosure bill. Mr. Goldsmith also said that the House had heard Rep. Winkler's disclosure bill, which was not the same as the Board's bill. Mr. Goldsmith finally reported that the legislation authorizing the carryover of the \$150,000 for the website to the next biennium was progressing and that he anticipated that this proposal would be incorporated into the omnibus state government finance bill.

Example analysis of expenditures and contributions in 2014

Mr. Sigurdson presented members with a memorandum and an example analysis regarding this matter that are attached to and made a part of these minutes. Mr. Sigurdson told members that the example analysis was based on their suggestions. Mr. Sigurdson also said that the example analysis made heavy use of charts due to the belief that graphic representations made the information more approachable.

Board members discussed the matter, made suggestions, and directed staff to publish the analysis on the Board's website.

Update on analysis of campaign spending that is not subject to disclosure

Mr. Sigurdson presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. Mr. Sigurdson said that at the Board's request, staff had reviewed the types of public information available from media outlets to determine whether that information could be used to better quantify the extent of electioneering communications. Mr. Sigurdson said that the weakness of the publically available information was that it did not include anything about the content of the advertisement. Consequently, staff would have to look at the ad or the script to determine if it was an electioneering communication. Mr. Sigurdson said that there might be other ways to identify electioneering communications but those methods also would be staff intensive. Mr. Sigurdson said that staff would contact other states that have tried to quantify the extent of political spending not subject to disclosure to learn what methods they had used.

Approach to resolving campaign spending limits violations

Mr. Goldsmith presented members with a memorandum regarding this matter that is attached to and made a part of these minutes. Mr. Goldsmith said that staff had found three potential spending limits violations during its initial review of the 2015 year-end reports. Mr. Goldsmith sought guidance from the Board about how to handle these matters under the new statutory and rule provisions. Mr. Goldsmith reviewed the approach currently used for contribution limits violations. Mr. Goldsmith said that spending limits violations arguably should be handled differently than contribution limits violations because the effect of a spending limits violation on an election could not be undone.

After discussion, the following motion was made:

Member Flynn's motion:

To direct the Executive Director that in the case of apparent spending limits violations when the preliminary inquiry has concluded and resulted in a determination that there is a spending limits violation that the Executive Director initiate a formal investigation.

Vote on motion:

Unanimously passed.

ENFORCEMENT REPORT

Consent agenda

A. Confirmation of administrative termination of lobbyist registration - Melvin Ptacek

Mr. Fisher told members that Mr. Ptacek had passed away on February 16, 2015.

After discussion, the following motion was made:

Member Rosen's motion: To confirm the administrative termination of Melvin Ptacek's lobbyist registration.

Vote on motion: Unanimously passed.

Discussion Items

B. Request to withdraw registration – Can't Convert Love Minnesota

Mr. Fisher told members that Can't Convert Love Minnesota was an association that had registered an independent expenditure fund with the Board on June 25, 2014. Mr. Fisher said that the association wished to withdraw its registration as it did not raise money for the purpose of influencing elections and it planned to focus its efforts on lobbying as opposed to elections. Mr. Fisher said that allowing the association to withdraw its registration would also have the effect of waiving a \$50 late filing fee for the association's 2014 year-end report. The association reported a cash balance of \$449.64 as of 12/31/2014.

After discussion, the following motion was made:

Member Oliver's motion: To allow the association to withdraw its registration.

Vote on motion: Unanimously passed.

C. Request for a one-time balance adjustment – Freeborn County RPM

Mr. Fisher told members that this party unit had a \$356.66 balance discrepancy. Mr. Fisher said that the treasurer had gone through the records and noticed a few errors but had not been able to locate the issue. The party unit had filed on paper in the past but planned on filing electronically in the future. Mr. Fisher stated that the party unit requested a one-time balance adjustment from \$1,757.45 to \$1,400.79 as of 12/31/2014 so that it would be able to accurately begin electronic filing. Mr. Fisher said that staff had verified the \$1,400.79 balance and that all deposits and checks had cleared the account.

After discussion, the following motion was made:

Member Rosen's motion: To grant Freeborn County RPM's request for a one-time balance adjustment to \$1,400.79.

Vote on motion: Unanimously passed.

D. Request for a payment plan – Tim Manthey

Mr. Fisher told members that Mr. Manthey was assessed a civil penalty of \$3,250.77 at the Board meeting of October 7, 2014. Mr. Fisher said that Mr. Manthey had proposed a payment plan with the following schedule:

- A first payment of \$450.77;
- Ten payments of \$200 (due by the 15th of each month; beginning April 15); and
- A final payment on April 15, 2016, of \$800.

After discussion, the following motion was made:

Member Rosen's motion: To approve Mr. Manthey's proposed payment plan.

Vote on motion: Unanimously passed.

E. Waiver requests

<u>Name of Candidate or Committee</u>	<u>Late Fee Amount</u>	<u>Civil Penalty Amount</u>	<u>Reason for Fine</u>	<u>Factors for waiver</u>	<u>Board Member's Motion</u>	<u>Motion</u>	<u>Vote on Motion</u>
Dan Hall Volunteer Team	\$25	\$0	2/2/2015 Year-end	Treasurer attempted to file on the Feb. 2 deadline. The Board logs indicate that the treasurer downloaded information instead of uploading a report. The next morning Board staff assisted the treasurer in submitting the report.	Sande	To waive the late fee.	Unanimous
Merrill Anderson Campaign Committee	\$575	\$0	2/2/2015 Year-end	Candidate/treasurer's brother was ill and passed away in Arizona.	Sande	To waive the late fee.	Unanimous
Nienow Volunteer Committee	\$500	\$0	2/2/2015 Year-end	Two family members of the candidate were diagnosed with cancer around reporting period.	Sande	To waive the late fee.	Unanimous
Bridget Sullivan for Judge	\$75	\$0	2/2/2015 Year-end	Computer that contained files obtained a virus. Files were lost and treasurer had to re-enter all contributions and expenditures. During 2014 the committee took in and spent over \$11,000.	Rosen	To waive the late fee.	Unanimous
Olson Volunteer Committee	\$75	\$0	2/2/2015 Year-end	Treasurer mistakenly uploaded a 2013 report on the deadline. Committee likely should have previously applied for, and been granted, an electronic waiver.	Flynn.	To waive the late fee.	Unanimous
Shimek for House B	\$600	\$0	7/28/2014 Pre-primary	Candidate was operating without a treasurer or staff. Tried to do reports as accurately as possible on paper.	No motion.		
MPA PAC	\$25	\$0	2/2/2015 Year-end	No specific reason stated.	No motion.		
Colon for House Committee	\$50 LFF	\$0	24 hr. notice	Candidate said contribution was received on 10/22/2014 and reported to Board on same day. Board records show contribution as being received on 10/22/2014 but no report was received until 10/24/2014 and no activity was logged in the committee's software on 10/22/2014. During 2014 the committee took in and spent more than \$15,000.	No motion.		

F. Other Business

1. Staff request to administratively terminate committee and suspend late filing fees and civil penalties – Candidate Brandon Clokey and the Clokey for 7A Volunteer Committee

Mr. Fisher told members that Mr. Clokey did not file his 2013 year-end report with the Board. A letter dated February 14, 2014, was sent to Mr. Clokey detailing the late filings fees and notifying him of a potential additional civil penalty. The late filing fee reached its \$1,000 statutory maximum on March 31 and the civil penalty reached its \$1,000 statutory maximum on April 26. Mr. Fisher said that staff emailed Mr. Clokey on May 15, 2014, and Mr. Clokey replied on May 30, 2014, stating that he had submitted the report on February 6 and then left the state for his father's funeral. Mr. Fisher said that the Board had no record of receiving the report. Mr. Fisher stated that staff had requested a copy of the fax transmission and emailed Mr. Clokey again on June 10, 2014, but that staff had not been able to reach Mr. Clokey since his email response.

Mr. Fisher said that staff asked the Board to administratively terminate Mr. Clokey's committee and suspend the collection of the late filing fee and civil penalty, which would be reinstated if the candidate attempted to re-register his committee. Mr. Fisher stated that Mr. Clokey last reported a cash balance of \$12.25 as of 12/31/2012, but that the Board's database showed a negative cash balance of \$74.99.

After discussion, the following motion was made:

Member Sande's motion:	To administratively terminate the committee and suspend the collection of the late filing fee and civil penalty.
Vote on motion:	Unanimously passed.

2. Staff request to administratively terminate committee and suspend late filing fees and civil penalties – Candidate David Schaaf and the Friends of Schaaf Committee

Mr. Fisher told members that Mr. Schaaf had not filed his 2013 year-end report. A letter dated February 14, 2014, was sent to Mr. Schaaf detailing the late filings fees and notifying him of a potential additional civil penalty. The late filing fee reached its \$1,000 statutory maximum on March 31 and the civil penalty reached its \$1,000 statutory maximum on April 26. Mr. Fisher said that staff sent an email on January 30, 2014, to which Mr. Schaaf responded on January 31, 2014, stating that there were no changes, that his balance was the same, and that his car would not start. Staff had not been able to reach Mr. Schaaf since that time.

Mr. Fisher said that staff asked the Board to administratively terminate Mr. Schaaf's committee and suspend the collection of the late filing fee and civil penalty, which would be reinstated if the candidate attempted to re-register his committee. Mr. Schaaf last reported a cash balance of \$390.14 as of 12/31/2012. Mr. Fisher said that administratively terminating the committee would have the effect of writing off the \$290.14 that Mr. Schaaf would otherwise have to account for in wrapping up the committee's affairs.

After discussion, the following motion was made:

Member Sande's motion: To administratively terminate the committee and suspend the collection of the late filing fee and civil penalty.

Vote on motion: Unanimously passed.

3. Staff request for direction regarding the Steve Smith Volunteer Committee

Mr. Fisher told members that former Representative Steve Smith had a principal campaign committee open and registered at the time of his death. Mr. Fisher said that at that time, staff had been working with Representative Smith to get his 2012 pre-primary-election report filed. Mr. Fisher stated that although the Board had terminated the committee's registration, the issue of the remaining committee funds remained open.

Mr. Fisher told members that because section 211B.12 gave the Board jurisdiction over the use of money collected for political purposes, staff had made inquiries about the committee's account. Staff had contacted Mr. Smith's son and Mr. Smith's close friend who had helped in wrapping up his affairs. These individuals indicated that no records or paperwork existed besides one piece of paper showing a potential \$2,600 in an account. Staff contacted Mr. Smith's depository, but it could not confirm or deny that any funds existed. Mr. Fisher said that the depository did confirm that an account existed with a name suggesting that it was from Mr. Smith's 1990 committee that also bore his treasurer's name from 1990.

Mr. Fisher said that because Mr. Smith was his own treasurer when he passed away and because staff was unable to confirm whether any funds existed at this time, staff recommended that the Board direct its Executive Director to take no further action with respect to any remaining cash balance in the committee's account. Mr. Fisher said that at least in theory, the account should eventually be considered abandoned property and eventually escheat to the state under Minnesota's abandoned property laws.

After discussion, the following motion was made:

Member Rosen's motion: To direct the Executive Director to take no further action with respect to any remaining cash balance in the committee's account.

Vote on motion: Unanimously passed.

Informational Items

A. Payment of a late filing fee for 2014 Year-end Report of Receipts and Expenditures

Tony Cornish for State Rep, \$25
Volunteers for Dorian Eder, \$25
Neighbors for Farheen Hakeem, \$50
Joe Hoppe Volunteer Committee, \$25
Jack Krage for Senate, \$25
Ed Matthews for Ramsey County, \$100

Steven Schiroo for MN 18A, \$100
Sadik Warka for 61A, \$25

Lyon County DFL, \$25
MN Jobs Coalition, \$25
Rural Electric PAC, \$25

B. Payment of a late filing fee for 2014 Pre-general Report of Receipts and Expenditures

Timothy Manthey for House, \$100
Travis Silvers for MN House, \$50

C. Payment of a late filing fee for 2013 Year-end Report of Receipts and Expenditures

Local 28 Political Fund, \$1,000

D. Payment of a late filing fee for January 15, 2015 lobbyist disbursement report

Kelly Durham, Corrections Corp of America, \$50
Dennis Egan, MN Private College Council, \$25
Dustin Dennison, MN Renewable Energy Society, \$325
Barry Faden, Natl Popular Vote Association, \$50
Matthew Norton, MN Environmental Partnership, \$25
Deanna White, Clean Water Action, \$75

E. Payment of a civil penalty for a contribution during the legislative session

Ryan Kelly, \$100

F. Payment of a civil penalty for exceeding the contribution limit

Isaacson (Jason) for Minnesota, \$125 (partial)
Jay McNamar for House, \$25
MAPE PAC, \$450

G. Deposit to the General Fund, State Elections Campaign Fund

Mark Giancola for Hennepin County Judge, \$200 (anonymous contribution)
Jon Pieper for House, \$108.43 (could not determine source)
Citizens for Paul Rosenthal, \$100 (could not determine source)

H. Return of Excess Carry Forward

Carolyn Laine for State Representative, \$4,796.13
Mary Murphy Volunteer Committee, \$1,669.68

LEGAL COUNSEL'S REPORT

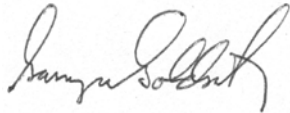
Ms. Schlick Nguyen told members that Benjamin Kruse had been served by mail but had not acknowledged service. Ms. Schlick Nguyen said that the next step would be to serve Mr. Kruse using a process server.

EXECUTIVE SESSION

The Chair recessed the regular session of the meeting and called to order the executive session. Upon completion of the executive session, the regular session of the meeting was called back to order and the Chair had nothing to report into regular session.

OTHER BUSINESS

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

A handwritten signature in black ink, appearing to read "Gary Goldsmith". The signature is fluid and cursive, with the first name "Gary" and last name "Goldsmith" clearly distinguishable.

Gary Goldsmith
Executive Director

Attachments:

- Memorandum regarding example analysis of expenditures and contributions in 2014
- Example analysis of expenditures and contributions in 2014
- Memorandum regarding analysis of campaign spending that is not subject to disclosure
- Memorandum regarding approach to resolving campaign spending limits violations

Campaign Finance and Public Disclosure Board



190 Centennial Building . 658 Cedar Street . St. Paul, MN 55155-1603

DATE: March 10, 2015

TO: Board Members

FROM: Jeff Sigurdson
Assistant Executive Director

TELEPHONE: 651-539-1189

SUBJECT: Sample Analysis of Expenditures and Sources of Funding for the 2014 Election.

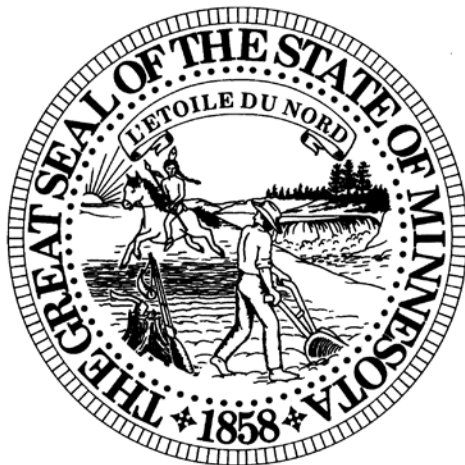
As requested by the Board at the February meeting staff has developed some analysis of spending and contributions at the 2014 election. Most of the analysis reflects the ideas for viewing the information of one or more Board members. The analysis makes heavy use of charts. This was done in the belief that the information is more approachable if there is a graphic representation of the numbers underlying the analysis.

Staff would appreciate feedback from the Board on the effectiveness of graphics to convey the information as the new website may incorporate a similar approach to some types of disclosure.

Attachment

Overview of Expenditures

Overview of Expenditures and Sources of Funding for the 2014 Election



Prepared by the Campaign Finance and Public Disclosure Board
March 10, 2015

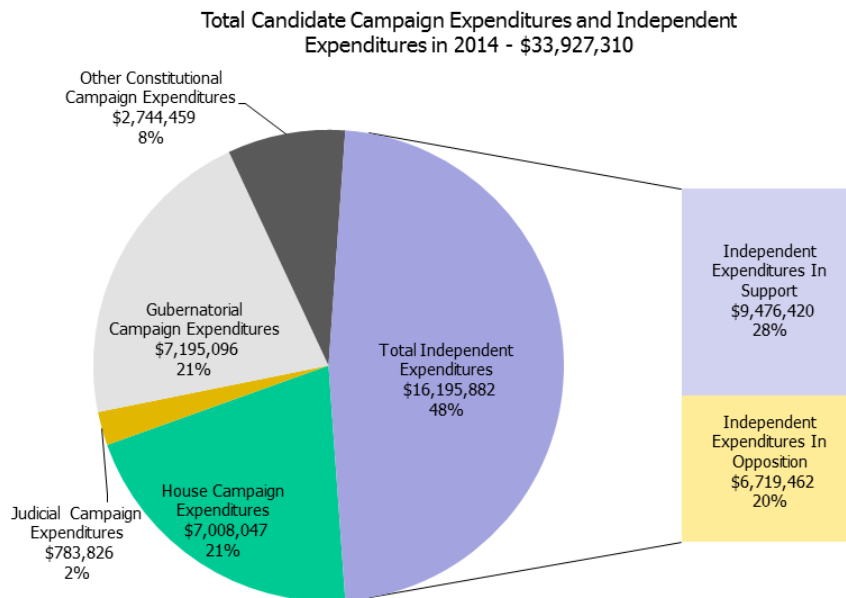
Total Expenditures to Influence the 2014 Election

Expenditures to directly influence voting at the 2014 election are reported to the Board in two ways. First, candidate committees report campaign expenditures made by those committees. This amount includes the value of in-kind expenditures made with the knowledge and on behalf of a candidate by party units or political committees.

Secondly, political parties, political committees and funds, and independent expenditure committees and funds (party units and political committees) can make independent expenditures either in support of or in opposition to candidates. Independent expenditures are done without the knowledge of candidates, and so are reported only by the party units and political committees¹.

During 2014, campaign expenditures made by candidates who filed for office and independent expenditures made by party units and political committees totaled \$33,927,310². As shown in Figure 1, the total amount spent on independent expenditures is nearly equal to the amount spent by all candidates combined. Campaign expenditures by candidate committees totaled \$17,731,428 or 52% of the total reported amount spent to influence the election. Total independent expenditures were \$16,195,882, or 48% of the total reported amount spent to influence the election.

Figure 1



¹ Candidate committees may also spend funds on non-campaign disbursements, which are defined in statute and not counted as campaign expenditures. Party units and political committees also have general expenditures, typically administrative overhead, which are not on behalf of a particular state candidate. Non-campaign expenditures and general expenditures are not included in this analysis.

² All numbers in this memo are as of March 5, 2015. Amendments to the Year-end Report of Receipts and Expenditures filed by candidates, party units, and political committees may alter the totals presented here.

Independent expenditures are reported with information that identifies the candidate that was the subject of the independent expenditure, and whether the expenditure was in support of or in opposition to the candidate. Total spending on any particular race can be determined by combining campaign expenditures made by the candidate committees in the race with the independent expenditures made for and against the candidates in that race. In Table 1, the ten state House of Representative races with the highest total expenditures are listed.

Table 1

House District	Independent Expenditures	Candidate Committee Campaign Expenditures	Total Expenditures in 2014
14B	\$784,955	\$176,234	\$961,190
48A	\$782,810	\$116,554	\$899,364
10B	\$692,028	\$83,529	\$775,557
27A	\$560,627	\$136,341	\$696,969
44B	\$364,747	\$331,757	\$696,504
12A	\$538,774	\$140,021	\$678,794
17B	\$549,817	\$128,327	\$678,144
56B	\$548,535	\$112,836	\$661,371
43A	\$511,130	\$105,816	\$616,946
2A	\$520,328	\$78,524	\$598,853

The range of total expenditures for state House of Representative races varied from the \$961,190 dollars spent on District 14B to \$62 spent on District 47B in support of Representative Joe Hoppe, who was unopposed at the election.

Appendix B, attached to this document, provides information and comparative charts on the campaign expenditures and independent expenditures made for the 134 state House of Representative races. A similar breakdown of 2014 expenditures for the constitutional offices (governor, attorney general, secretary of state, and state auditor) is available in Appendix A.

2014 Independent Expenditures

Comparing the amount of independent expenditures over multiple elections is complicated by the fact that independent expenditures increase or decrease depending on which offices are on the ballot. In particular the presence of the office of governor on the ballot significantly increases the total amount of spending on independent expenditures. In Figure 2, the total amount of independent expenditures spikes in 2006, 2010, and 2014, which are the elections at which the office of governor was up for election. However, a direct comparison between the \$16,195,881 spent in 2014, and the \$16,122,497 spent in 2010, is still problematic because of the state Senate. In 2010 the Senate was on the ballot, while in 2014 only the House of Representatives was up for election. Therefore, while it is possible to say that total spending on independent expenditures was almost the same in 2010 and 2014 it is with the caveat that the number of state offices on the ballot was greater in 2010.

Figure 2

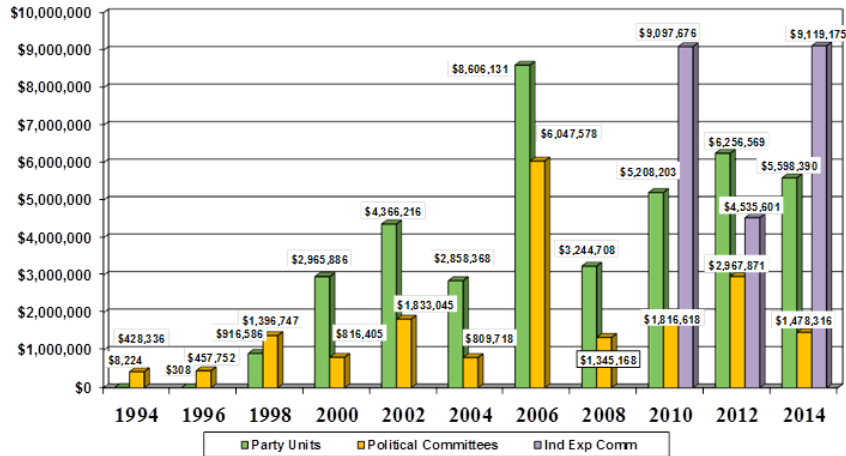


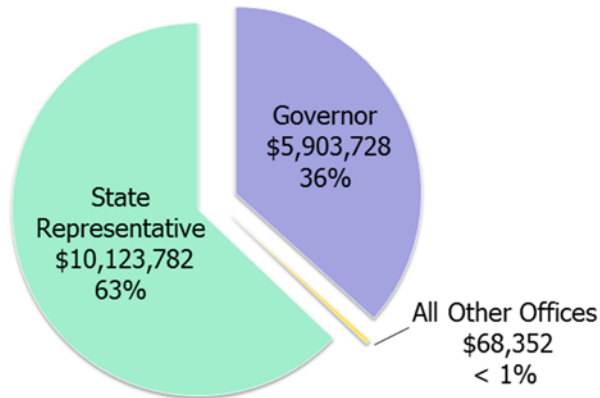
Figure 2 shows independent expenditures by the type of registered committee that made the expenditure: political party units, political committees and funds, and independent expenditure committees and funds. Independent expenditure committees and funds are different from other political committees and funds because they may accept contributions from corporations. The 2010 election is the first year during which independent expenditure committees and funds were recognized under Minnesota law. During the twenty years represented in the chart independent expenditures increased from a little over \$436,000 in 2004 to a little over \$16,195,000 in 2014, an amount about 37 times larger.

In 2014 independent expenditures focused on the gubernatorial race and competitive State Representative races. Figure 3 shows a breakdown of the amount spent on the various offices.

Figure 3

2014 Independent Expenditures by Office

Amount Spent

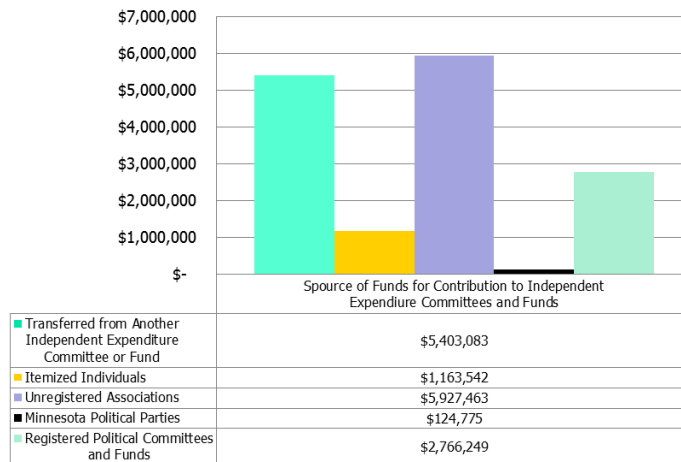


Sources of Funding for Independent Expenditure Committees and Funds

Independent expenditure committees and funds came into existence in 2010 as a way to accommodate the use of corporate contributions to pay for independent expenditures. However, corporate contributions are not the only, or even the largest, source of funding for independent expenditure committees and funds. As seen in Figure 4, independent expenditure committees receive significant funding from registered political committees, individuals, political parties, and transfers from other independent expenditure committees and funds.

Figure 4

2014 Source of Funding for Independent Committees and Funds



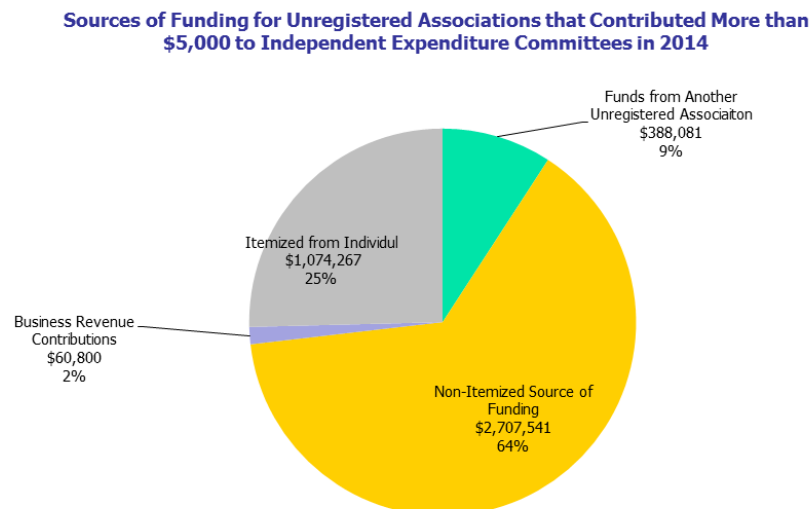
Actual corporate business revenue is included in the \$5,927,463 reported from unregistered associations. However, in 2014 unregistered associations did not use business revenue for the majority of the contributions made to independent expenditure committees and funds, or at least for the majority of contributions that exceeded \$5,000.

The source of funding for independent expenditure committees and funds is disclosed under a different set of statutory requirements than the requirements for political committees and funds or political party units. Independent expenditure committees and funds are required to obtain and forward to the Board underlying disclosure for contributions from unregistered associations if the contribution is more than \$5,000. No disclosure on the source of funding is required if the contribution does not exceed \$5,000.

Unregistered associations that contribute over \$5,000 in aggregate to independent expenditure committees provide a short report that discloses the source of the funds used for the contribution. If the association used business revenue it generated to fund the contribution no further disclosure is required. If the association used membership fees and dues, or contributions received from individuals or other associations to fund the contribution, then the disclosure statement may, under some circumstances, need to list the source of the funds used for the contribution.

The Board recommended to the legislature in 2013 that the statutory formula used to determine if the unregistered association must itemize the source of funds used for a contribution should be changed because the current method of calculation was resulting in little disclosure. The underlying disclosure provided by unregistered associations for \$4,230,689 in contributions to independent expenditure committees appears consistent with that recommendation. Figure 5 shows that unregistered associations used business revenue to fund contributions that exceeded \$5,000 only 2% of the time. Contributions from sources that were not itemized were used 64% of the time, and when a source of funding was itemized the source was an individual 25% of the time.

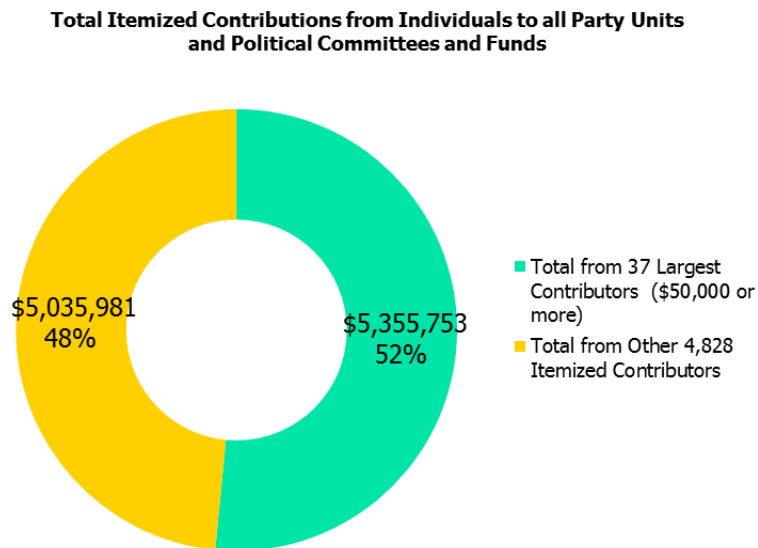
Figure 5



Role of Individuals in Funding of Registered Political Committees and Political Party Units

Political party units, political committees, and political funds do not have contribution limits from individuals. Therefore, individuals who are able to contribute relatively large amounts to party units and political committees become an important funding source. Figure 6 shows the relative importance of thirty-seven individuals who contributed \$50,000 or more in aggregate in 2014. Those thirty-seven individuals contributed more than the other 4,828 individual contributors itemized on reports from political committees and funds and political party units.

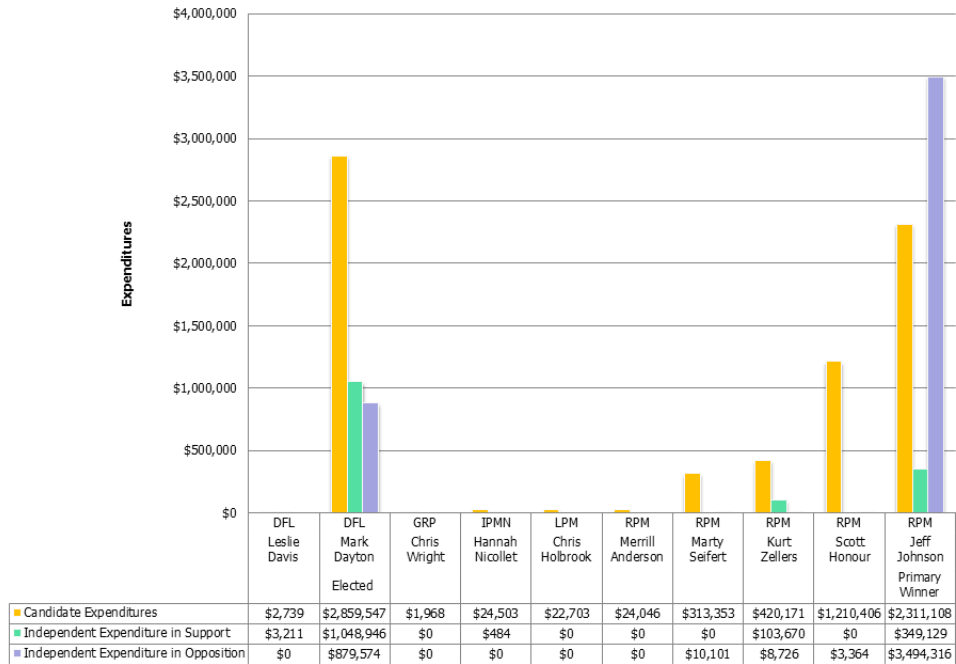
Figure 6



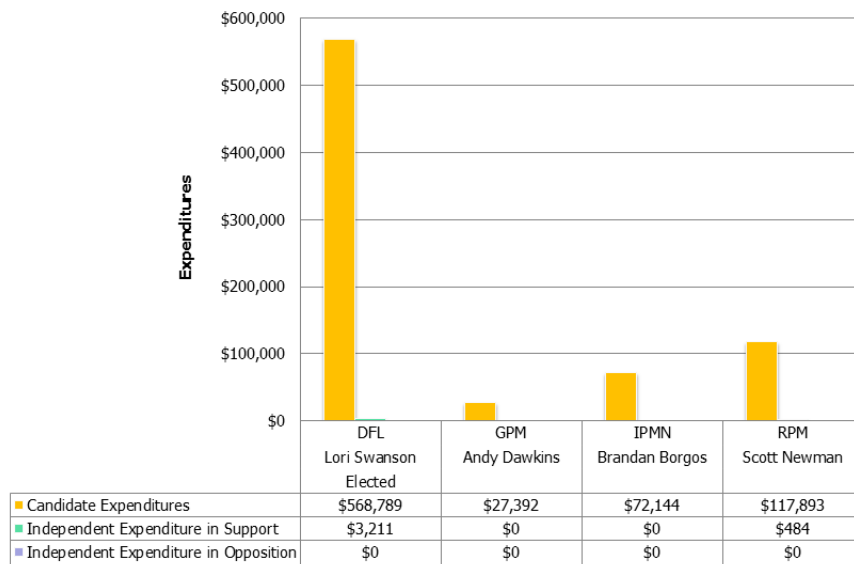
It should be noted that the total amount of contributions received by political committees, political funds, and political party units from all sources in 2014 was \$61,083,130. When compared to the overall contribution amount, the contributions from the 37 largest contributors represent about 9% of the total amount received.

Appendix A 2014 Campaign Expenditures and Independent Expenditures by Constitutional Office

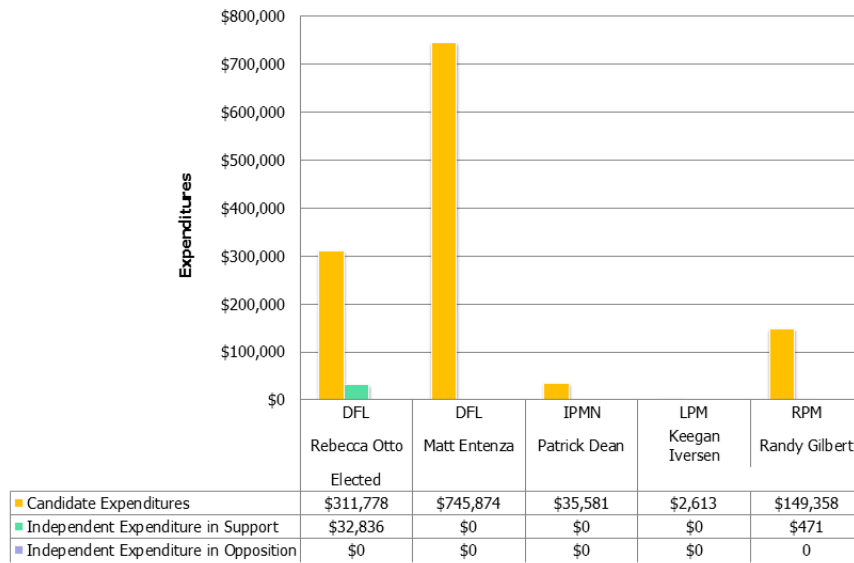
2014 Governor



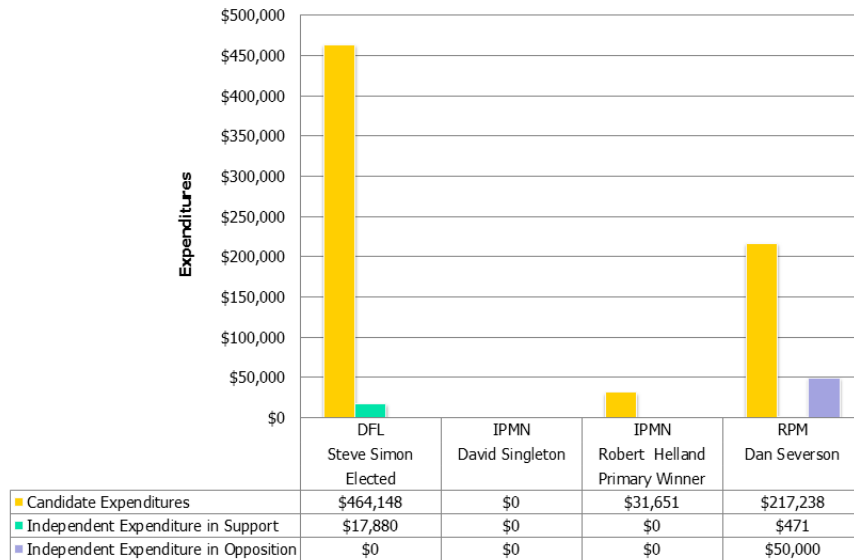
2014 Attorney General



2014 State Auditor

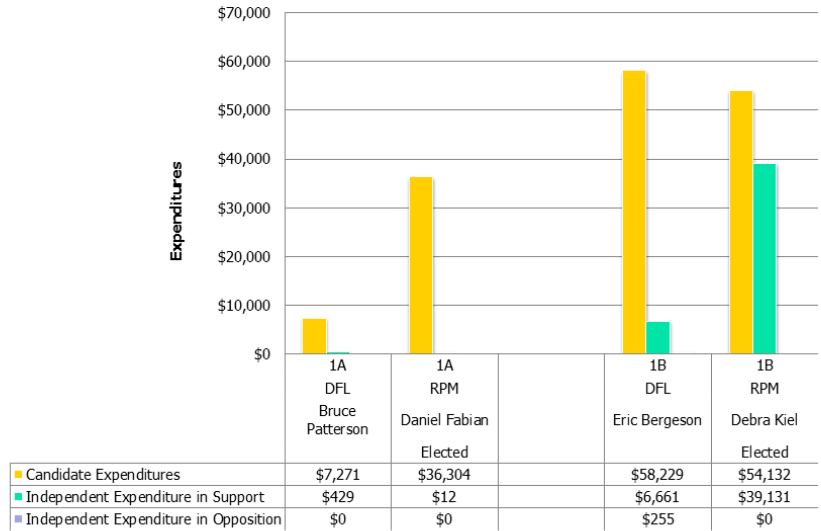


2014 Secretary of State

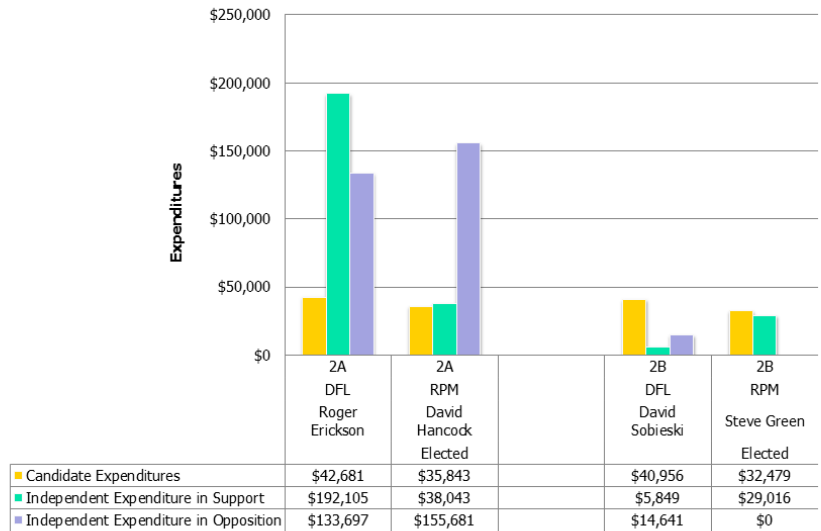


Appendix B 2014 Campaign Expenditures and Independent Expenditures by House District

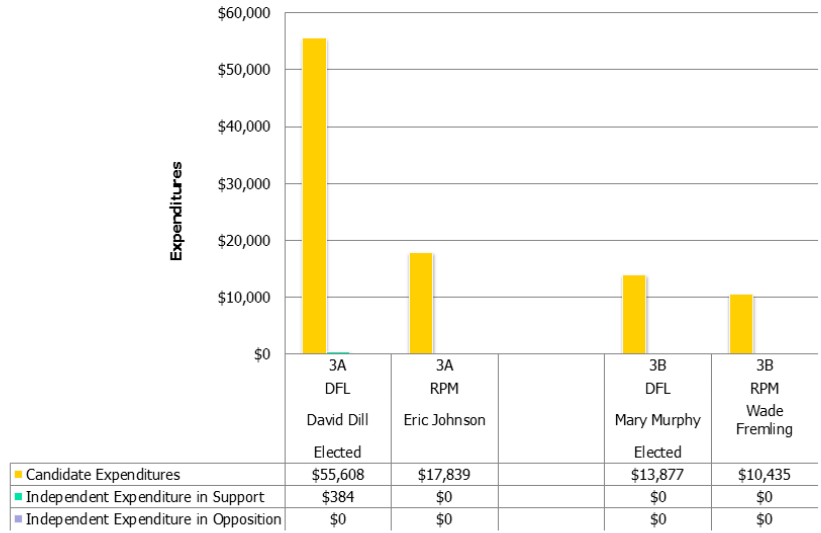
House Districts 1A and 1B



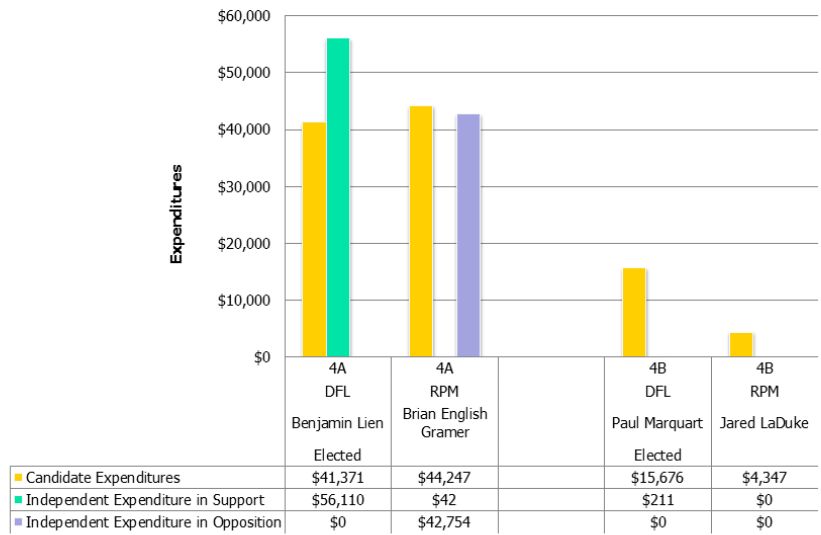
House Districts 2A and 2B



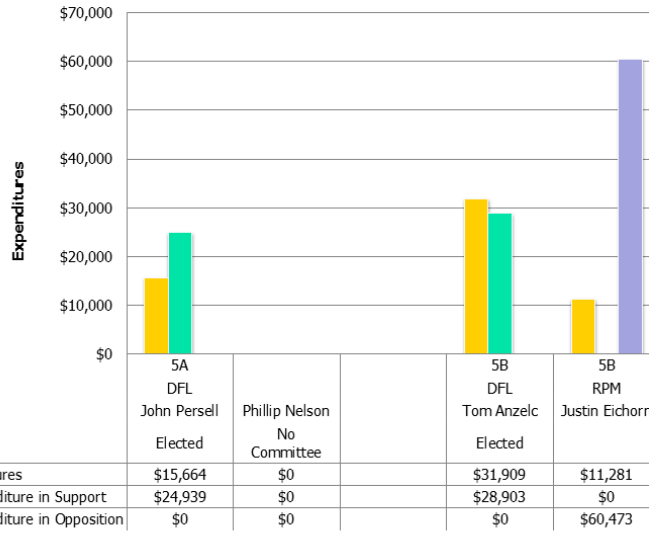
House Districts 3A and 3B



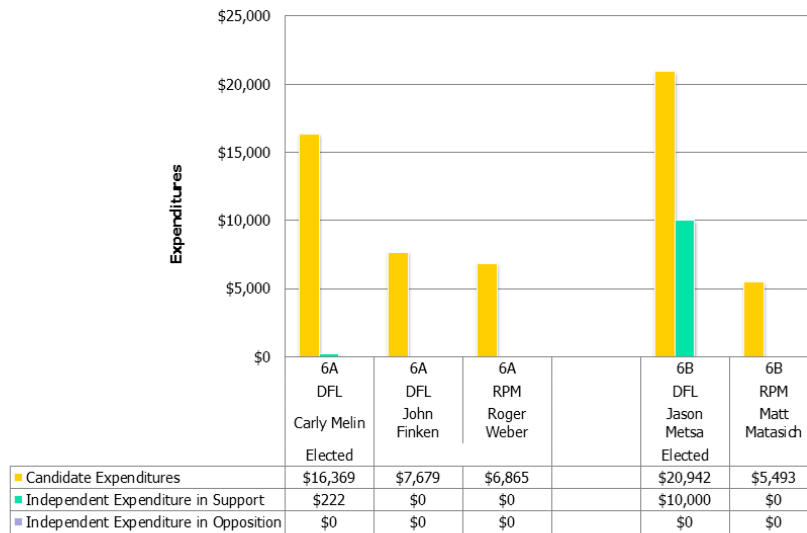
House Districts 4A and 4B



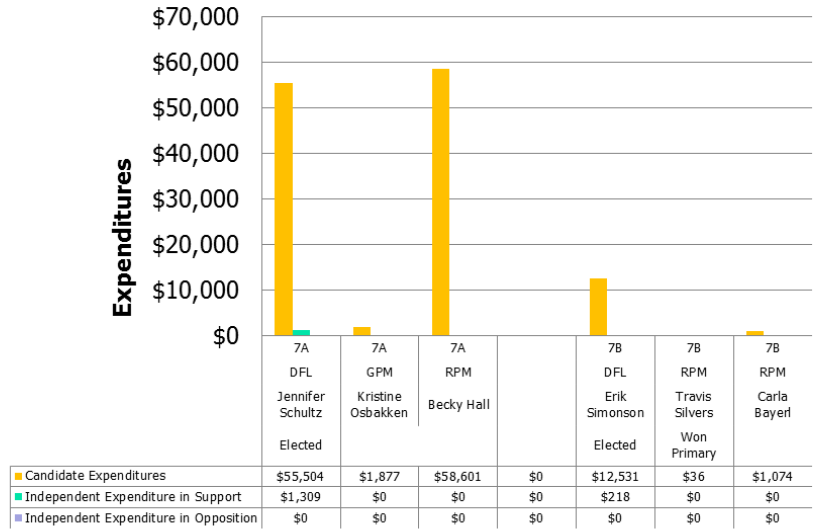
House Districts 5A and 5B



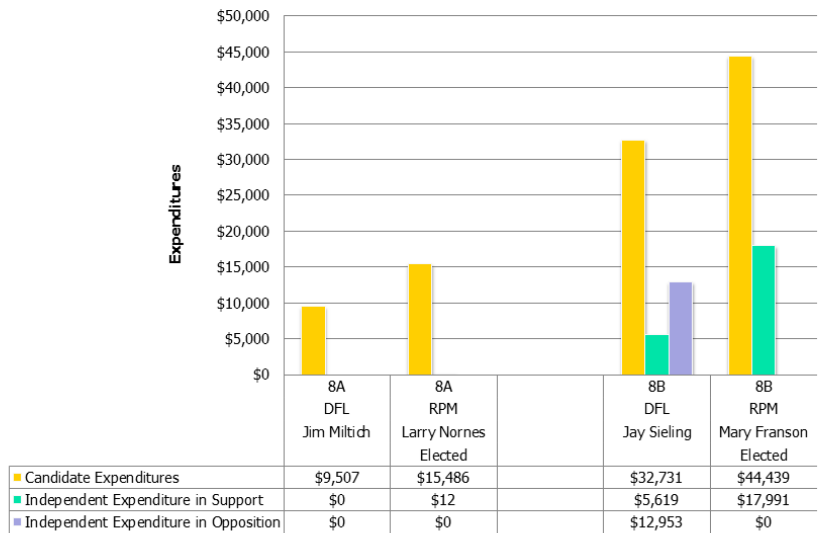
House Districts 6A and 6B



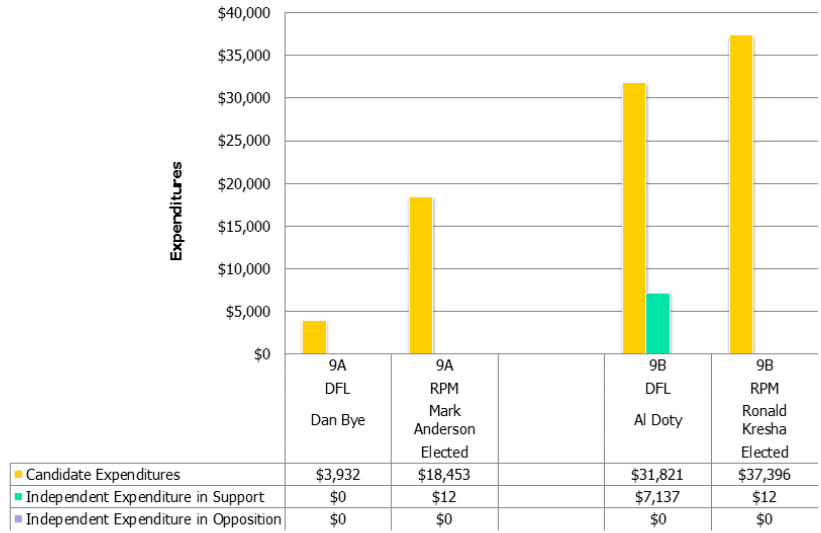
House Districts 7A and 7B



House Districts 8A and 8B



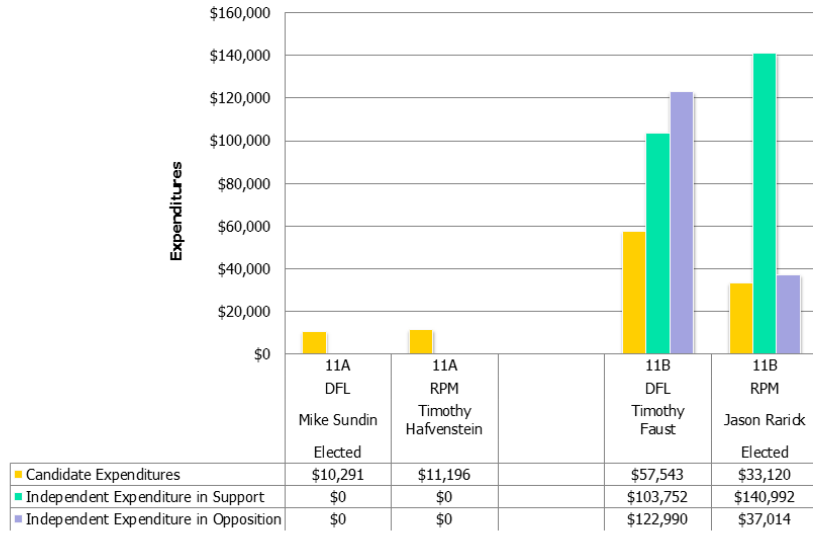
House Districts 9A and 9B



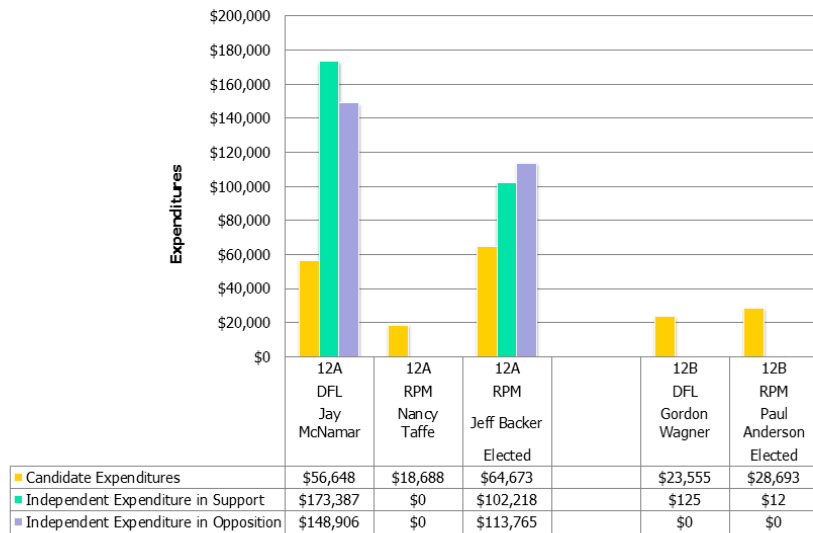
House Districts 10A and 10B



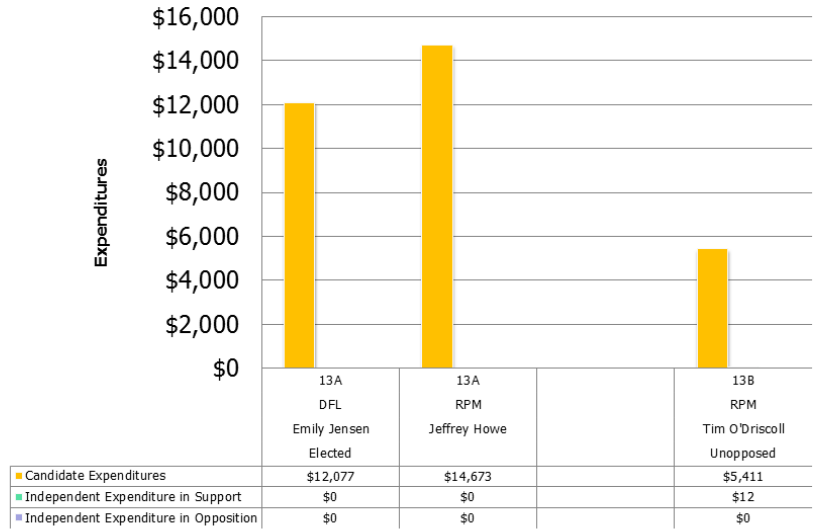
House Districts 11A and 11B



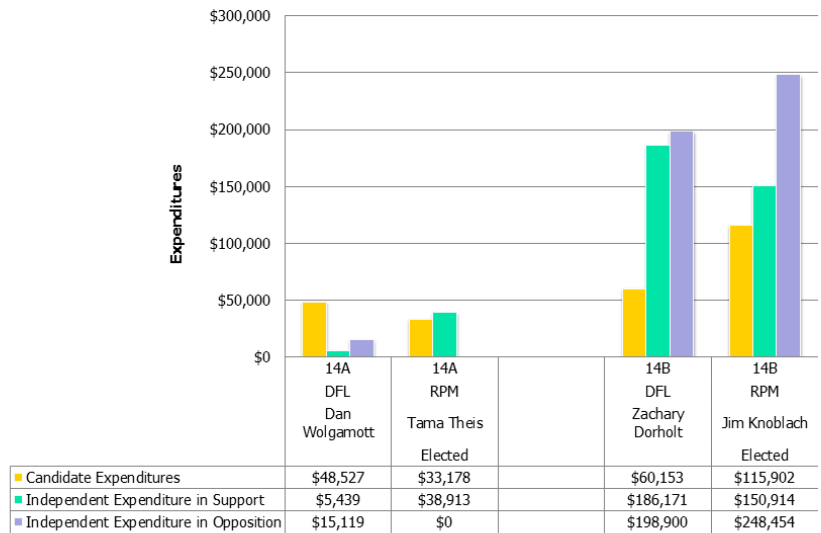
House Districts 12A and 12B



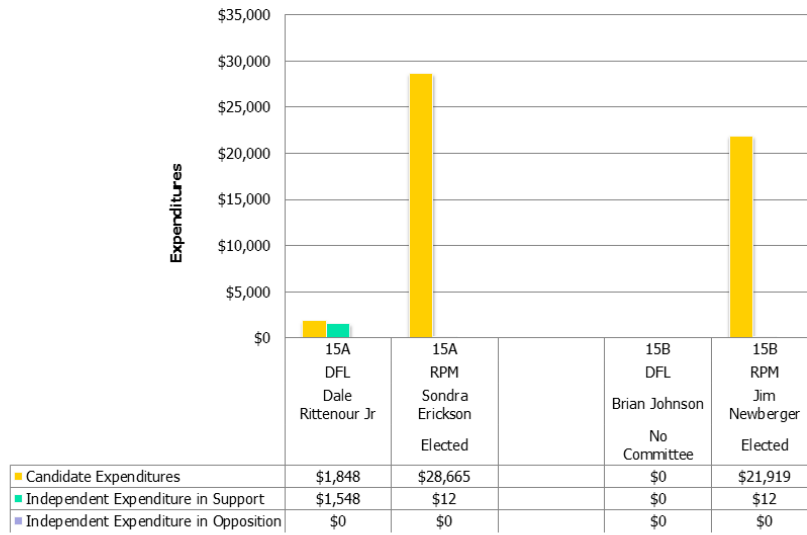
House Districts 13A and 13B



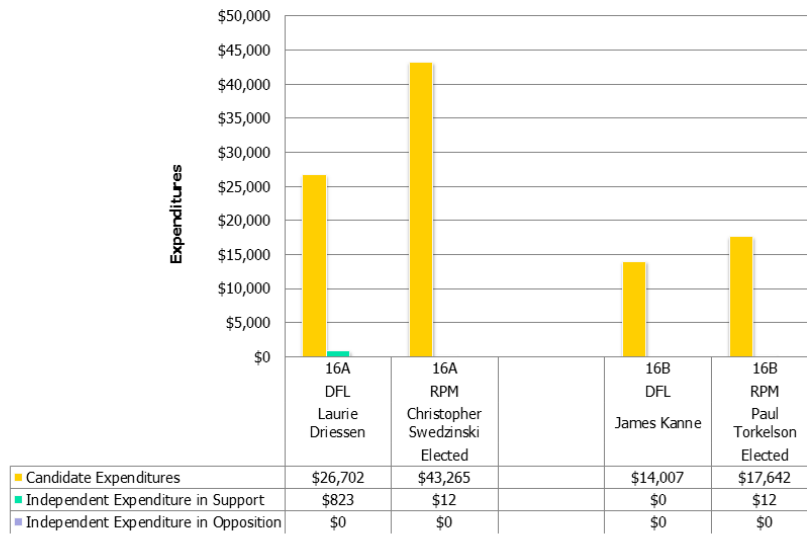
House Districts 14A and 14B



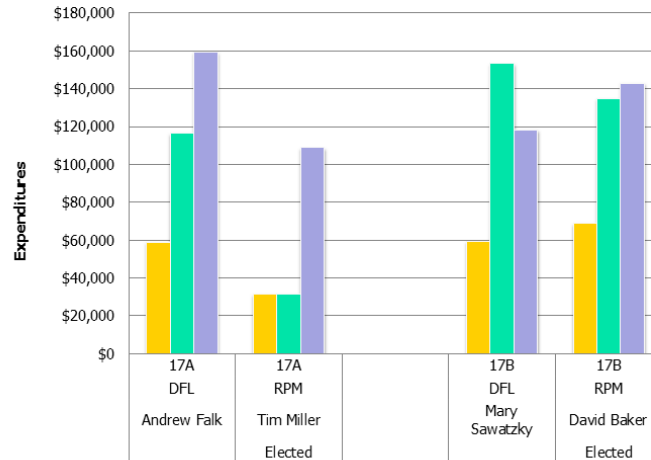
House Districts 15A and 15B



House Districts 16A and 16B

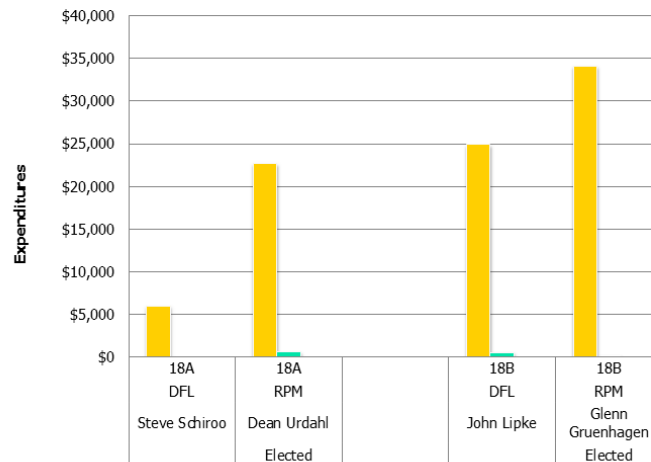


House Districts 17A and 17B



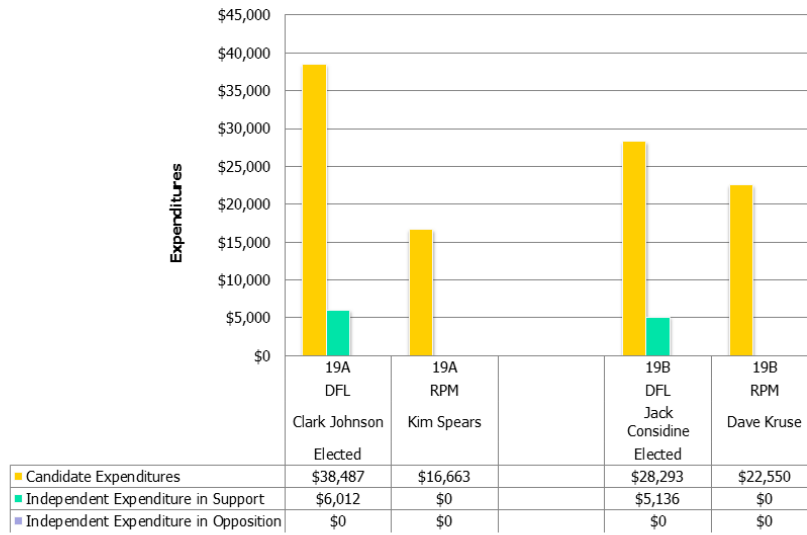
■ Candidate Expenditures	\$58,942	\$31,404	\$59,468	\$68,859
■ Independent Expenditure in Support	\$116,478	\$31,338	\$153,400	\$134,968
■ Independent Expenditure in Opposition	\$159,492	\$108,909	\$118,345	\$143,020

House Districts 18A and 18B

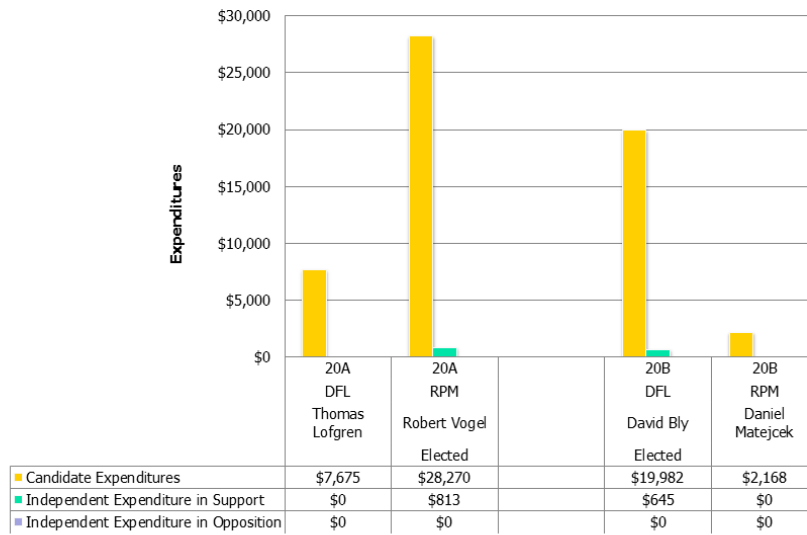


■ Candidate Expenditures	\$5,935	\$22,681	\$24,911	\$34,142
■ Independent Expenditure in Support	\$0	\$549	\$473	\$12
■ Independent Expenditure in Opposition	\$0	\$0	\$0	\$0

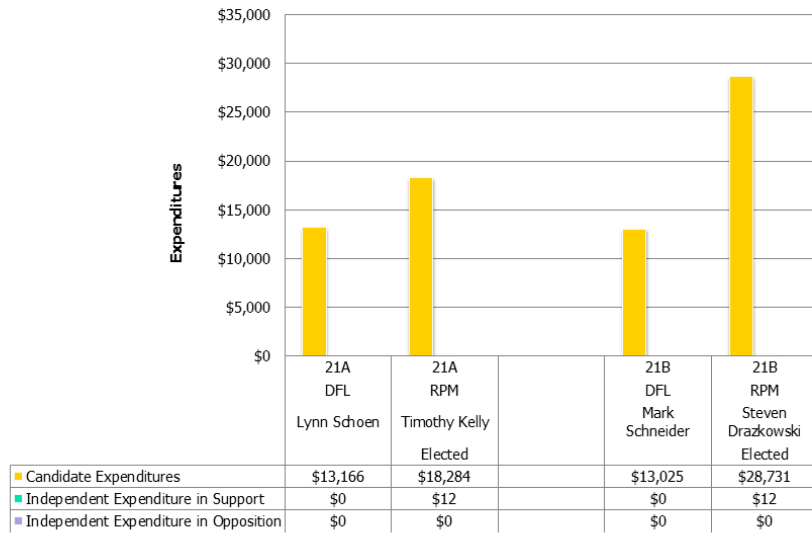
House Districts 19A and 19B



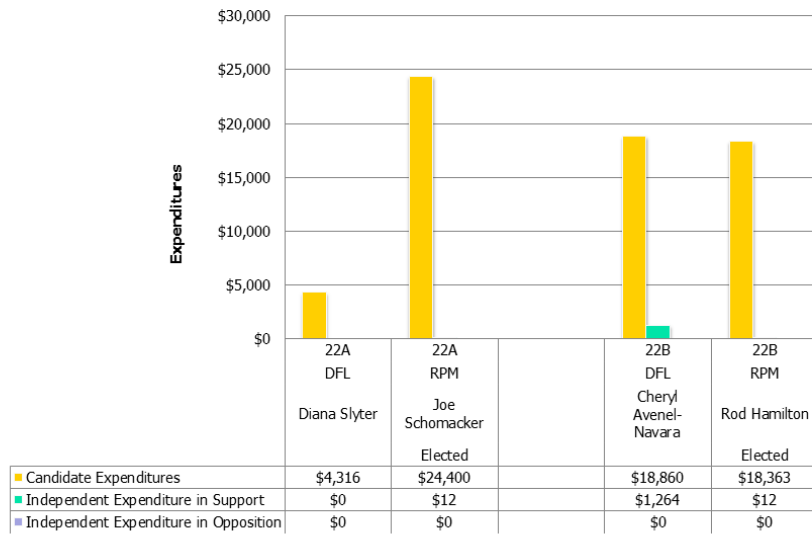
House Districts 20A and 20B



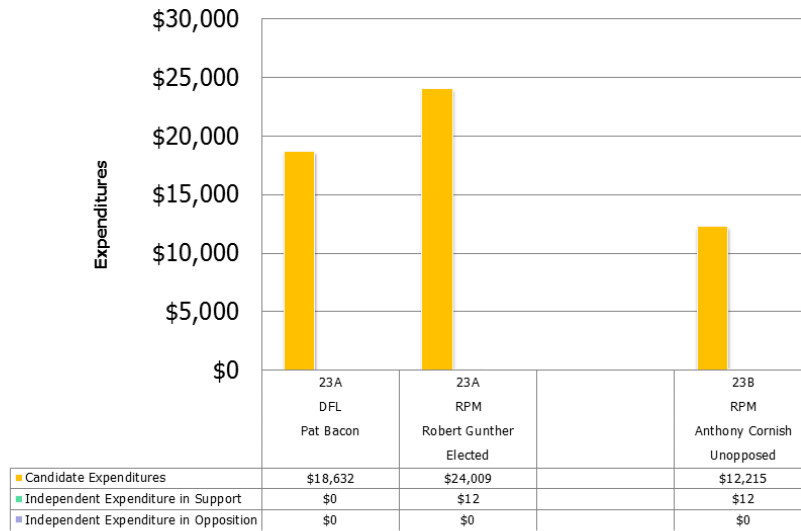
House Districts 21A and 21B



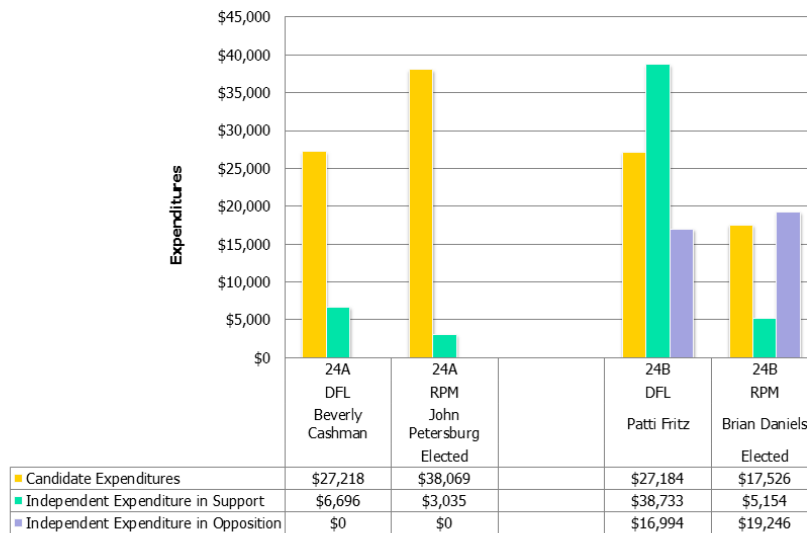
House Districts 22A and 22B



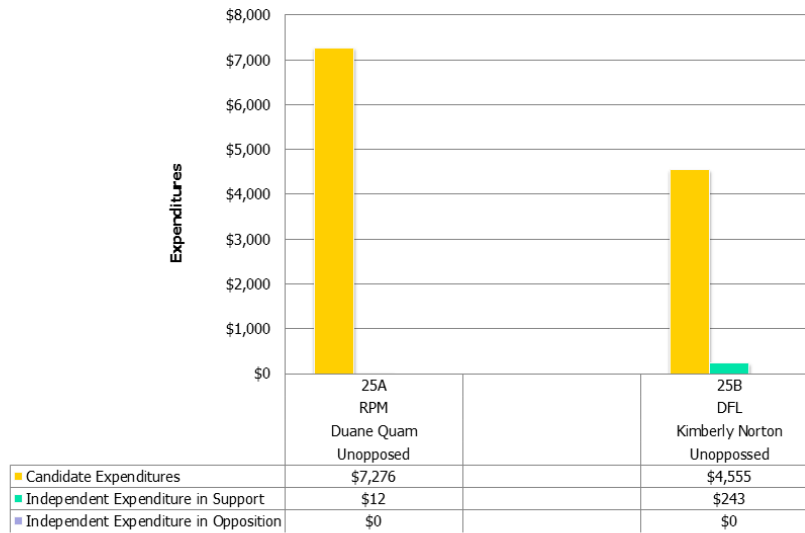
House Districts 23A and 23B



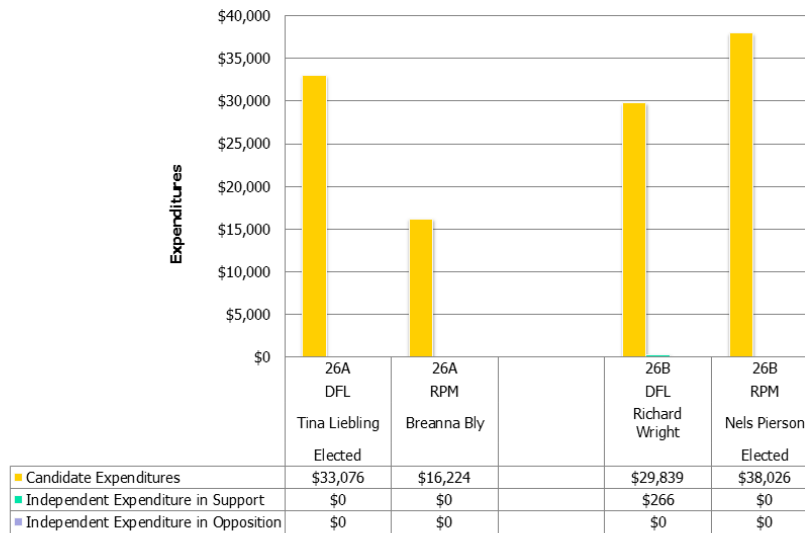
House Districts 24A and 24B



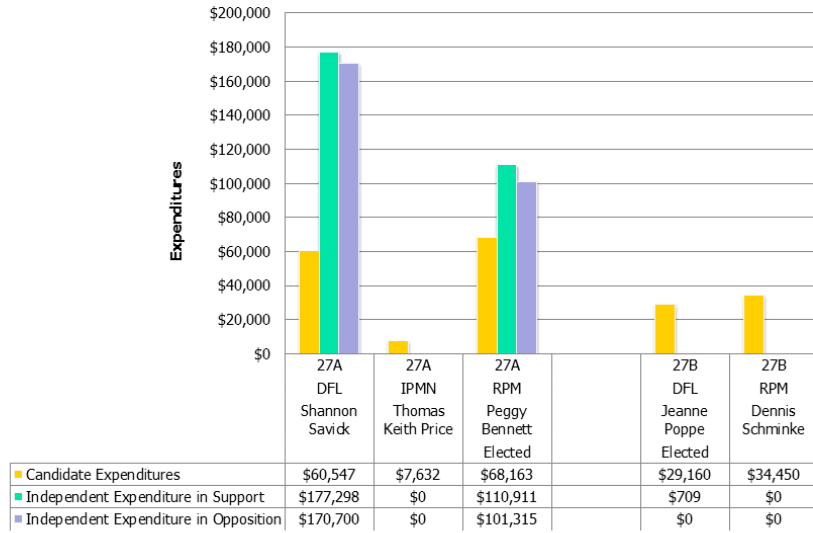
House Districts 25A and 25B



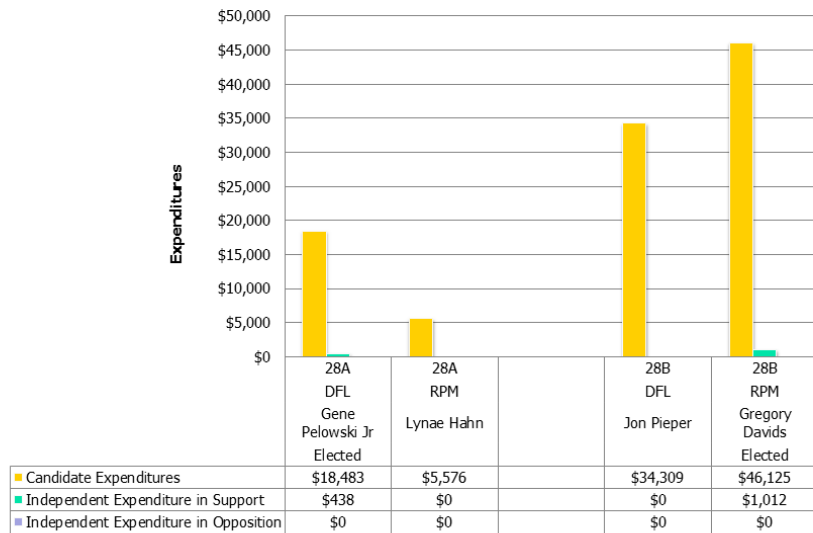
House Districts 26A and 26B



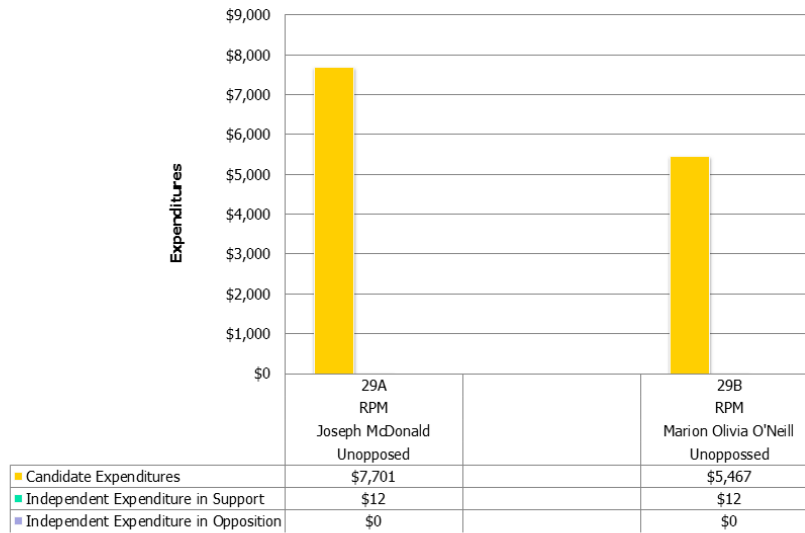
House Districts 27A and 27B



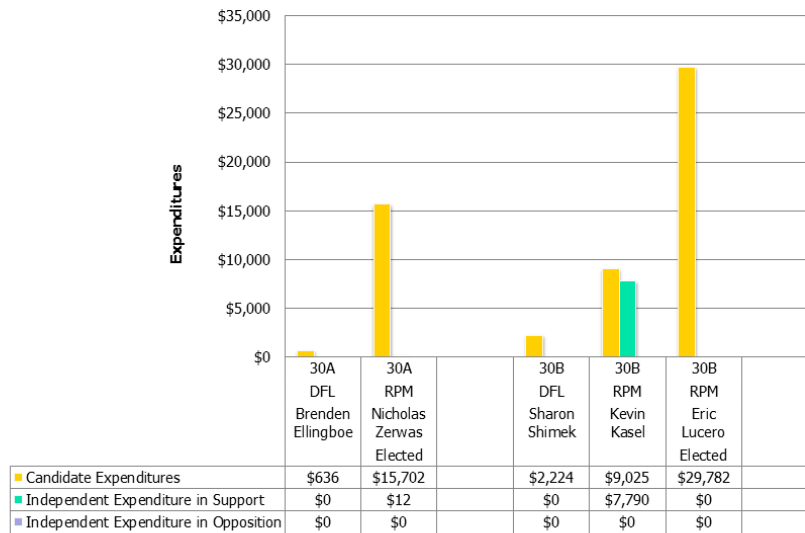
House Districts 28A and 28B



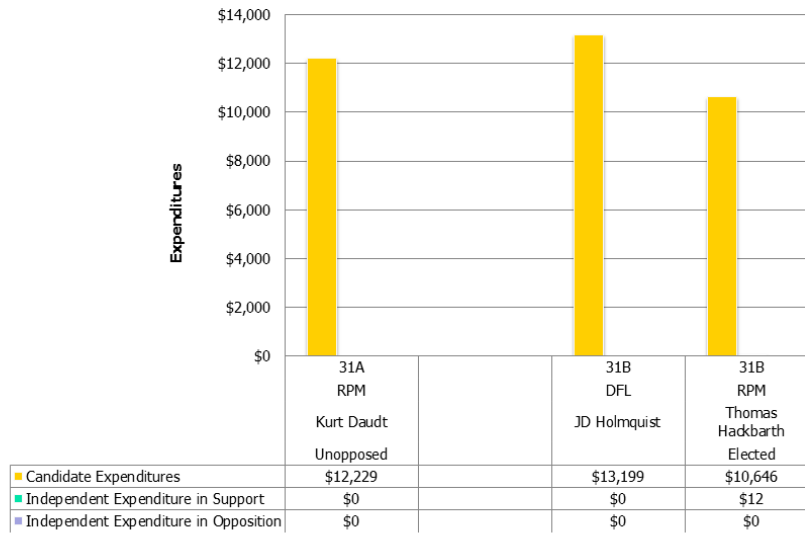
House Districts 29A and 29B



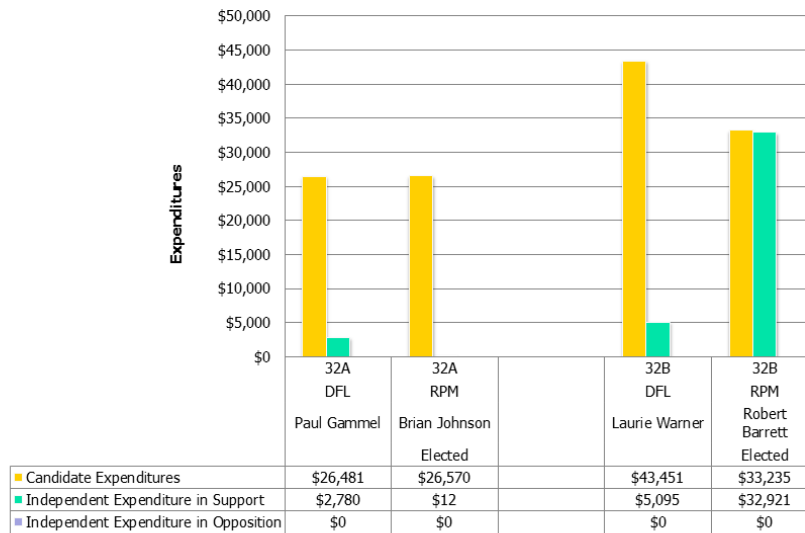
House Districts 30A and 30B



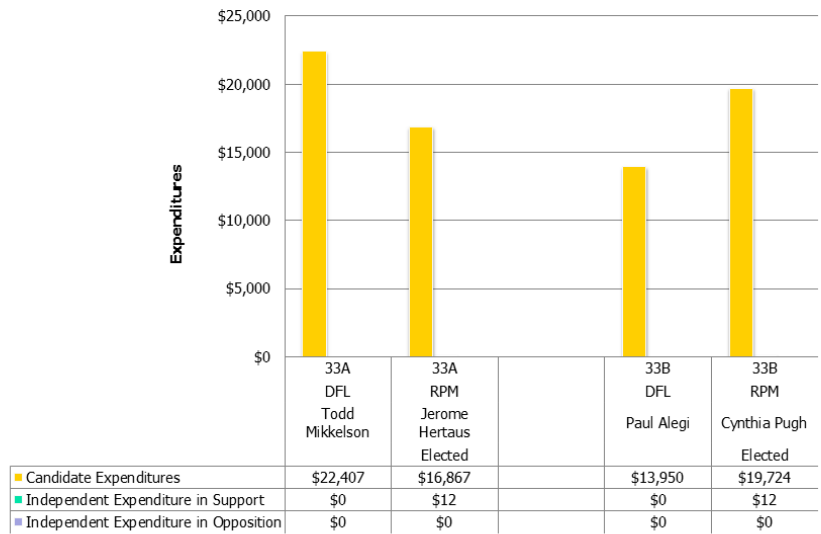
House Districts 31A and 31B



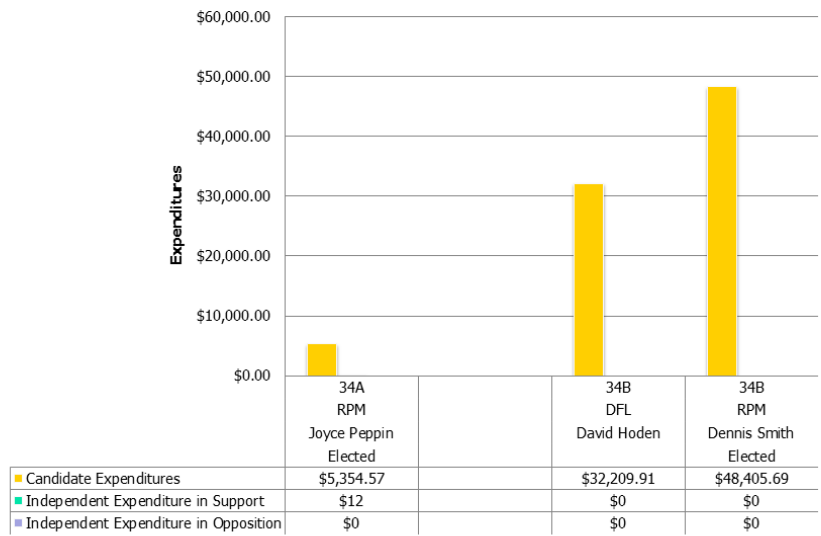
House Districts 32A and 32B



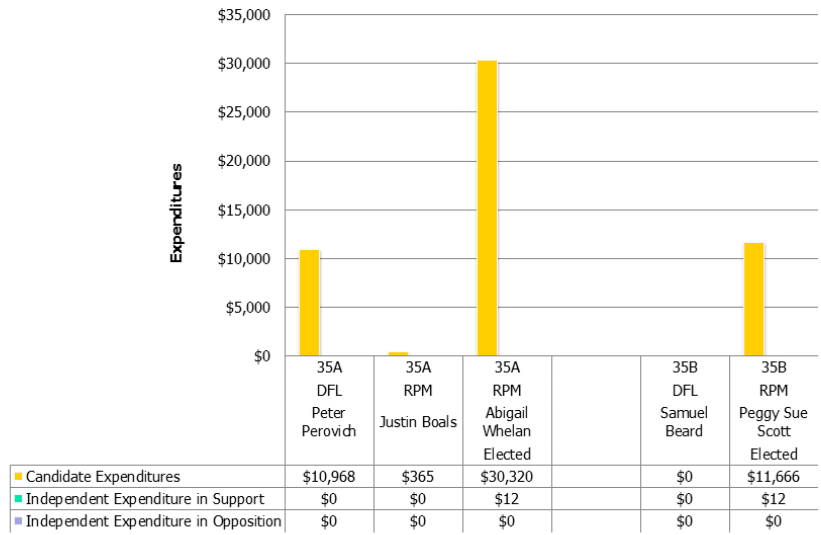
House Districts 33A and 33B



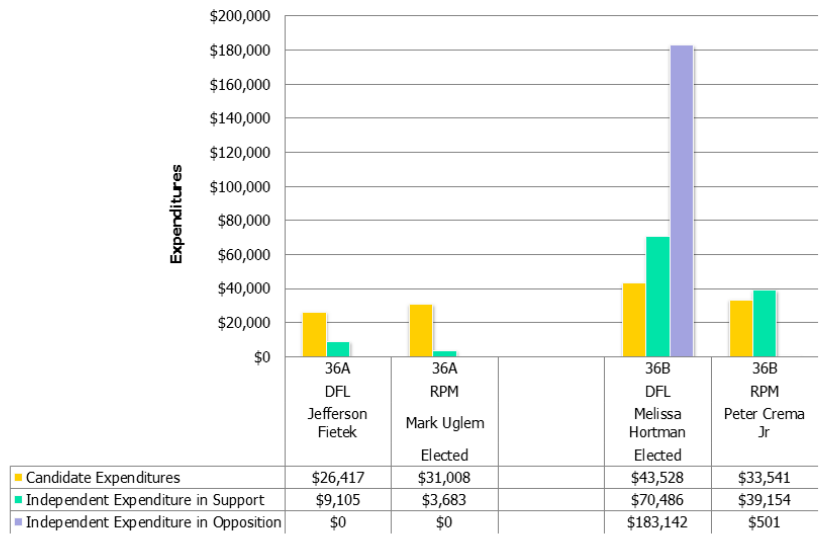
House Districts 34A and 34B



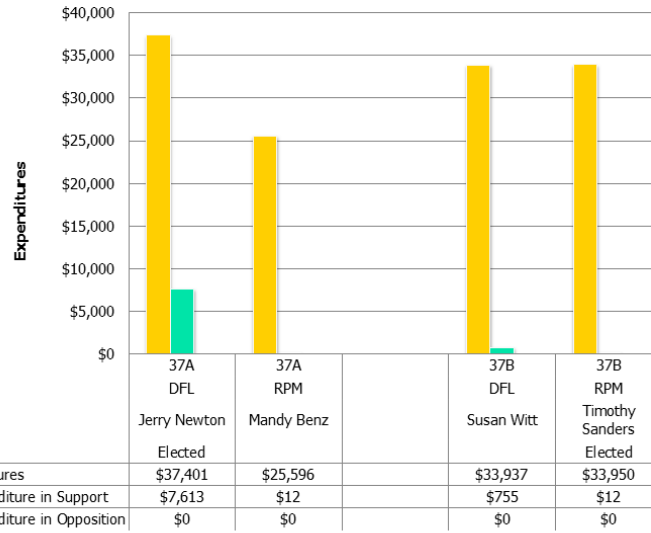
House Districts 35A and 35B



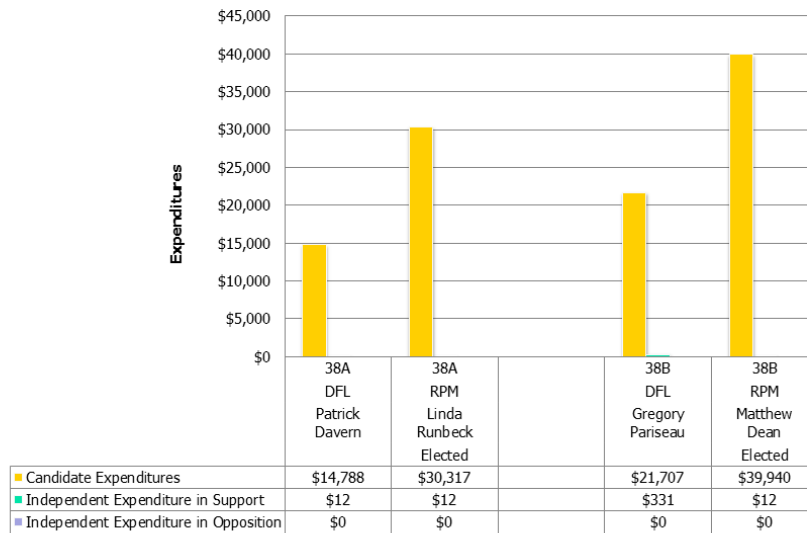
House Districts 36A and 36B



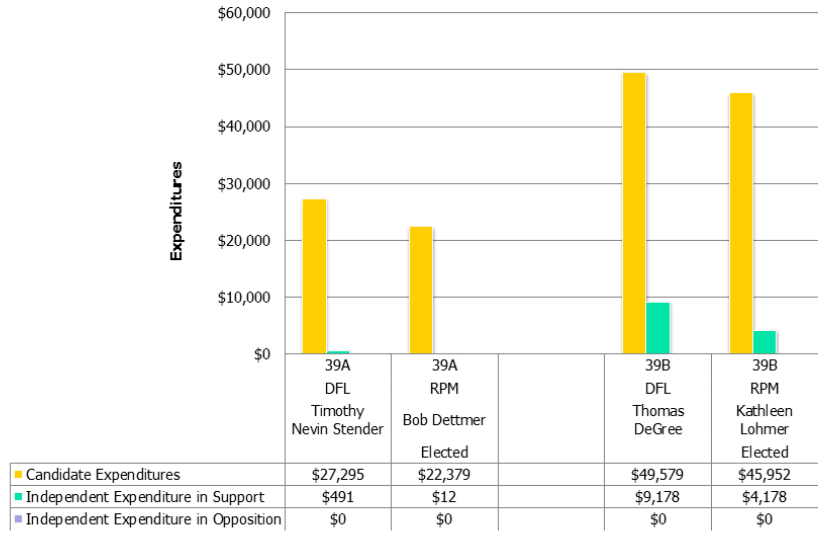
House Districts 37A and 37B



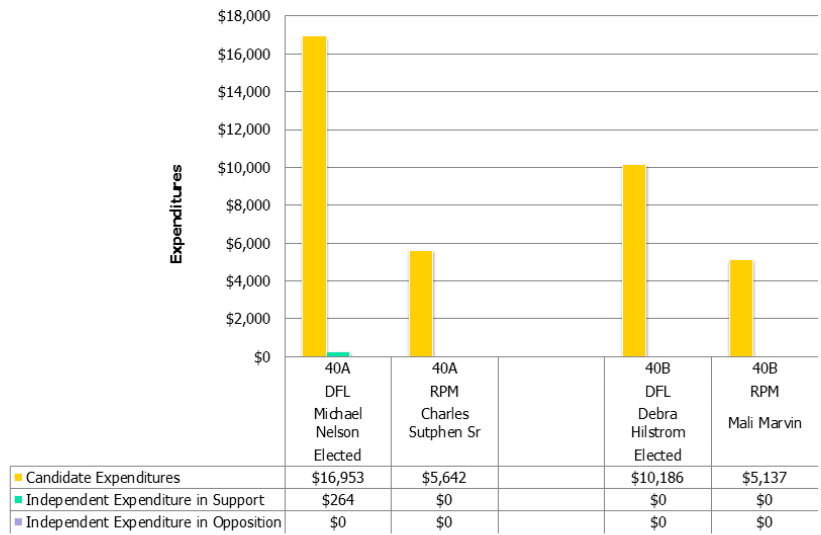
House Districts 38A and 38B



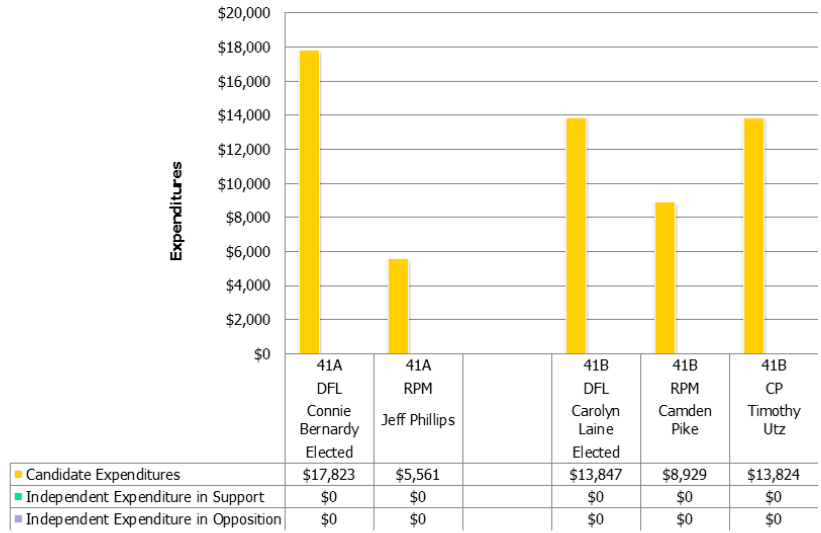
House Districts 39A and 39B



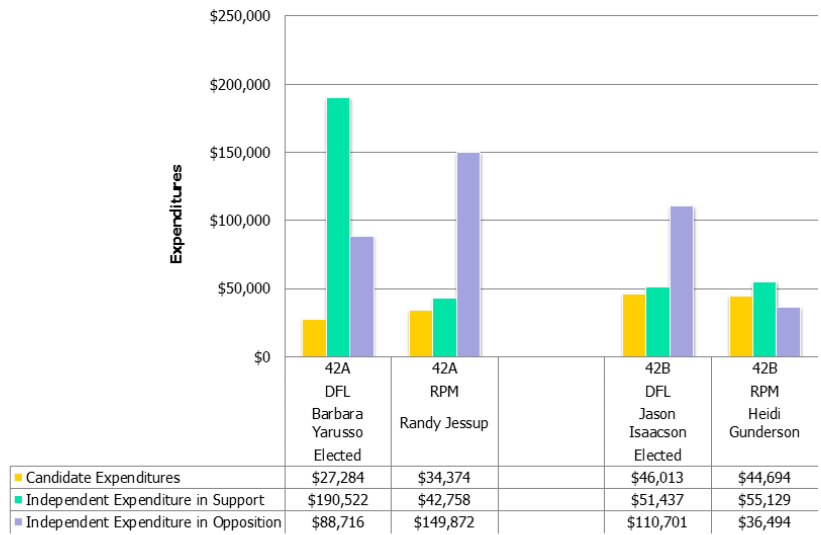
House Districts 40A and 40B



House Districts 41A and 41B



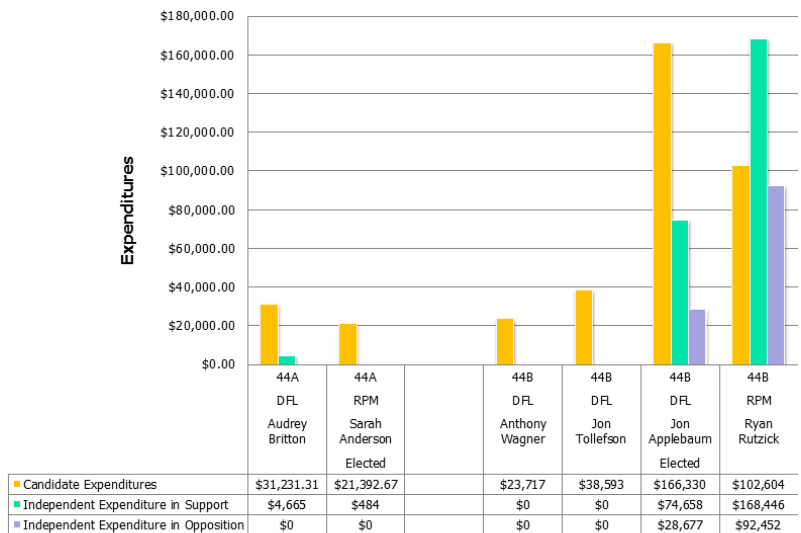
House Districts 42A and 42B



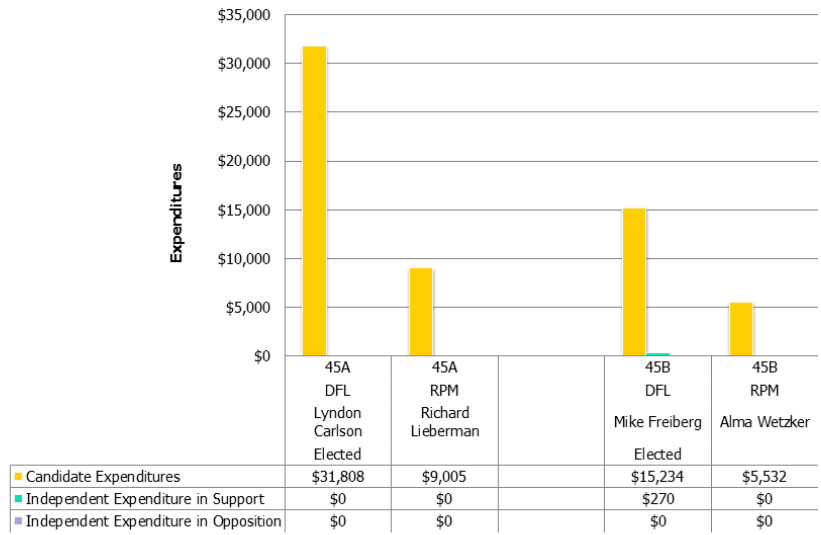
House Districts 43A and 43B



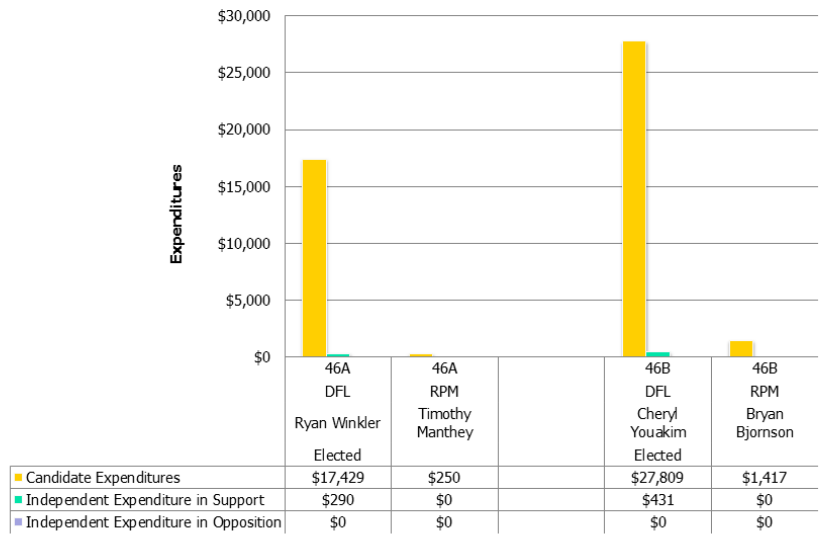
House Districts 44A and 44B



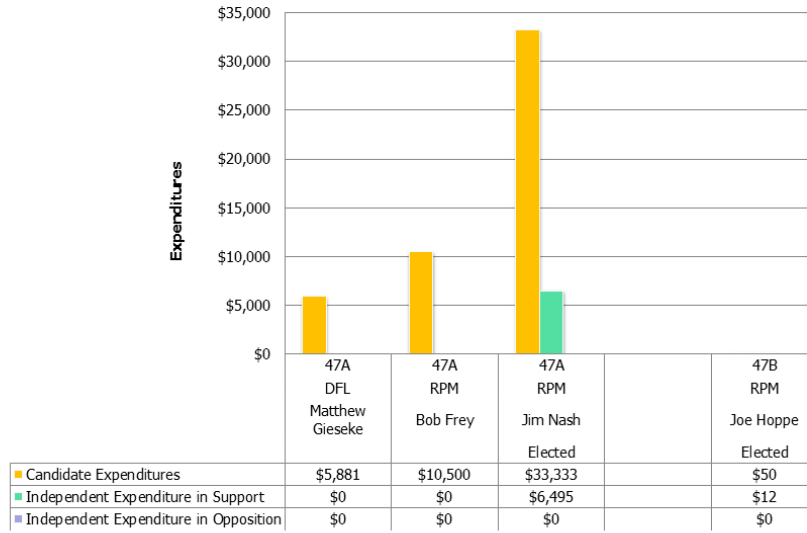
House Districts 45A and 45B



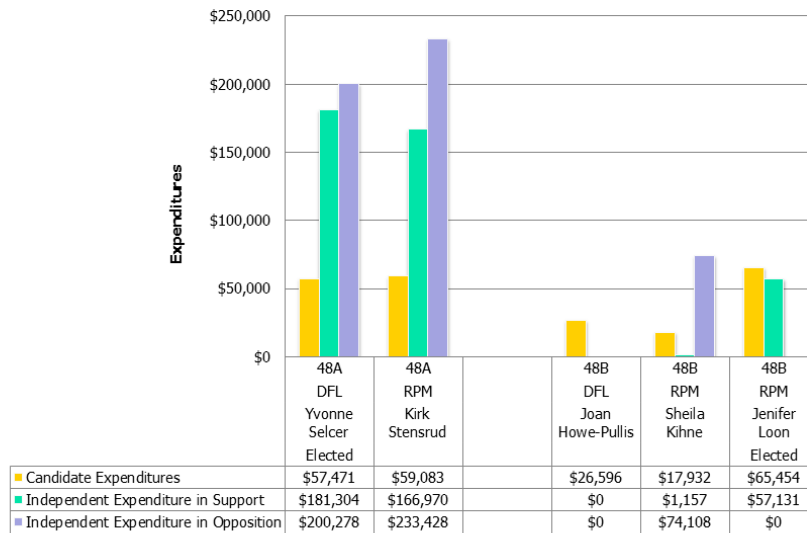
House Districts 46A and 46B



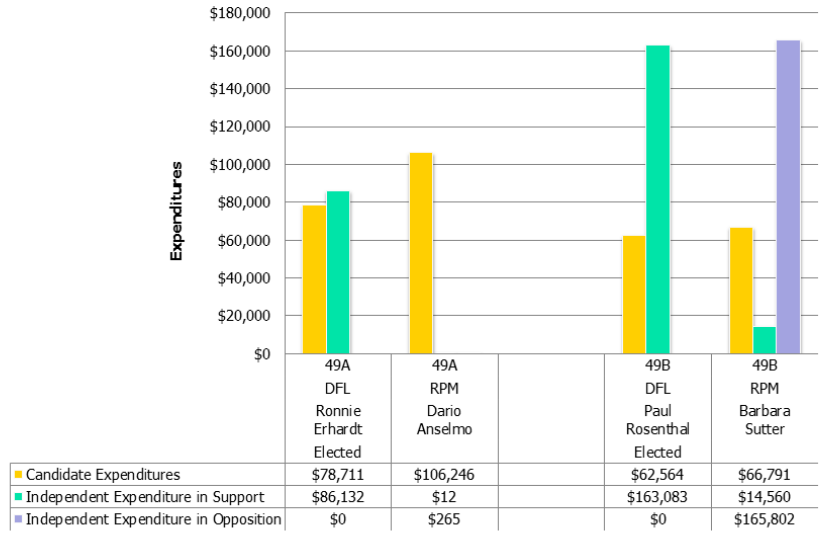
House Districts 47A and 47B



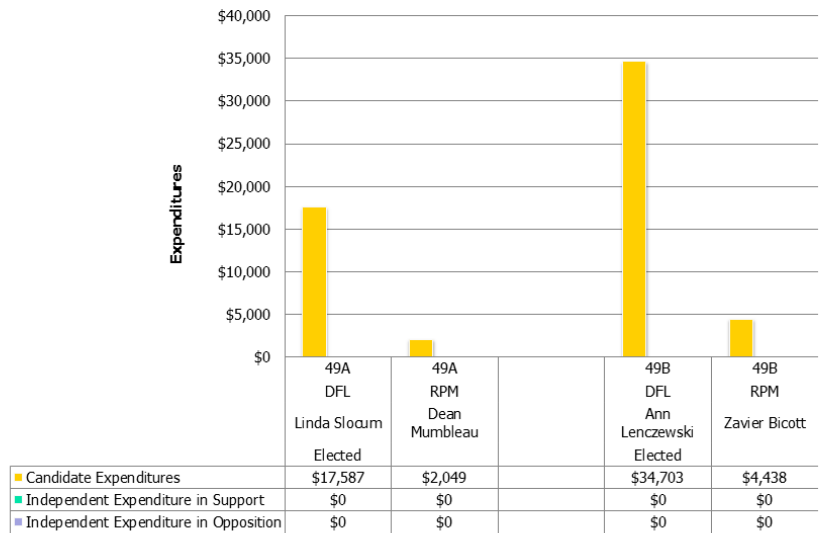
House Districts 48A and 48B



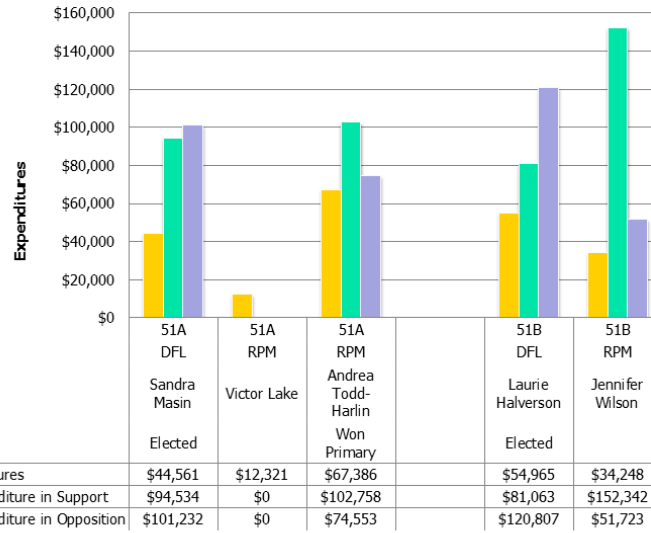
House Districts 49A and 49B



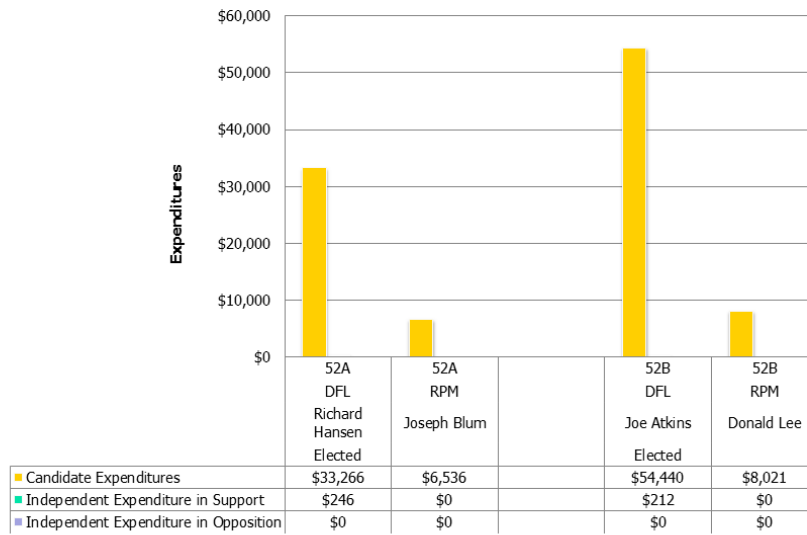
House Districts 50A and 50B



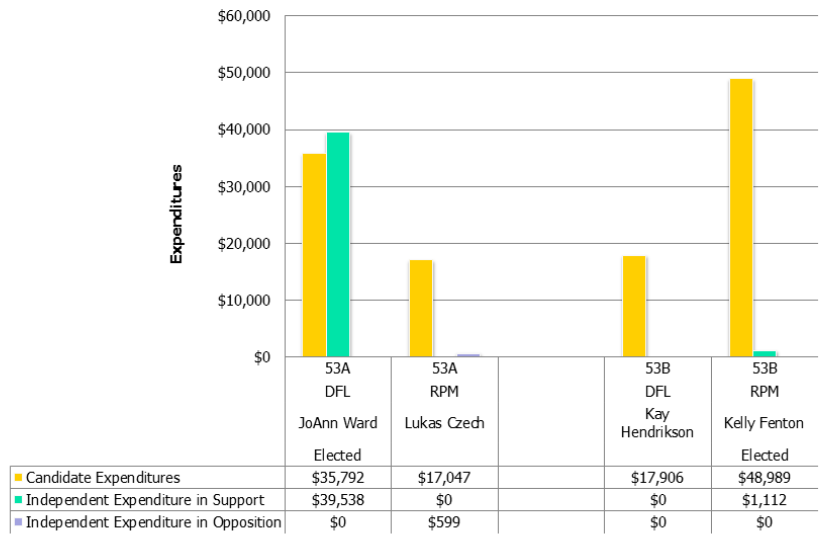
House Districts 51A and 51B



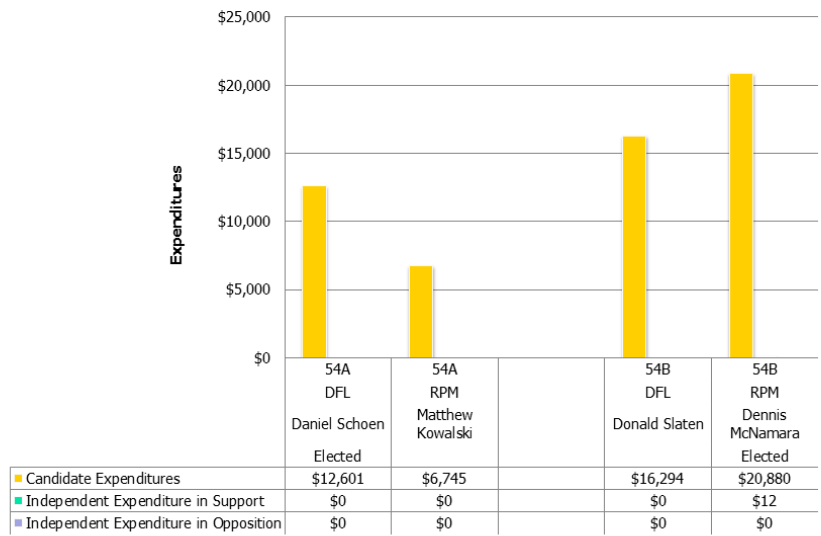
House Districts 52A and 52B



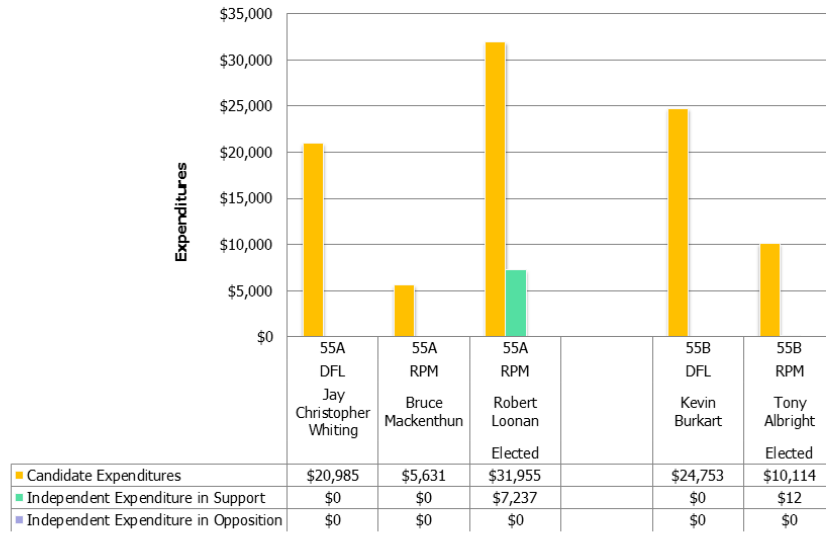
House Districts 53A and 53B



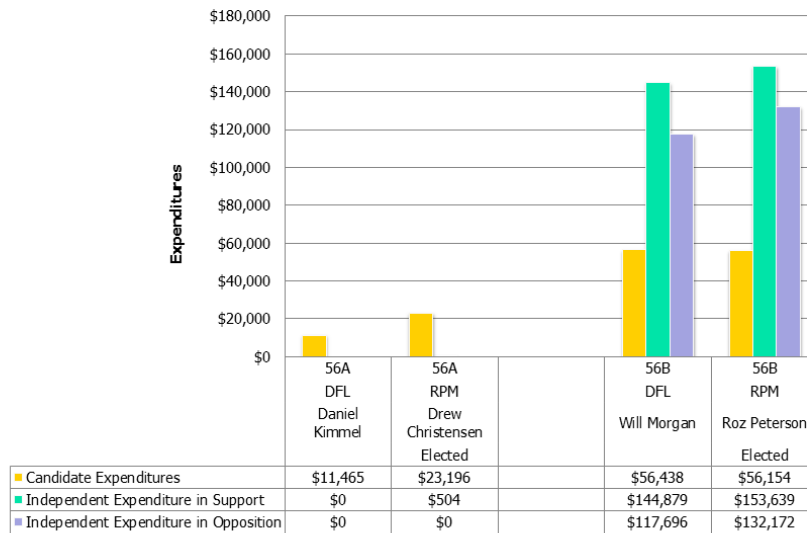
House Districts 54A and 54B



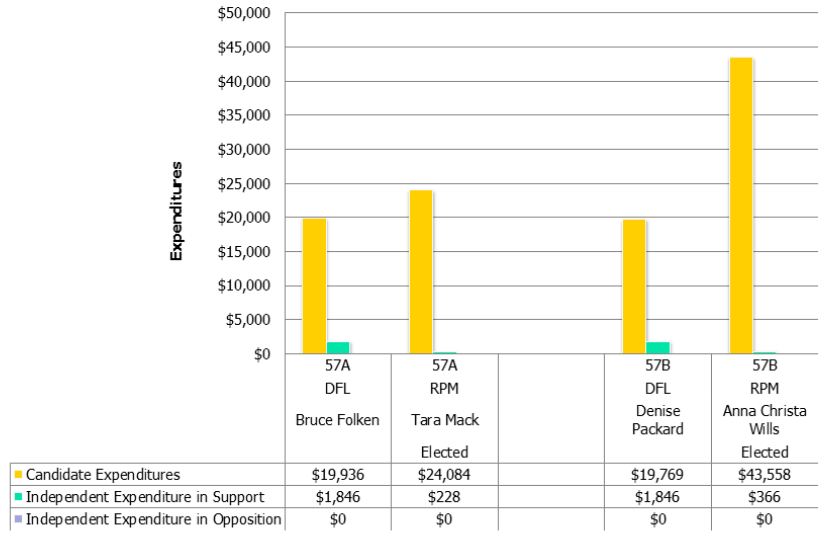
House Districts 55A and 55B



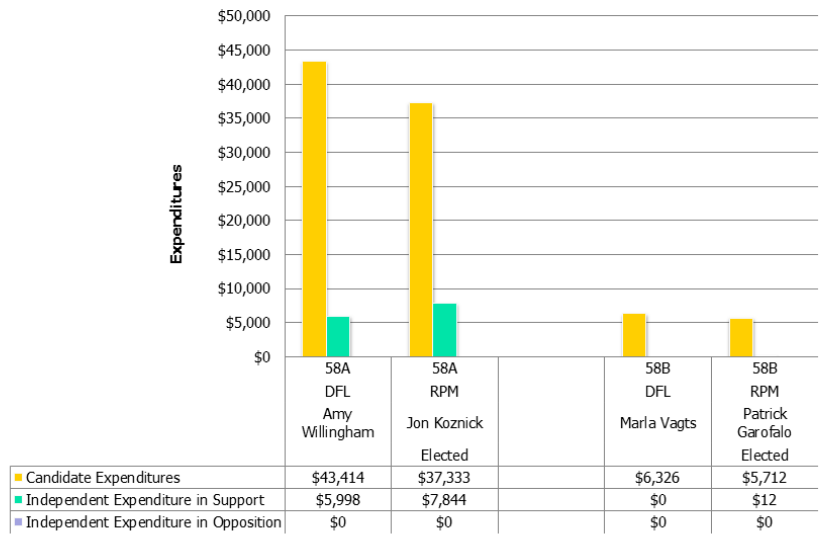
House Districts 56A and 56B



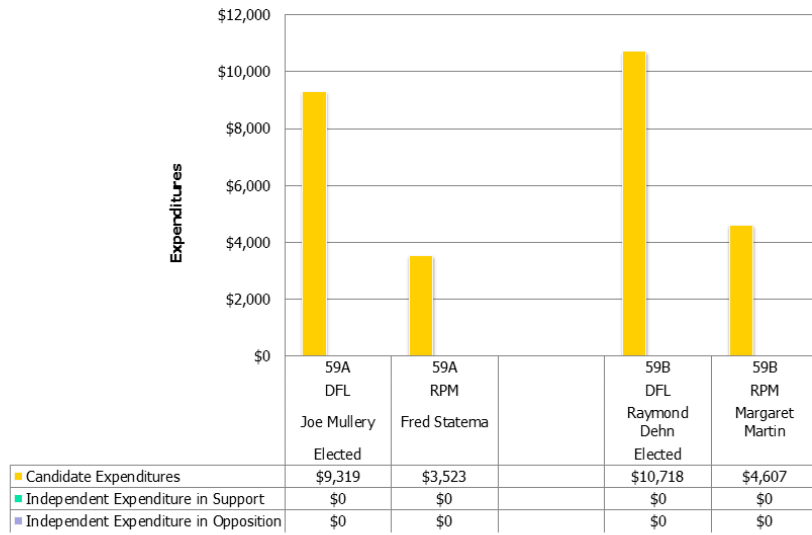
House Districts 57A and 57B



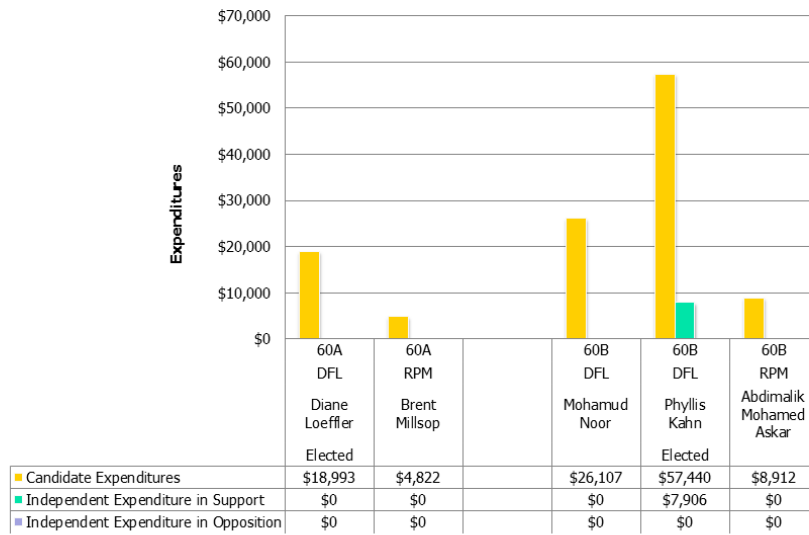
House Districts 58A and 58B



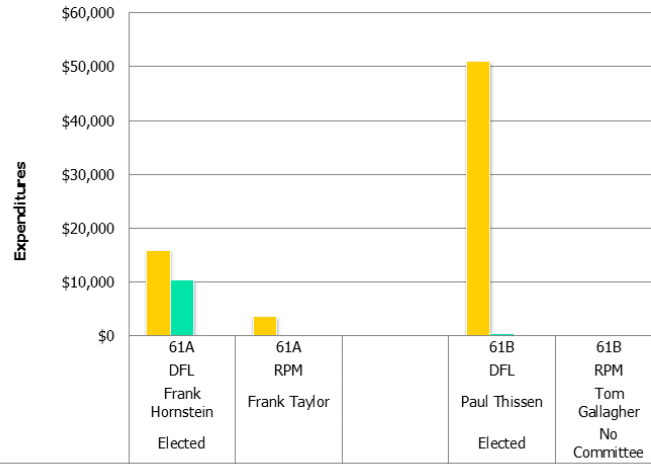
House Districts 59A and 59B



House Districts 60A and 60B

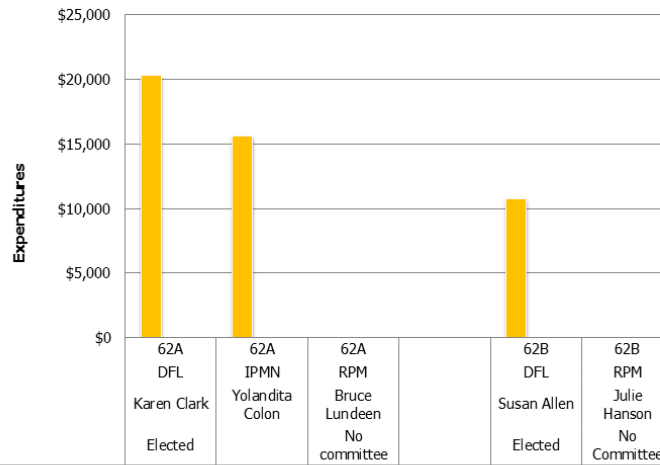


House Districts 61A and 61B



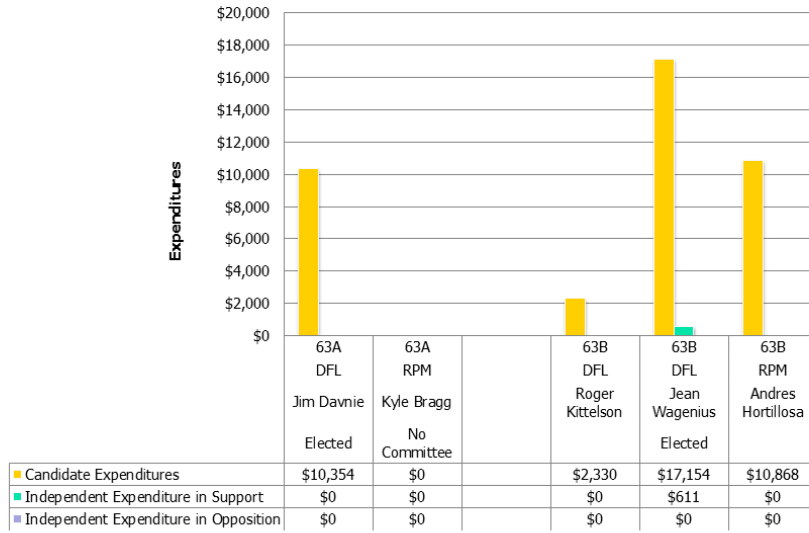
■ Candidate Expenditures	\$15,915	\$3,679	\$51,064	\$0
■ Independent Expenditure in Support	\$10,410	\$0	\$381	\$0
■ Independent Expenditure in Opposition	\$0	\$0	\$0	\$0

House Districts 62A and 62B

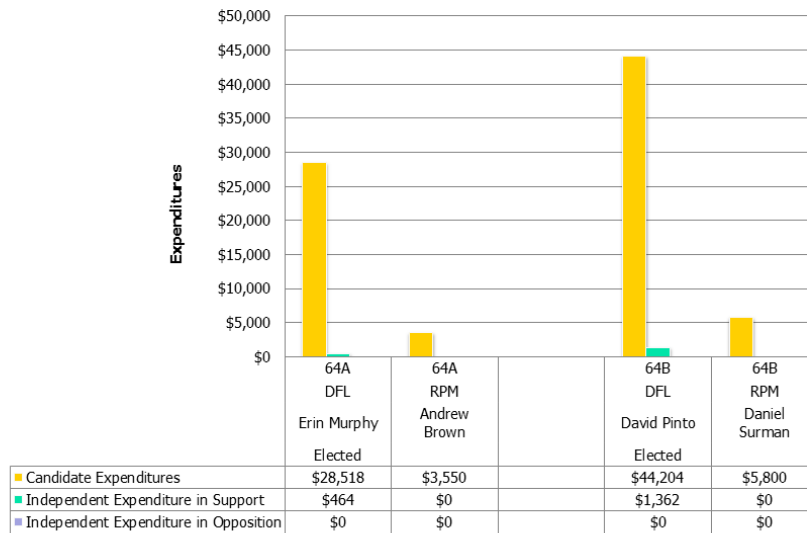


■ Candidate Expenditures	\$20,324	\$15,648	\$0	\$10,754	\$0
■ Independent Expenditure in Support	\$0	\$0	\$0	\$0	\$0
■ Independent Expenditure in Opposition	\$0	\$0	\$0	\$0	\$0

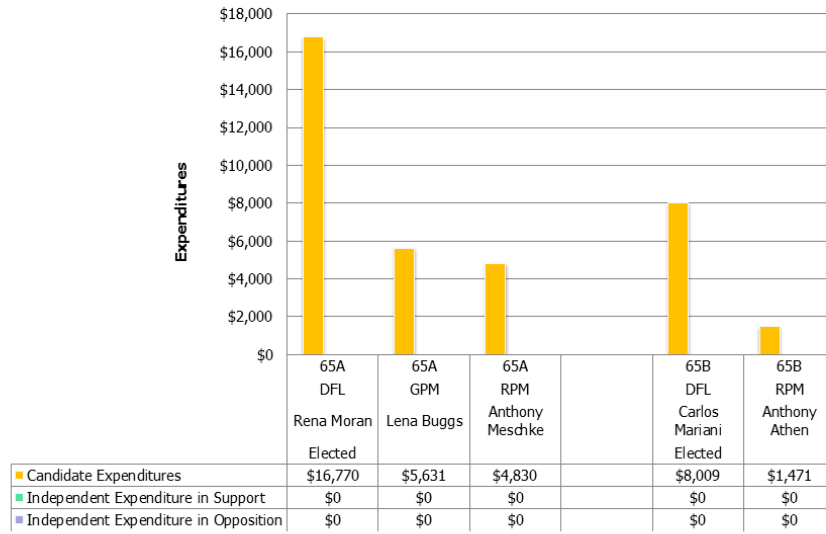
House Districts 63A and 63B



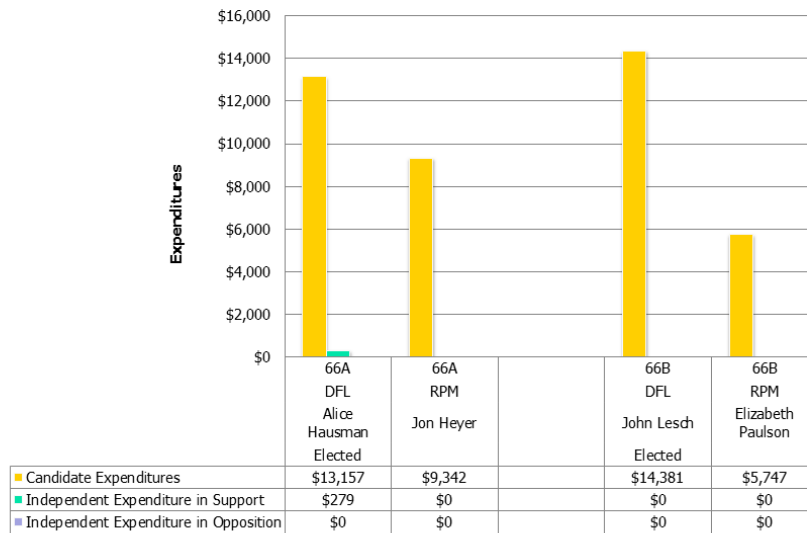
House Districts 64A and 64B



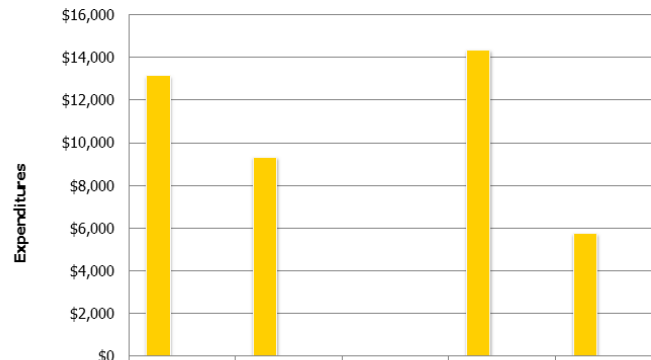
House Districts 65A and 65B



House Districts 66A and 66B



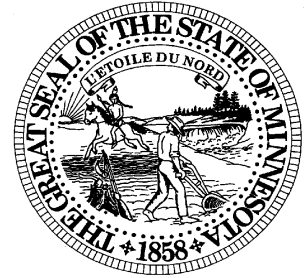
House Districts 67A and 67B



■ Candidate Expenditures	\$13,157	\$9,342		\$14,381	\$5,747
■ Independent Expenditure in Support	\$0	\$0		\$0	\$0
■ Independent Expenditure in Opposition	\$0	\$0		\$0	\$0

Minnesota

Campaign Finance and Public Disclosure Board



Date: March 16, 2015

To: Board members

From: Jeff Sigurdson, Assistant Director

Telephone: 651-539-1189

Re: Analysis of Campaign Spending that is not Subject to Disclosure

The Board has recommended to the legislature that Chapter 10A be modified to require disclosure of electioneering communications that identify state-level candidates. Electioneering communications are communications that do not specifically ask individuals to vote for or against a candidate. However, when these communications are made in close proximity to a state primary or general election, a state may constitutionally require disclosure about their costs and sources of funding.

The resulting legislative hearings and discussions of electioneering communications have been hindered by the lack of good information on the number and value of unreported communications in Minnesota that would fit the definition of electioneering communications. To date the legislature has not enacted the Board's recommendations on disclosure of electioneering communications.

At the Board's request staff has reviewed what public information might be available from media outlets to better quantify the issue of electioneering communications. The Federal Communications Commission (FCC) does require television and radio stations to collect and make available to the public information on all political advertisement time sold by the station. This includes both candidate advertisements and what the FCC refers to as "non-candidate issue advertisements". Beginning August 2, 2012, the FCC required all major network affiliates in the top 50 US markets to submit and display on the FCC's website the forms detailing their political advertisement agreements. This requirement was expanded and applied to all other television stations beginning July 1, 2014.

Radio stations are required to keep a paper file of their political advertisement agreements, but are not required to place them on a website. To staff's knowledge there are no similar reporting requirements for web based advertising, advertising in newspapers, or printing and distribution of literature.

Television Advertisements

On the FCC website the political advertisement agreements are searchable by television station, year, level of office (federal, state, local), and committee. Screenshots have been attached to this memo to demonstrate the type of information available. In screenshot 1, the 2014 non-candidate issue

advertisements agreements for WCCO are organized by the association that purchased the advertising time. In 2014 there were twenty one associations that purchased advertising time that fell into this category.

Screenshot 2 is an example political advertisement inquiry form submitted by Alliance for a Better Minnesota which identifies the advertisement to be broadcast as a non-candidate issue advertisement. This is an example of a concern with the FCC documents. Although listed as a non-candidate issue advertisement the document also states that the advertisement is “Against Mike McFadden, US Senate – MN”. In staff’s review many of the issue advertisements state that they are in support or opposition of a particular candidate. This raises the question of how accurately the forms classify the advertisements. Staff discussed the FCC disclosure requirements for political advertising with a network advertising representative. Two factors seem to limit the accuracy of the online records: (1) The political organizations, advertising agencies, and television networks are still trying to understand the requirements and when they apply; and (2) The increased workload has not been given a high enough priority. As a result the content of political advertisements is not always accurately reported on the FCC forms.

Screenshot 3 is the agreement between WCCO and Alliance for a Better Minnesota for the times when the advertisement would be broadcast, and the cost for each showing. The total cost for this particular advertisement was \$98,500.


FCC documents seem to provide complete information on the association that purchased political advertising and the broadcast cost for the advertisement. However, the actual advertisement or the script of the advertisement is not available. Without the actual text of the advertisement, classifying any of the costs disclosed on the FCC website for non-candidate issue advertisements as electioneering communications, express advocacy or its functional equivalent, or as true issue ads is problematic. The actual advertisements are not required to be available for public inspection.

Next Possible Steps

To go any further in classifying a specific television advertisement as electioneering communications staff needs to see the actual advertisement, or at least the script. The Board could direct staff to contact some of the local stations to see if access to the advertisements is possible, and whether they would accommodate a Board request. The Board could also direct staff to cross reference FCC records to reported expenditures. Further, the Board could direct staff to ask the purchasers of the advertising for transcripts of the ads that appear from their description should be disclosed, but are not. Because of the rules applying to federal election activity, it would be necessary to review both federal and state reports in this process.

Staff will also contact states that have tried to quantify political spending outside of public disclosure statutes for information on the approach they used.

Screenshot 1



TV Station Profiles & Public Inspection Files


SIGN IN

HOME ABOUT PUBLIC INSPECTION FILES FOR BROADCASTERS FOR DEVELOPERS FAQ HELP

STATION PROFILE

WCCO-TV MINNEAPOLIS, MN

Virtual Channel 4 | RF Channel 32 | Facility ID 9629




STATION PROFILE

Search WCCO-TV Station Profile

FIND A STATION

You may enter a call sign (e.g., WXYZ), network affiliation (e.g., NBC), channel number (e.g., 25), or facility ID number (e.g., 123456).

WCCO-TV CONTOUR MAP



Data © OpenStreetMap and contributors, CC-BY-SA

RECENT HISTORY

- Uploaded 1 file in Political File/2015/Non-Candidate Issue Ads/MN REPUBLICAN PARTY
16 hours ago
- Uploaded 1 file in Political File/2015/Non-Candidate Issue Ads/MN REPUBLICAN PARTY
16 hours ago
- Uploaded 1 file in Political File/2015/Non-Candidate Issue Ads/MN REPUBLICAN PARTY
4 days ago
- Uploaded 1 file in Political File/2015/Non-Candidate Issue Ads/MN REPUBLICAN PARTY
4 days ago
- Uploaded 1 file in Political File/2015/Non-Candidate Issue Ads/MN REPUBLICAN PARTY
4 days ago
- Uploaded 1 file in Political File/2015/Non-Candidate Issue Ads/MN REPUBLICAN PARTY
4 days ago

GENERAL RESOURCES

- [The Public and Broadcasting Manual](#)

POLITICAL FILES

Browse → Political File → 2014 → Non-Candidate Issue Ads

File Name	Size	Type	Date Uploaded
AF SCME	12	Folder	—
ALLIANCE FOR A BETTER MINNESOTA	50	Folder	—
ALLIANCE FOR A BETTER MN	9	Folder	—
AMERICAN ACTION NETWORK	10	Folder	—
AMERICAN ENCORE	8	Folder	—
AMERICAN PETROLEUM INSTITUTE	8	Folder	—
CONGRESSIONAL LEADERSHIP FUND	8	Folder	—
DCCC	48	Folder	—
DEMOCRATIC FARMER LABOR	9	Folder	—
EVERYTOWN FOR GUN SAFETY ACTION FUND	5	Folder	—
HOUSE MAJORITY PAC	16	Folder	—
INDEPENDENCE USA PAC	5	Folder	—
MARIJUANA POLICY PROJECT	1	Folder	—
MINNESOTA FREEDOM CLUB PAC	8	Folder	—
MINNESOTA JOB & COALITION LEGISLATIVE FUND	5	Folder	—
MINNESOTA'S FUTURE	6	Folder	—
MN ACTION NETWORK	6	Folder	—
NATIONAL RIFLE ASSOCIATION-ILA	5	Folder	—
NRCC	62	Folder	—
REPUBLICAN PARTY OF MINNESOTA	12	Folder	—
US CHAMBER OF COMMERCE	9	Folder	—



POLITICAL INQUIRY FORM
WCCO - Minneapolis
NON- CANDIDATE

SPECIAL () PRIMARY () GENERAL (X) OUT OF WINDOW ()

Name of Requestor: MIKE FURMAN

Date of Request: 10/20/14

1. AGENCY NAME, ADDRESS & PHONE	WATERFRONT STRATEGIES 3050 K ST NW STE 100 WASHINGTON, DC 20007 202-338-8700	
2. ORGANIZATION/COMMITTEE NAME, ADDRESS	ALLIANCE FOR A BETTER MN 1600 UNIVERSITY AVE W STE 309 B ST. PAUL, MN 55104	*REQUIRED: List the chief executive officers or members of the executive committee or the board of directors: CARRIE LUCKING, EXECUTIVE DIRECTOR

ORGANIZATION FURNISHING TAPES: See Line 1

POLITICAL PARTY (if applicable): DEM

3. THE ORGANIZATION LISTED ON LINE 2 HAS PURCHASED TIME TO COMMUNICATE A MESSAGE CONCERNING THE FOLLOWING ISSUE:

4. COMMERCIAL MESSAGE CONTENT: Must detail below:

a) Order# Spot ISCI Code: _____
Name of Ad: _____

b) Order# Spot ISCI Code: _____
Name of Ad: _____

Any reference to candidate(s) for office? AGAINST MIKE MCFADDEN, US SENATE-MN
If yes, provide "for or against", name of candidate & office sought:

Any reference to candidate(s) for office?
If yes, provide "for or against", name of candidate & office sought:

What issue(s) does the communication refer to :

What issue(s) does the communication refer to :

c) Order# Spot ISCI Code: _____
Name of Ad: _____

d) Order# Spot ISCI Code: _____
Name of Ad: _____

Any reference to candidate(s) for office?
If yes, provide "for or against", name of candidate & office sought:

Any reference to candidate(s) for office?
If yes, provide "for or against", name of candidate & office sought:

What issue(s) does the communication refer to :

What issue(s) does the communication refer to :

5. NATURE OF REQUEST:
Request For ISSUE Card _____ x
Requesting Political Rate Card All Dayparts, All Programs, All Levels Rates :30's & :60's _____

6. DISPOSITION MADE OF REQUEST:
a) Granted _____ x
b) Avails Offered _____ x

7. SUBSEQUENT DEVELOPMENTS: SEE FILE

8. AMOUNT OF CHARGES – See issue folder in public file

CBS EMPLOYEE COMPLETING FORM

Nicole Roy, CBS Television Stations, 10/24/14



AGREEMENT MADE BETWEEN

WCCO-TV

90 SOUTH ELEVENTH STREET, . MINNEAPOLIS MN 55403-2450 WCCO-TV

CONTRACT NO. REV.
1141-61678-1
DATE PRINTED
10/20/14

AND

PAGE 1

179297	AGENCY (OR SERVICE) ACTING AS AGENT FOR 163365	ADVERTISER (OR AGENCY AND ADVERTISER)	Cancellation Notice Required Announcement 28 days prior notice
NAME	WATERFRONT STRATEGIES	ALLIANCE FOR A BETTER MINNESOTA	
AND	3050 K St NW Ste 100	1600 University Ave W Ste 309B	
ADDRESS	Washington DC 20007-5108	Saint Paul MN 55104-3800	
CONTACT	USA Mike FURMAN	USA PRODUCT EST 3902	
LOCAL SALESPERSON	AGENCY EST. NO. 3902	PRODUCT CODE 1300	
NATIONAL SALESPERSON	Nicole Roy - CTS-PH		
BROADCAST SCHEDULE STARTING 10/21/14 AND ENDING 10/26/14 NO. WEEKS: 1			

CBS Television Stations Standard Terms and Conditions for advertising shall apply.
NONDISCRIMINATION POLICY: CBS Television Stations and its Stations do not discriminate in advertising contracts on the basis of race or ethnicity, and will not accept any advertising which is intended to discriminate on the basis of race or ethnicity. Advertiser represents and warrants that it is not purchasing time from CBS Television Stations or its Stations that is intended to discriminate on the basis of race or ethnicity.

ITEM	DAYS	SPOTS PWK	TIME		LENGTH	EFFECTIVE DATES	PROGRAMS	TOTAL BDCST.	UNIT RATE	TOTAL VALUE(1)
			FROM	TO						
1	T-F	3	04:58A	05:58A	30S	10/21/14-10/24/14	WCCO 4 NEWS THIS MORNING @	3	1000.00	3000.00
2	T-F	2	05:58A	07:00A	30S	10/21/14-10/24/14	WCCO 4 NEWS THIS MORNING @	2	2000.00	4000.00
3	T-F	2	07:00A	09:00A	30S	10/21/14-10/24/14	CBS THIS MORNING	2	2500.00	5000.00
4	Su	1	07:58A	09:30A	30S	10/26/14-10/26/14	CBS SUNDAY MORNING	1	3500.00	3500.00
5	Su	1	10:28A	11:00A	30S	10/26/14-10/26/14	WCCO 4 NEWS SUNDAY MORNING @	1	1700.00	1700.00
6	T-F	3	09:58A	11:00A	30S	10/21/14-10/24/14	PRICE IS RIGHT	3	1600.00	4800.00
7	T-F	2	10:58A	12:01P	30S	10/21/14-10/24/14	YOUNG & THE RESTLESS	2	1500.00	3000.00
8	T-F	3	11:58A	12:30P	30S	10/21/14-10/24/14	WCCO 4 NEWS AT NOON	3	1500.00	4500.00
9	T-F	2	02:58P	03:57P	30S	10/21/14-10/24/14	DR. PHIL	2	1500.00	3000.00
10	T-F	2	03:57P	05:00P	30S	10/21/14-10/24/14	ELLEN DEGENERES	2	1600.00	3200.00
11	T-F	2	04:59P	05:30P	30S	10/21/14-10/24/14	WCCO 4 NEWS AT FIVE	2	4000.00	8000.00
12	T-F	1	05:59P	06:30P	30S	10/21/14-10/24/14	WCCO 4 NEWS AT SIX	1	5000.00	5000.00
13	T-F	2	06:27P	06:58P	30S	10/21/14-10/24/14	WHEEL OF FORTUNE	2	8500.00	17000.00
14	T-F	1	10:00P	10:35P	30S	10/21/14-10/24/14	WCCO 4 NEWS AT TEN	1	6500.00	6500.00

(1) Less Agency commission of 15% Except on Non-Commissionable Amounts. Conditions on the reverse of this page and any attachments hereto are an integral part of this Agreement. If this contract is with an Advertiser, references to Agency apply to Advertiser, except no commission will be allowed an Advertiser.

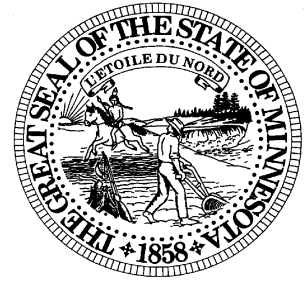
ACCEPTED BY AGENCY

AS AGENT FOR (ADVERTISER)

ACCEPTED BY STATION

Minnesota

Campaign Finance and Public Disclosure Board



Date: March 10, 2015

To: Board members

From: Gary Goldsmith, Executive Director

Telephone: 651-539-1190

Re: Resolution of spending limits violations

Staff has encountered three potential spending limits violations during its initial review of 2015 year-end campaign finance reports. Two of the committees have been contacted and acknowledge the violations. As a result, the Executive Director began an informal staff review of each matter.

The informal staff review process is established by rule and is typically initiated by the Executive Director when staff confirms a reported violation. The process typically results in disposal of a matter by agreement. Presently, draft agreements are brought to the Board before the Executive Director finalizes them with the subject of the investigation. However, the administrative rules contemplate that eventually the agreements will be negotiated between the Executive Director and the subject and then later be ratified the Board. The Board has not yet implemented this approach so that the Board and staff may gain more experience with the conciliation agreement concept.

To date the Board has typically approved agreements that stay a portion of the civil penalty if the violator chooses to agree to certain terms that are designed to make subsequent violations less likely. If a subsequent violation occurs, the stayed portion of the civil penalty becomes due immediately, in addition to any penalty for the new violation. Thus far, the Board has frequently stayed 75% of the amount of the violation and required immediate payment of the remaining 25%. In some matters where the Board has felt more strongly about a violator's culpability, the Board has at times required immediate payment of 50% of amount of the violation.

However, in view of the fact that spending limits violations are significantly different from any other type of violation handled by the Board, the Executive Director has decided to bring the present matters to the Board for direction. These two matters are the first instances of spending limits violations since the new approach was adopted.

Candidates sign an agreement with the Board for the purpose of receiving public funds. The agreement explicitly details the spending limit to be enforced. Agreeing to abide by this spending limit is the principal condition for receiving the public subsidy funds. If a candidate exceeds the spending limit, the candidate not only violates the written agreement, but also receives an unfair advantage over his or her opponent who honors the agreement.

Unlike contribution limits, the spending limit is absolute. Although a candidate has limits on the amount the committee may accept from any *one* donor or from certain groups of donors, the candidate is permitted to raise as much money overall as possible. Thus a contribution limits violation is likely to have little or no effect on how the campaign is carried out. On the other

hand, excessive spending permits a candidate to engage in more paid campaign activities than the spending limit permits. And, equally importantly, there is no real remedy for this violation. The excess spending and its effect on the election cannot be undone.

For these reasons, providing for a penalty of less than the full amount of the violation could have the effect of damaging the integrity of the public subsidy program. Candidates in a close race may conclude that the advantage of spending more than the applicable limit in exchange for a penalty that is less than the amount of the violation is a worthwhile investment.

Staff realizes that even a penalty of one times the violation amount may not be sufficient to dissuade a candidate who has concluded that extra money will result in a win at the election. However, in the two matters before the Board, the candidates indicate that the violation was accidental. If the Board were to encounter a matter where there was evidence of a knowing violation, it could provide a higher penalty.

Staff has also considered whether resolution of a spending limits violation should *ever* be handled by a conciliation agreement. Being among the most serious campaign finance violations, it is possible that these violations should always be approached in a formal way and should always result in findings, conclusions, and an order rather than a negotiated agreement.

It is for these reasons that staff seeks Board guidance as to how to approach these and future spending limits violations. Two clear options for the initial approach to these matters are available. Under either option, the Board may change the approach on a case-by-case basis.

The first option, and the one the Executive Director recommends in these first two matters, is to use a formal approach. Under this option, the Board would direct the Executive Director to initiate a formal investigation in cases involving spending limits violations. The primary result of electing this option is that the matter would be resolved by the Board through findings rather than by negotiation. The actual investigation phase of most of these matters would still be rather informal as in most cases there are no significant factual disputes.

The second option is to treat spending limits violations similarly to other violations and to approach them through a staff review aimed at reaching a resolution through a conciliation agreement. Under this option, the Board would need to provide further direction on the amount of civil penalty to negotiate and the terms, if any, under which a portion of it would be stayed and later forgiven.