

# Minnesota Campaign Finance and Public Disclosure Board

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## Political Party Unit Handbook

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## Welcome

This handbook was written for you by the staff of the Campaign Finance and Public Disclosure Board. The Board was created by the Legislature back in the 1970's. Its job is to oversee and publish information about money used to influence state elections. This includes elections for state candidates and elections where people vote on amendments to the Minnesota Constitution. You can learn more about the mission and members of the Board on our website at [www.cfboard.state.mn.us](http://www.cfboard.state.mn.us).

This handbook is for political party units that are spending money, or just thinking about spending money, on elections for state offices or amendments to the state constitution. The state offices are governor, lieutenant governor, secretary of state, attorney general, state senator, state representative, state supreme court justice, state court of appeals judge, and state district court judge.

This handbook will tell you about the campaign finance laws that apply to starting and running political party units. All party units are part of a state political party. Each state political party has rules that apply to its local party units. This handbook does not discuss the state party rules because the Campaign Finance Board does not oversee those provisions. Instead, this handbook discusses only the campaign finance laws that are enforced by the Board. You should contact your state political party if you have questions about your party's rules.

If you print this handbook, please check the Board website periodically for updates. Look at the "Last revised" date on the first page of the online handbook to see if you have the latest version.

We have not tried to answer every possible question in this handbook. When you can't find the answer to a question here, please call us. You can find out which staff member can best help you by looking at the Getting Help section. You also can look at our website for additional information. All the forms you need also are available on our website.

In general, if a political party unit is going to raise or spend more than \$750 in a year on influencing elections, it must register with the Board. After it is registered, the political party unit must regularly report to the Board about the money it receives and spends. The information on the report is posted on the Board's website so the public knows who is spending money to influence the public's votes.

Each party unit has one person in charge of the money. That person is called the treasurer. The treasurer has an important job, which is making sure that the party unit follows the campaign finance laws. The treasurer's job takes time and requires a person who is willing to accept a lot of responsibility.

The treasurer must receive, keep records on, and report all money coming into and going out of the party unit. The treasurer must make sure that the party unit follows the campaign finance laws. If the party unit enters into transactions that violate state laws or fails to file proper reports on time, it is the treasurer who is responsible to the Board. You should not become a treasurer unless you are willing and able to take on these responsibilities. If you already are a treasurer, you should be sure that you know what is expected of you and you should help the party unit find another treasurer if you are unwilling or unable to accept the treasurer's responsibilities.

## **Starting a political party unit**

### **Overview**

This chapter tells you how to start a political party unit.

### **Topics covered**

[What is a political party unit?](#)

[Do I need to register a party unit with the Board?](#)

[Who should be the party unit chair and treasurer?](#)

[Does the party unit need a bank account?](#)

[How often do you need to deposit contributions?](#)

[How do you register with the Board?](#)

[What is the time limit for registering?](#)

[What penalties apply if you don't follow the laws for starting a party unit?](#)

### **What is a political party unit?**

A political party unit is the state committee of a political party or the party organization in a body of the legislature, a congressional district, a county, a legislative district, a city, a township, or a precinct. A state political party is made up of all of its individual party units. The state party establishes rules for each of its individual party units. The Board does not enforce the state party's rules. Instead, the Board enforces only the campaign finance laws that apply to party units.

### **Do I need to register a party unit with the Board?**

You must register a political party unit with the Board if

- your party unit will accept more than \$750, or spend more than \$750, to influence the election of a state candidate;
- your party unit will receive more than \$1,500, or spend more than \$1,500, only for independent expenditures; or
- your party unit will accept more than \$5,000, or spend more than \$5,000, to influence the vote on a constitutional amendment ballot question.

The state party must approve the registration of any new units of that party. The state party also must add any new political party unit to the statement of organization that it files annually with the Board.

If the state party does not approve the registration of your group as a party unit and your group meets one of the thresholds listed above, you must register with the Board as a political

committee or fund. The Board has a different handbook for political committees and funds that tells you how to start and run one of these entities.

### **Who should be the party unit chair and treasurer?**

Every party unit must have a chair and a treasurer. Although it is not required by the campaign finance laws, it is recommended as a best practice for a party unit (1) to have more than two officers and (2) to have finance and/or audit committees that oversee the party unit's funds.

The chair's duties are not specified in law. It therefore is up to the party unit and its state party to decide what the chair's duties will be.

The treasurer is the key financial person in the party unit. The campaign finance laws specify many of the treasurer's duties. The party unit cannot accept or spend any money when it does not have a treasurer. The Board will send notifications and bulletins to the treasurer and use the treasurer as the contact person for the party unit. The treasurer's job has several parts.

### **Recordkeeping**

The treasurer must keep detailed records of all the contributions that the party unit receives and of all the money the party unit spends. Some of the things that the treasurer must keep records of include the following:

- The total amount of money that the party unit receives;
- The name and address of anyone who gives more than \$20 to the party unit along with the date and the amount of the contribution;
- Every expenditure made by the party unit along with the date and amount of the expense;
- Every expenditure made by the party unit with a candidate's approval along with the date and amount of the expense; and
- The name, address, and Board registration number of any candidate's committee, political committee or fund, or other party unit to which the party unit gives money along with the date and amount of the contribution.

This list of recordkeeping tasks is just a sample of what the treasurer must do. The different sections of this handbook provide more details about the records that must be kept for each kind of transaction.

Good records are important because party units must tell the public who has given them money. There also are laws governing what a party unit can do with money collected for political purposes. Without good records, the party unit will not be able to show that it used the contributions it received for the allowed purposes. The treasurer must save the records for four years.

## **Knowing general campaign finance laws**

The treasurer does not need to know all the campaign finance laws. But a treasurer should know enough about these laws to spot potential problems. The treasurer also should know where to find campaign finance information and how to get additional help when needed. For example, if a treasurer generally knows that the party unit can't accept a contribution over \$200 from an entity that is not registered with the Board unless the party unit gets additional information about the underlying source of that contribution, the treasurer will understand how important it is to check the list of registered entities on the Board's website before allowing the party unit to accept a contribution over \$200 from an entity. The treasurer should know that other important information is available in this handbook and on the Board's website. The treasurer also should know that Board staff members are available to answer campaign finance questions.

## **Reconciliation**

The party unit records are like bank statements. The treasurer of a party unit regularly must compare the actual cash on hand with receipts and spending records. If the party unit's records do not reconcile with the bank's records, the treasurer must find and fix the problem.

## **Reporting**

The treasurer must report all receipts and spending to the Board. In an election year, the state party and the legislative caucus party units must file six reports; the other party units must file three reports. There is only one report required during a non-election year. The treasurer signs each report to confirm that the information on it is complete, true, and correct. Because the treasurer is responsible for the report, all of the recordkeeping and reconciliation for the party unit should be done by the treasurer or under the treasurer's close supervision. If a party unit has no treasurer, the chair must file the reports.

The Board has free software called Campaign Finance Reporter (CFR). You can install CFR on your computer and use it to keep the party unit records. CFR incorporates the campaign finance laws. As you enter your records, it will alert you to possible problems. If you enter records regularly, you should have time to fix most problems before the time limit has passed. You also can use CFR to generate reports and send them electronically to the Board.

The Board offers [training sessions](#) for CFR in St. Paul and, occasionally, at locations around the state. [CFR tutorials](#) also are available on the Board website. Finally, you can always call the Board if you need additional CFR support.

For most party units, filing using an electronic system is required. This means that the treasurer should plan to take training and use the CFR software to keep the party unit records. Some party units will qualify for an exemption from the electronic filing requirement. More information about the electronic filing requirement and the exemption is available on the Board's website.

## Treasurer Transitions

Although it is not required by the campaign finance laws, it is recommended as a best practice for a party unit to have written policies describing how to transfer duties and financial records from a former treasurer to a new treasurer.

### Does the party unit need a bank account?

A party unit must have its own bank account. Money given to a party unit cannot be mixed with any other money. The treasurer must have signing authority for the account. The Board strongly suggests that the chair of a party unit or some other person in the group also have signing authority for the account. The secondary signer, however, should not regularly write checks. Instead, the secondary signer's role should be to be available in case the treasurer resigns suddenly or is unable to carry out the job's duties.

This is also a good tool for financial control because it ensures that at least two people have access to the official bank records. Duplicate bank statements or online viewing access also is a recommended best practice.

To open a bank account, you need an identification number from the Internal Revenue Service (IRS). The IRS has two types of identification numbers: an individual number (TIN) and an employer number (EIN). The IRS gives EINs to political organizations, even those who are not actually employers. The IRS has information about EINs on its website:

<http://www.irs.gov/businesses/small/article/0,,id=97860,00.html>. To get an EIN, you can apply on-line at <https://sa2.www4.irs.gov/modiein/individual/index.jsp>. You also can call the IRS at (800) 829-4933 or send the IRS an **SS-4** "Application for an Employer Identification Number" form. You should describe your entity as a political organization. For more detailed help, see the step-by-step instructions in the Common Questions section of the handbook.

Because party units must give their Board registration number with all contributions, some party units have their registration number imprinted on their checks.

All money received by a party unit must be deposited into the party unit's bank account.

### How often do you need to deposit contributions?

In general, you must deposit contributions within 10 business days of receiving the money. If possible, you may want to make copies of any checks before you deposit them. This may make it easier to reconcile the financial records of the party unit.

### How do you register with the Board?

After you have opened the party unit's bank account, you can register with the Board. You should use the Board's [registration form](#) to register the party unit. On the form, you will report basic information such as the name of the party unit, the names and addresses of the party



unit's officers, and the party unit's bank. You can deliver the form to the Board in person or by mail, fax, or email. At this time, a party unit cannot register on-line. The registration form must be signed by the treasurer.

If something that you list on the registration changes, you must tell the Board within 10 days of the change. It is very important to promptly notify the Board of changes in the party unit contact information because this is the information that the Board uses when it needs to contact the party unit. Changes must be in writing. You can use the same form to report changes or send an e-mail or letter with the needed information.

### **What is the time limit for registering?**

You must register the party unit with the Board within 14 days after

- receiving more than \$750, or spending more than \$750, to influence the nomination or election of a state candidate;
- receiving more than \$1,500, or spending more than \$1,500, for independent expenditures; or
- receiving more than \$5,000, or spending more than \$5,000, to promote or defeat a state ballot question.

Remember to promptly open any mail you get from the Board. Much of the information is date sensitive.

Spending money to influence a party's endorsement of a candidate counts toward the registration threshold.

### **What penalties apply if you don't follow the laws for starting a party unit?**

If you do not register the party unit within the required time limit, the Board can charge a late fee. The Board can charge an additional penalty of up to \$1,000 for not filing a registration after the Board has sent notice that your registration is overdue.

## Receiving contributions

### Overview

This chapter tells you what things the party unit can receive from other people or groups. It also tells you what records to keep for those contributions. You will use the records to make reports to the Board.

### Topics covered

[What is a contribution?](#)

[What is the Political Contribution Refund \(PCR\) Program?](#)

[How should you handle loans?](#)

[Who can give you contributions?](#)

[Who can't give you contributions?](#)

[What do you do if you accept a contribution from a prohibited source?](#)

[What rules apply when the legislature is in session?](#)

[How should you handle joint contributions?](#)

[What records do you have to keep?](#)

[What penalties apply to contributions that don't follow the rules?](#)

### What is a contribution?

A contribution is anything given to the party unit. The contribution can be money. A contribution also can be a thing or a service. Contributions of anything other than money are called in-kind contributions. There are some exceptions to the general rule that everything given to the party unit is a contribution. A volunteer's time is not a contribution. This volunteer time can include professional or technical services as long as the service does not require the use of equipment or other resources from a business.

A party unit cannot accept any contributions when it does not have a treasurer. All money that the party unit receives must be deposited promptly in its bank account. A party unit's money cannot be mixed with anyone else's funds. If possible, you should make a copy of any checks before you deposit them. This will make it easier to reconcile the party unit's records.

### Vehicle use

The use of a personal car for party unit purposes by a volunteer is **not** a contribution.

A party unit can choose to reimburse a volunteer for vehicle use. To reimburse someone, you must use the rate that the state uses to reimburse its employees for personal vehicle use. This rate is available on the Board's website. If you do reimburse someone for vehicle use, you must report it as an expenditure.

## **In-kind contributions to the party unit**

An in-kind contribution is always valued at fair market value. For example, if someone gives the party unit a used computer, the value of the contribution would be the price for which the donor could have sold the computer in the open market. The donor and the party unit should agree on the value of the in-kind contribution. There is an exception for things that are given to the political party unit that have little value. You do not have to keep track of or report donations of goods that have a market value of \$20 or less.

Remember that every in-kind contribution to the party unit is also an in-kind expenditure on the date that it was accepted by the party unit. The handbook section on expenditures tells you how to report in-kind expenditures.

## **Income**

A party unit also could earn income such as interest on the party unit's bank account or proceeds from selling property that was used in the regular operation of the party unit. A party unit also has income when one of its contributions to another entity is returned to the party unit more than 90 days after it was received by the other entity.

Income is not a contribution to the party unit. Income is reported on a different schedule than contributions and is not subject to the same restrictions as contributions. Because income is an exception to the general rule, contact Board staff if you have any questions about reporting a receipt as income rather than as a contribution.

The money that a party unit gets from registration fees for conventions or selling tickets to fundraisers is not income. These funds are contributions from the people who paid the registration fees or bought tickets. Similarly, the funds that a party unit gets from selling tables or sponsorships for an event also are contributions from the people who bought the tables or the sponsorships. The Common Questions section of the handbook talks about specific issues related to different types of fundraisers.

## **What is the Political Contribution Refund Program?**

The political contribution refund (PCR) program is suspended for contributions made after June 30, 2015, and before July 1, 2017. A contribution is made when the donor delivers the contribution to the committee; puts the check in the U.S. Mail with the required postage and address information; or completes all of the steps necessary to submit an electronic contribution.

When the PCR program is in effect, an individual who is eligible to vote in the state may apply to the Department of Revenue for a refund of a contribution made to a political party unit. Only political party units that have registered with the Board can issue the PCR receipt necessary to

claim the refund from the Department of Revenue. The refund is equal to the amount contributed up to a maximum of \$50 (\$100 per married couple).

Refunds can be made only for contributions of money; not for contributions of goods or services.

Also, under the campaign finance laws, the entire amount paid for a ticket to attend a fundraiser or for an item bought at a fundraising auction is a contribution to the party unit. But under the tax laws governing the PCR Program, when the contributor gets something of value (like a meal) as a result of making the contribution, the value of the item may need to be deducted from the contribution to determine the amount eligible for the refund.

The Department of Revenue has prepared a document, Revenue Notice # 1991–16, with examples of how to calculate the amount of the contribution that is eligible for the refund when the contributor gets something of value as a result of making the contribution. This document is available on the Board's website.

### **How should you handle loans?**

All loans to the party unit require a written agreement between the lender and the party unit. The written agreement must include the date and amount of the loan and the name, address, occupation, and principal place of business of the lender and any co-signer or guarantor. All loans must eventually be either repaid or forgiven.

A loan or a loan guarantee is not a contribution to the party unit until the loan is forgiven or repaid by someone other than the party unit. If the loan is forgiven, the lender that forgave the loan is the donor of the contribution. If the loan was repaid by someone other than the party unit, the entity that repaid the loan is the donor of the contribution. The amount of the contribution is the amount of the loan that was forgiven or repaid.

A political party unit also can make loans for political purposes to candidate committees, political committees or funds, or other party units. Disbursements made from these loans are reported as expenditures by the party unit. They are discussed under the Spending Money section of the handbook.

### **Who can give you contributions?**

Party units can take contributions from the following types of people:

- Individuals who are not lobbyists;
- Individuals who are lobbyists;
- General purpose political committees and funds registered with the Board;
- Political committees registered in Hennepin County;
- Political party units registered in Minnesota;
- A state candidate's campaign committee; and

- Groups that are not registered with the Board or Hennepin County if 1) the contribution is \$200 or less or 2) the group also gives you a disclosure form showing who gave the group money and how the group spent that money.

The disclosure form from the unregistered group must list information that is required by the campaign finance laws.

There are two exceptions to the rule requiring a party unit to obtain a disclosure statement from an unregistered association that gives it a large contribution. The state committee does not have to obtain a disclosure statement from the national political party when the national party contributes money to the state committee. Also, a party unit does not have to obtain a disclosure statement from a candidate for federal office when that candidate buys tickets to or rents space at an event held by a party unit if (1) the geographical area represented by the federal candidate overlaps in any way with the area represented by the party unit and (2) the price the candidate pays is not more than the price paid by similar purchasers or renters.

Remember, if a group gives you more than \$200, the group also must give you its registration number or a disclosure form.

The Board recommends that you not accept more than \$200 from any group not registered with the Board. If you do want to take more than \$200 from an unregistered group, be sure to consult with Board staff so that you and the donor understand the requirements before you accept the contribution.

If the group is registered with the Board, it is required to give you its registration number with its contribution. Because some groups forget to include their registration number with their contributions, you should always use the lists on the Board's website to see if the group that contributed is registered with the Board.

**Who can't give you contributions?**

Some people and groups cannot give anything to a political party unit. You cannot take money, things, or any other contribution from the following people or groups:

- Corporations;
- Limited liability companies (LLCs);
- Anonymous contributors unless the contribution is \$20 or less;
- Independent expenditure and ballot question political committees and funds; and
- Anyone who gives you money on the condition that you will give it to or use it for a particular candidate.

Your party unit will not be able to accept contributions from most businesses because most businesses are organized as some type of corporation or LLC or are associations not registered with the Board.

### **What do you do if you accept a contribution from a prohibited source?**

If the party unit deposits a contribution from a prohibited source by mistake, it must give the contribution back. If the party unit returns a contribution from a prohibited source within 90 days of deposit, the party unit does not have to include the contribution or the check returning the contribution on its campaign finance report and any violation associated with the contribution is cleared. If using the CFR software, the party unit, however, should record both the receipt and the return of the contribution so that the CFR records will match the bank statements of the party unit. If the prohibited contribution is returned more than 90 days after it was deposited, the party unit still must return the contribution, but the full amount of the original contribution must be included on the party unit report. The report must also include an expenditure transaction recording the return of the contribution. The violation that resulted from the prohibited contribution is not cured by returning the contribution more than 90 days after it was received and, as a result, will be dealt with by the Board. If a party unit returns the actual check from a donor without depositing it, nothing is reported to the Board.

If the party unit receives an anonymous contribution that is more than \$20, you must send it to the Board within 14 days. The Board will add the money to the Public Subsidy Program account. You must send the entire amount of the anonymous contribution to the Board, not just the amount over \$20.

Sometimes the party unit will know the name of a donor but will not have a piece of required information, such as the donor's address or employer/occupation. The party unit must try to get the missing information. If the party unit cannot get the missing information, it must treat the entire contribution as an anonymous one and forward it to the Board.

A party unit also can refuse or return any contribution, or any part of a contribution, for its own reasons.

### **What rules apply when the legislature is in session?**

A party unit established by a legislative caucus cannot solicit or accept contributions from some sources when the legislature is in session. During the session, a legislative caucus party unit cannot receive contributions from 1) lobbyists; 2) political committees and political funds; or 3) an association not registered with the Board.

The ban applies to the entire first day of the session, even though the session typically does not begin until noon, and to the entire last day. A contribution from one of the specified donor types that is mailed to the legislative caucus before the session starts but is not received until after the session has begun is received during the session and cannot be accepted. The ban does not apply to special legislative sessions.

In general, the sessional prohibition does not apply to party units that are not legislative caucuses.

No party unit, however, may solicit or receive a contribution from a lobbyist, political committee or fund, or another party unit at an event hosted by a candidate when the legislature is in session.

### **How should you handle joint contributions?**

Many times, people contribute to a political party unit using a check written on a joint account. Campaign finance rules, however, do not recognize joint contributions. Every contribution must be reported as coming from one donor. This means that the treasurer must decide how to report a contribution that is received in the form of a check drawn on an account with two names on it.

When you receive a check written on a joint account, you can report the full amount of the contribution as coming from the person who signed the check.

You can split a contribution between the two people listed on the check only if one of the following conditions is met: 1) you personally know that the check was intended to be from both parties; or 2) you contact the person who did not sign the check to confirm that the check was intended to be from both parties. You should make a note in your records that explains how you treated the contribution and why.

### **What records do you have to keep?**

You must keep a record of everything given to the party unit. You must keep the records for four years. The four-year period starts on the date that the report containing the information is filed with the Board. If an amendment to that report is filed, the four-year period starts on the date of the amendment. The campaign finance laws require larger contributions to be itemized on the report. Specifically, for contributions over \$200, you must list the name, address, and employer of the donor; the date and amount of the contribution; and the donor's Board registration number if the donor is registered with the Board. If one donor has given multiple contributions that total more than \$200, you must itemize them all, listing each contribution separately on the report under the donor's name. Contributions from donors who have given \$200 or less, in total, should be added together and listed as a lump sum on the party unit report to the Board. However, you still have to keep an internal record of each of these contributions.

If you use an electronic reporting system like CFR, regularly add donation information and remember to back up your data often.

Many times, an initial contribution will be too small to report as an itemized contribution. The campaign finance laws, however, apply to all contributions given over the course of the year. If you do not keep good records, you will not be able to tell when a donor's total contributions reach the itemization level.

Although you should keep records of everything given to the party unit, the detail of each record depends on the amount given. The specific rules are described in the sections below.

## **Contributions of \$20 or less – Cash**

For a cash contribution of \$20 or less, the only thing you must record is the amount and the date the contribution was received. You may choose to record the name of the contributor for the party unit's own use. But the law does not require you to record more than the amount and date of the contribution.

If you collect money through small donations put in a jar or box, you should tell donors that if they want to donate more than \$20, they should see the treasurer so you can get their donation information. Donations of \$20 or less collected through a donation jar are reported with other nonitemized contributions regardless of the total amount put in the jar.

## **Contributions of \$20 or less – In-kind**

You do not have to record or report anything for an in-kind contribution that is \$20 or less.

## **Contributions over \$20 but not more than \$200 – Cash and In-kind**

For all contributions over \$20 but not more than \$200, you must record the name and address of the donor, the date the contribution was received, the amount of the contribution, and, for in-kind contributions, a description of what was donated. If the donor is registered with the Board, you should record the donor's Board registration number.

Remember that the requirement to record the address of someone who donates more than \$20 to the party unit also applies to donations made by credit card.

## **Contributions over \$200 – Cash and In-kind**

For contributions that are more than \$200, you must record the same information required for contributions over \$20 but not more than \$200. In addition, you must record the donor's employer or, if self-employed, the donor's occupation.

You should keep your list of donors in alphabetical order because this is how you must report them to the Board. Each reporting period includes all contributions received during the year, not just the contributions received since the last report. If you use the Board's CFR reporting software, it will automatically keep track of your donors in alphabetical order. In addition, CFR will allow you to easily comply with the requirement that reports be filed in electronic form.

## **What penalties apply to contributions that don't follow the rules?**

The Board can charge a penalty of up to \$1,000 for the following things:

- Accepting a contribution when the party unit does not have a treasurer;
- Not keeping records of contributions;



- Mixing party unit funds with other money;
- Not depositing contributions promptly;
- Accepting an anonymous contribution over \$20; and
- A legislative caucus accepting a contribution during the legislative session from the prohibited groups.

If the party unit accepts a contribution without the required disclosure form from a group that is not registered with the Board and the contribution is more than \$200, the Board can charge a penalty of up to four times the amount of the contribution that is over \$200.

A common contribution mistake is taking a donation that is over \$200 from a group that is not registered with the Board.

The Board can seek a penalty of up to \$3,000 if someone tries to get around the contribution limits or the disclosure requirements by making contributions through another person or on behalf of another person. The Board also can seek a penalty of up to \$3,000 if a person knowingly fails to keep records of contributions. The Board can impose an additional \$3,000 civil penalty on the party unit that is affiliated with the person who knowingly failed to keep the contribution records. Finally, the Board can impose a penalty of up to \$3,000 if the committee takes a prohibited contribution from a corporation.

## Spending money

### Overview

This chapter tells you what the party unit can do with its money. It also covers what records to keep of your spending. You will use those records to make reports to the Board.

### Topics covered

What can a party unit do with its money?

What are the disclaimer requirements?

What are in-kind expenditures?

What are in-kind contributions to candidates, political committees or funds, or other party units?

What are approved expenditures?

What are multi-candidate expenditures?

A note about making loans to others

A note about independent expenditures

A note about ballot question expenditures

What are the contribution limits?

What spending records must be kept?

What penalties apply to improper spending?

### What can a party unit do with its money?

A party unit can make contributions to candidates, to political committees or funds registered with the Board, to federal or local committees, and to other political party units. You must include the party unit registration number on any contribution made by the party unit.

A party unit also can make independent expenditures and ballot question expenditures. A party unit can pay expenses related to the operation of the party unit, such as fundraising expenses, website fees, and administrative costs. Money collected for political purposes cannot be used by or loaned to anyone for personal reasons.

### What are the disclaimer requirements?

When a party unit produces or distributes campaign material, that material must include a disclaimer. A disclaimer is a statement of attribution that tells who is responsible for producing and distributing the material. The campaign finance laws are very specific about the words that must be used in the disclaimer. When a party unit is involved with producing or distributing campaign material, the following disclaimers must be used.

For campaign material that is distributed through broadcast media, the disclaimer must state, "Paid for by the .....(party unit name)." If the material is produced and broadcast without

cost, the disclaimer must state, "The .....party unit is responsible for the content of this message."

For all other campaign material prepared and paid for by the party unit, the disclaimer must state, "Prepared and paid for by the ..... (party unit name), .....(address)." If the material is produced and distributed without cost, the words "paid for" may be omitted.

Limited exceptions to the disclaimer requirement are listed at the end of this section.

When a party unit makes an independent expenditure, the communication must include the disclaimer described above and also must state that the communication is an independent expenditure, that it was made without the approval of the candidate, and that the candidate is not responsible for the communication. The disclaimer must be included in all oral communications, in conspicuous type on the front page of all literature and advertisements published or posted, and at the end of all broadcast ads.

The campaign material disclaimer requirement and the independent expenditure disclaimer requirement do not apply to the following items:

- fund-raising tickets, business cards, personal letters, or similar items that are clearly being distributed by the candidate;
- bumper stickers, pins, buttons, or similar small items on which the disclaimer cannot be conveniently printed;
- skywriting, wearing apparel, or similar items where it would be impracticable to include a disclaimer; and
- online banner ads and similar electronic communications that link directly to another online page that includes the disclaimer.

### **What are in-kind expenditures?**

In-kind expenditures result ONLY from your party unit's receipt of in-kind contributions. They are equal and complementary. Every in-kind contribution received by your party unit results in an in-kind expenditure on the date that the in-kind contribution was accepted by your party unit.

### **What are in-kind contributions to candidates, political committees or funds, or other party units?**

Many times, a political party unit will give something other than money to a candidate, a political committee or fund, or another party unit. For example, a party unit may do a phone bank for a candidate. Donations of things other than money are in-kind contributions to the receiving entity. The party unit would report these transactions on the contribution schedules of its campaign finance report. There are separate schedules for contributions to each type of recipient committee.

## What are approved expenditures?

Sometimes, your party unit will want to spend money on a candidate's behalf. If the candidate approves, or is in any way involved with the spending, the amount spent is a contribution to the candidate. This type of campaign spending is called an approved expenditure.

Before your party unit goes ahead with an approved expenditure on a candidate's behalf, the candidate or the candidate's committee treasurer must approve the expense in writing. The written permission must describe what the party unit is going to do for the candidate, when it will happen, and how much the party unit can spend. The Board has a form on its website for [approving expenditures](#). A letter also is acceptable proof of approval. You should keep a copy of the letter or the form for the party unit records.

Approved expenditures are reported by the party unit as in-kind contributions to the benefitted candidate. The amount of the contribution is the amount that the party unit spent on the candidate's behalf. The date of the contribution is the date that the contribution was accepted.

Remember that approved expenditures must be approved in advance and in writing by the candidate or the candidate's committee treasurer and that the writing must state the amount that can be spent and the reason for the spending.

## What are multi-candidate expenditures?

Many times, a political party unit will spend money on communications that help more than one candidate. The following multi-candidate expenditures are not counted as contributions to the candidate or as expenditures on behalf of a candidate:

- Expenditures made on behalf of a party's candidates generally that do not refer to any of the candidates specifically in a published, posted, or broadcast advertisement;
- Expenditures made for the preparation, display, mailing, or other distribution of an official party sample ballot that lists the names of three or more individuals whose names will appear on the ballot;
- Expenditures for telephone calls that include the names of three or more individuals whose names are to appear on the ballot;
- Expenditures for a party fund-raising effort on behalf of three or more candidates; and
- Expenditures for party committee staff services that benefit three or more candidates.

## **A note about making loans to others**

A political party unit can make loans for political purposes to candidate committees, political committees or funds, or other party units. All loans from the party unit to another entity require a written agreement between the party unit and the borrower. The written agreement must include the date and amount of the loan and the name, address, occupation, and principal place of business of the borrower and any co-signer or guarantor. All loans must eventually be either repaid or forgiven.

A loan or a loan guarantee is not a contribution from the party unit that makes the loan unless the loan is forgiven. If the loan is forgiven, the party unit is the donor of the contribution. The amount of the contribution is the amount of the loan that was forgiven.

Because a loan could turn into a contribution at some point in the future, loans from political party unit to candidate committees are added to the cash and in-kind contributions from the same party unit when checking to see if the lender's contribution limit has been reached. These contribution limits are discussed later in this section.

Similarly, when a party unit guarantees or co-signs a loan for a candidate committee, this promise could become an actual contribution to the candidate at some point in the future if the party unit is eventually required to pay off the loan. Because of this, the amount of a loan that a party unit may co-sign for a candidate committee, when added to the co-signor's cash and in-kind contributions, cannot exceed the individual contribution limit and counts against the contribution limit from that party unit.

## **A note about independent expenditures**

Sometimes your party unit will want to spend money on a candidate's behalf without consulting with or involving the candidate or the candidate's committee in any way. If the expenditure meets the requirements of the law for independence, it is called an independent expenditure. An independent expenditure is not a contribution to the candidate and is not reported on the candidate contribution section of the party unit report. Instead, independent expenditures are reported on a special schedule. The treasurer must sign an affidavit stating that the expenditures were independent and the affidavit must be notarized. If the candidate or a member of the candidate's committee knows about the independent expenditure in advance or has had discussions about the independent expenditure, you should be very careful that this involvement has not converted the independent expenditure to a contribution. If in doubt, ask for guidance from a Board staff member.

## **A note about ballot question expenditures**

Party units can spend money on elections to amend the state constitution. This spending is not a contribution and is reported on the ballot question expenditure schedule.

## What is the aggregate limit on contributions from party units?

There is a limit on the total amount that can be given to a candidate's committee by all party units and closing state candidate committees combined during a two-year period. A two-year period that ends on December 31 of an election year is called an election segment. Any other two-year period is called a non-election segment.

The aggregate limit on contributions from party units and closing state candidate committees is ten times the individual contribution limit for the office sought and is higher in an election segment than it is in a non-election segment.

<b>Aggregate party unit and terminating candidate committee contribution limits</b>		
Office	Election segment limit	Non-election segment limit
Governor/Lt. Governor	\$40,000	\$20,000
Attorney General	\$25,000	\$15,000
Secretary of State, State Auditor	\$20,000	\$10,000
State Senate	\$10,000	\$10,000
State Representative	\$10,000	N/A
Judicial office for candidates on 2016 ballot	\$25,000	N/A
Judicial office for candidates not on 2016 ballot	N/A	\$10,000

Candidates often discover that they have accepted too many contributions from party units and closing candidate committees. A candidate who has exceeded the party unit and closing candidate committee limit must return enough contributions to bring the total amount of contributions from these sources under the limit. The candidate chooses which contributions will be refunded to the donors. A candidate also can return part of a contribution.

## What spending records must be kept?

You must keep records of all the party unit expenditures, including cash and in-kind contributions to candidates, political committees or funds, and other party units; unpaid expenditures; independent expenditures; and ballot question expenditures. Your records must include the date and amount of each contribution or expenditure. You must keep the records for four years. The four-year period starts on the date that the report containing the information is filed with the Board. If an amendment to that report is filed, the four-year period starts on the date of the amendment. The treasurer must approve all spending done by the party unit. You can use the Board's CFR software to keep track of your spending. You should regularly enter your spending into CFR and back up your data often.

There is one exception to the requirement that you record every expenditure. The exception is for very small items that you purchase out of a petty cash fund. The treasurer or deputy treasurer can take up to \$100 per week from the party unit's checking account and use that

money to pay cash for small incidental purchases. The party unit must keep a record of each withdrawal for the petty cash fund. If the withdrawals add up to more than \$100 per week, the party unit must itemize them on its reports. The party unit should get a receipt for each reimbursement or payment made from petty cash but does not report these individual transactions to the Board.

Although not required by the campaign finance laws, it is a recommended best practice for a party unit to authorize expenditures before they occur and to keep records of the authorizations. If the party unit thinks that it will need to reimburse someone for an expense, it also is recommended that the party unit authorize at least the purpose and estimated amount of that expected reimbursement before it occurs. Giving someone general authority to spend is not a recommended best practice.

The following recordkeeping requirements apply to general expenditures, independent expenditures, and ballot question expenditures. For both cash and in-kind expenditures, party units must record the following information:

- the date and amount of the expenditure, including in-kind expenditures;
- the name and address of the vendor and the vendor's Board registration number if the vendor is registered with the Board; and
- a description of the item or service purchased.

If you are reimbursing someone for an expense that was more than \$200 or paying a credit card bill for an expense that was more than \$200, you must keep some additional information. You must keep the information listed above for 1) the person or company that you are paying for the expense and 2) the vendor who actually sold the item or performed the service. For example, if you reimburse a volunteer who paid more than \$200 for food for an event, you must keep the following information in your records:

- the date and amount of the reimbursement expenditure;
- the fact that the payment was reimbursement for food for a specific event;
- the name and address of the person being reimbursed; and
- the name and address of the vendor who provided the food.

You must have an invoice or a receipt for any payment over \$100. If the party unit spends more than \$200 with a vendor at one time or over the course of the year, you must itemize the payments to that vendor. Keep your records in alphabetical order by vendor because that is how you must report your expenditures to the Board. If you use the CFR software, it will automatically group payments to a vendor and sort vendors alphabetically.

The date that an expenditure is reportable is the date when the party unit made the commitment to spend the money, not when the bill was actually paid. An expenditure that has not been paid at the reporting date must be listed as an unpaid bill.

The date that an in-kind expenditure was made is the date that the party unit accepted the in-kind contribution of goods or the date that in-kind services were actually provided. The vendor for the in-kind expenditure is the donor of the corresponding in-kind contribution.

You also must keep records of all contributions made by the party unit to candidates, political committees or funds, and other party units. You should keep these records separately by type of recipient because you must report your contributions to these entities on separate schedules. For example, you would report contributions to state candidates on Schedule B2-CAN and contributions to other party units on Schedule B2-PTY. When your party unit makes a contribution to another entity, you must give that entity your party unit name and Board registration number.

You also must keep records of all contributions returned to the party unit.

If you use the CFR software, it will warn you if the party unit donations to a particular candidate are approaching the contribution limits or if they have exceeded those limits.

### **What penalties apply to improper spending?**

The Board can charge a penalty of up to \$1,000 for the following things:

- Spending money when the party unit does not have a treasurer;
- Not keeping records of spending;
- Mixing party unit funds with other money;
- Making a contribution from a legislative caucus to a legislative candidate during the legislative session;
- Making a contribution to a candidate that is more than the candidate is permitted to accept; and
- Not including the party unit Board registration number on a contribution.

The Board also can seek a penalty of up to \$3,000 if a person knowingly fails to keep records of expenditures. The Board can impose an additional \$3,000 civil penalty on the party unit that is affiliated with the person who knowingly failed to keep the expenditure records.

The Board can impose a penalty of up to \$3,000 if someone converts committee funds to personal use and can bring a legal action to recover the converted funds. The Board also can impose a penalty of up to \$3,000 for violations of the disclaimer requirement.



## **Public Subsidy Program for State Party Committees**

### **Overview**

The Public Subsidy Program provides public money to the state committee of a major or minor political party. The public subsidy funds can be used only for certain multi-candidate expenditures. This section reviews the Public Subsidy Program for state party committees.

### **Topics covered**

[Which party units are eligible for the Public Subsidy Program?](#)

[How do you receive the public subsidy funds?](#)

[How can you use the public subsidy funds?](#)

[What happens to the public subsidy funds after the election?](#)

[What penalties apply to the Public Subsidy Program?](#)

### **Which party units are eligible for the Public Subsidy Program?**

The Public Subsidy Program provides public money to the state committees of the major and minor political parties in Minnesota. The funds for the public money given to political parties come from state tax form check-offs made by tax return filers. The total amount given to each state committee is not the same and it changes from election to election.

The Minnesota Secretary of State uses criteria listed in the election laws to determine whether a political party has achieved major or minor party status. Before July 1<sup>st</sup> of each year and after every general election, the secretary of state must tell the Campaign Finance Board which political parties qualify as major and minor parties for the next year.

### **How do you receive the public subsidy funds?**

The Board sends out public subsidy funds to the state committees of the major and minor political parties named by the secretary of state.

### **How can you use the public subsidy funds?**

You can use the public subsidy funds to make the following multi-candidate expenditures:

- Expenditures made on behalf of a party's candidates generally that do not refer to any of the candidates specifically in a published, posted, or broadcast advertisement;
- Expenditures made for the preparation, display, mailing, or other distribution of an official party sample ballot that lists the names of three or more individuals whose names will appear on the ballot;
- Expenditures for telephone calls that include the names of three or more individuals whose names are to appear on the ballot;

- Expenditures for a party fund-raising effort on behalf of three or more candidates; and
- Expenditures for party committee staff services that benefit three or more candidates.

You cannot use the public subsidy funds for any other purposes.

**What happens to the public subsidy funds after the election?**

After the election, the state party committee is allowed to keep any public subsidy funds that it has not spent. The state party committee, however, can spend the public subsidy funds only on the multi-candidate expenditures listed above.

## Reporting to the Board

### Overview

This chapter tells you how to use your records to file reports with the Board. It also tells you when those reports are due. You can use the Board's free CFR software to keep your records and make your reports. If you use the CFR software, it automatically fills out all of the report schedules for you.

### Topics covered

- When do you need to file reports with the Board?
- How do you report to the Board?
- How do you get an exemption from the electronic filing requirement?
- How do you report if you still file a paper form?
- How do you find registration numbers for contributors and recipients registered with the Board?
- How do you decide if money received by your party unit should be reported as a contribution or income?
- How do you decide if a payment made by your party unit should be reported as an expenditure or a contribution?
- What do you report to the Board?
- How do you fix mistakes on a report?
- What penalties apply to reporting?

### When do you need to file reports with the Board?

The reports that you file with the Board are like bank statements. They show the amount of money that the party unit started with at the beginning of the year, the receipts and spending that have come in and gone out of the party unit during the year, and the amount of money that the party unit has left at the end of the year.

A [calendar](#) with all the reporting dates is available on the Board's website. Remember that late fees begin without notice on the day after a report is due.

In a non-election year, party units must file one report for the entire year. This report is due on January 31<sup>st</sup> of the following year.

In an election year, state party committees and legislative caucus party units must file six reports with the Board. In 2016, those reports are due according to the following schedule:

First quarter report	April 14, 2016
Second quarter report:	June 14, 2016
Pre-primary-election report:	July 25, 2016 (15 days before the primary)

42-day pre-general-election report:	September 27, 2016
10-day pre-general-election report:	October 31, 2016
Year-end report:	By January 31, 2017

In an election year, all party units other than the state party committees and the legislative caucuses must file three reports with the Board. In 2016, those reports are due according to the following schedule:

Pre-primary-election report:	July 25, 2016 (15 days before the primary)
Pre-general-election report:	October 31, 2016 (10 days before the general election)
Year-end report:	By January 31, 2017

Each report covers the time period from the beginning of the year to the date of the report. The beginning balance on every report is always the ending balance from the previous year's report. Because each report covers the entire year up to the date of the report, you will repeat some of the earlier receipt and spending entries on the later reports.

A party unit must file reports every year until the party unit closes, even if the party unit does not collect or spend any money during the year.

### **How do you report to the Board?**

You must file your reports electronically. The Board will make an exception for your party unit if you show that you have a good reason for not filing electronically.

If you are using the Board's free CFR software to keep your records, you also can use the software to generate the required reports and send them electronically to the Board. CFR incorporates the campaign finance requirements. As you enter your records, it will alert you to possible mistakes. If you enter records regularly, you should have time to fix your mistakes before the time limit has passed. The Board holds periodic training classes on the use of the software. The Board website has a current list of [training opportunities](#). The training offered by the Board and [online tutorials](#) on the Board's website explain the step-by-step process for creating and filing a report using CFR.

You can use other campaign finance software to keep your records and report to the Board as long as the software meets the Board's requirements.

### **How do you get an exemption from the electronic filing requirement?**

If you think you have a good reason for not filing electronically, you can request a waiver from the requirement. Party units that do very little spending often ask for waivers. You can ask for a waiver by filling out the waiver request form that is available on the Board's website. The Board will tell you if the waiver is granted. If it is, you can continue to file paper reports for two years. You will have to reapply for another waiver after the two years are over.

## **How do you report if you still file a paper form?**

If the party unit has received a waiver to report using a paper form, you may send your report to the Board by fax, by U.S. mail, or as an attachment to an electronic mail. If you fax the report, you should keep a copy of the transmittal confirmation to show that you sent the report on time. Even home faxes usually have a way to print a transmission report. If the Board does not receive the fax by the filing deadline and the party unit does not have a transmittal confirmation, the report will be considered to be late.

Paper reports must comply with all the legal requirements for party unit reports. You should **read the instructions** for completing each schedule before you start to fill it in. You should complete the schedules before you fill out the summary page. On the schedules, contributions and expenditures must be grouped by source or vendor. Donors and vendors must be reported alphabetically when itemization is required. The report must include all transactions from January 1 through the cutoff date of the reporting period.

Paper reports also must be clearly legible even in a scanned image. If the report is not legible, the treasurer will be required to re-do the report and to resubmit it. The Board has also developed an information sheet that tells treasurers about the most common problems with paper filings. This [information sheet](#) is available on the Board's website.

## **How do you find registration numbers for contributors and recipients registered with the Board?**

If a lobbyist, candidate committee, party unit, political committee, or political fund that is registered with the Board gives your party unit money and the contribution is greater than the itemization threshold, you must report the contributor's Board registration number with the contribution. The lobbyist, candidate committee, party unit, political committee, or political fund is required to include its registration number with its contribution. Use the registration number provided by the contributor for your records.

Similarly, if your party unit gives money to a candidate committee, party unit, political committee, or political fund that is registered with the Board and your contribution is greater than the itemization threshold, you must

- give your party unit registration number to the recipient with your contribution and
- report the recipient's Board registration number with your contribution.

When registration numbers are not provided with contributions, it can be difficult to determine which party unit, committee, or fund was the actual source of contribution and which entity was the actual recipient of the contribution. For example, political parties often have two party units that use the same legislative district number as part of their names. The only difference between the names of these party units is the letter that follows the district number, usually an A

or a B. Political committees and funds also can have similar names or may use different names on their checks than the names that are on the Board registration list.

Using the correct registration number is important because if you don't use the correct number on your report, Board staff may not be able to match contributions on the reports filed by the donor and the recipient. This may result in your being required to amend your report to correct the error.

If you use CFR, enter the contribution using the registration number provided and the system will fill in the recipient's correct committee name.

If there is no registration number with a contribution or if you do not have the registration number for the group to which you want to contribute, check the lists of registered entities on the Board's website or contact Board staff for help. You also can contact the entity that made the contribution or to which you will give the contribution to ask for its registration number.

**How do you decide if money received by your party unit should be reported as a contribution or as income?**

Money received by your party unit is reported either as a contribution to the party unit or as miscellaneous income. Almost all of the money received by a party unit should be reported as contributions but there are a few exceptions to this general rule. Here are some common receipts and how they should be reported.

<b>Transaction</b>	<b>How to report transaction</b>
Money received for tickets to a fundraiser	Contribution
Money received for a table sponsorship at a fundraiser	Contribution
Money given to reimburse your party unit for another party unit's share of the cost of a good or service, such as a mailing or a fundraiser	Miscellaneous income
Money received as a refund because the party unit paid for a good or service that it never received	Miscellaneous income
Interest paid on a bank account	Miscellaneous income
Proceeds from selling something at a silent or live auction	Contribution
Item given to your party unit to sell at an auction	Contribution
Refund of a security deposit	Miscellaneous income

**How to decide if a payment made by your party unit should be reported as an expenditure or as a contribution to another registered entity?**

Money paid out by your party unit is reported either as an expenditure or as a contribution. Money paid to other entities registered with the Board is the only type of payment that is ever

reported as a contribution. All other payments are reported as expenditures. Here are some common payments and how they should be reported.

<b>Transaction</b>	<b>How to report transaction</b>
Money paid to a candidate committee for tickets to a fundraiser	Contribution
Payment to a another party unit or a committee registered with the Board for a table sponsorship at an event	Contribution
Payment to a group not registered with the Board for sponsorship of an event	Expenditure
Money given to a 501(3)(c) charity	Expenditure
Money you returned to a contributor more than 90 days after deposit of the contribution	Expenditure
Money paid to another party unit because your party unit agreed to make a joint expenditure with the other party unit and the other party unit initially paid the entire cost of the expenditure	Expenditure

### **What do you report to the Board?**

You report the party unit's receipts and spending to the Board. Each report has a summary section where you show

- the total amount given to the party unit;
- the total amount spent by the party unit directly;
- the total amount contributed by the party unit to candidates, political committees and funds, and other party units; and
- the total amount spent by the party unit on independent expenditures and ballot question expenditures.

The report also has schedules where you list more details about the contributions that the party unit received and the expenditures that the party unit made. For example, you list contributions to the party unit on Schedule A1 – CR - Contributions Received. You use the Schedule B forms to list direct spending; contributions to candidates, political committees and funds, and other party units; and independent and ballot question expenditures. Finally, there are places to report the details of loans and unpaid bills.

There also is a separate schedule, Schedule F, that a state party committee uses to report the amount of public subsidy funds received and how much of those funds were spent on each type of multi-candidate expenditure.

The amount of detail that you report on each form depends on the amount of the contribution or the spending.

If you use the CFR software, you don't need to worry about the schedules or the summary. CFR fills them out automatically based on the receipts and expenditures you entered. Before you send your report to the Board, you can look at it on your computer or print it out so that you can see exactly what your filed report will contain.

Paper filers will need to review the instructions included with the paper forms and the information sheet about common paper filing problems before filing reports. This review will help paper filers to correctly fill out each schedule and the summary and make sure that the report meets the requirements for a paper filing.

### Contributions to the party unit

In this section, when we talk about the contribution amount, we mean the total of all contributions that the party unit received from the same donor. For example, if a contributor buys a fundraiser ticket for \$75 and later makes a cash contribution of \$150, the total contribution amount is \$225 and the contributions will be itemized. Apply the rules below to the donor totals, not to each individual contribution from the same donor.

You do not have to report anything for in-kind contributions from one donor that are \$20 or less. You also should exclude in-kind contributions of \$20 or less when calculating the total amount given by a donor.

Don't report receipts from fundraisers as "miscellaneous income." They are contributions from the people who came to the fundraiser.

Contributions from donors who each gave \$200 or less – Cash and in-kind total:

- Add the in-kind contributions together.
- Add the cash contributions together.
- Report the **total amount** of the in-kind contributions in the in-kind column on the nonitemized line on the bottom of the schedule.
- Report the **total amount** of the cash contributions in the cash column on the nonitemized line on the bottom of the schedule.
- Do not list the donors separately.
- Do not list these small contributions as miscellaneous income.

Contributions from one donor of more than \$200 – Cash and In-kind total:

- Report each contribution individually.
- Report the date received and the donor's name, address, and employer or occupation.
- Report in-kind contributions in the in-kind column and cash contributions in the cash column.
- List the donors in alphabetical order.



- If a donor made more than one contribution, list each contribution separately under the donor's first entry on your report
- Include the registration number of any donor registered with the Board.

## Expenditures

For this section, the expenditure amount is the total of all payments made to the same vendor. For example, if the party unit bought office supplies for \$60 and later bought more supplies from the same vendor for \$150, the expenditure amount for that vendor is \$210 and the expenditures will be itemized. Apply the rules below to the vendor, not to each individual payment made to the same vendor.

Vendors or suppliers to whom you have made expenditures of \$200 or less

- Add the expenditures together and report the **total amount** on the nonitemized line on the expenditure schedule.
- Do not list the payments individually.

Vendors or suppliers to whom you have made expenditures of more than \$200

- List the vendor name, address, and Board registration number if the vendor is registered with the Board with the first expenditure to that vendor.
- Report each additional payment individually on the expenditure schedule below the vendor's entry.
- Report the date and amount of each payment and a description of the item or service bought.
- If the payment was made to reimburse someone or to pay a credit card bill, you must report using either of the following two methods. (1) You can report the expenditure as if it were paid directly to the vendor who sold the goods or services; listing the vendor as the payee instead of the person you reimbursed. Under this option, you will keep your own records showing that this payment was actually a reimbursement and who it was paid to. (2) Under this second method, you can report the name and address of the person you are reimbursing or the credit card company being paid as the payee and describe the item originally purchased. Under this option, if you are reimbursing someone for an item that cost more than \$200, you must also include the name and address of the vendor that the person being reimbursed bought the item from.
- List the vendors in alphabetical order.

## Contributions to local and federal candidates

Contributions to local and federal candidates also are reported on the expenditure schedule. A local candidate is a candidate running for city, county, or other local office. Follow the rules above to report these contributions.

## Independent and ballot question expenditures

There are separate schedules for reporting independent and ballot question expenditures. The rules for reporting expenditures in the preceding section also apply to reporting independent and ballot question expenditures. The independent expenditure schedule, however, also includes an affidavit that the spending was done without consulting with or involving the candidate or the candidate's committee in any way. The treasurer must sign this affidavit under oath and have it notarized. If you are using CFR, print out the affidavit of independent expenditures, sign it and have it notarized, and then send it to the Board.

## Contributions to state candidates and political committees or funds

For party units filing paper reports, there are separate schedules for reporting contributions that the party unit makes to state candidates and state political committees or funds. For example, you would report direct contributions to state candidates on Schedule B2A-CAN and contributions made as approved expenditures on Schedule B2B-CAN. Although cash contributions and approved expenditures are reported on separate schedules, the same rules apply to both schedules. Apply the rules below to the total contributions that you make to a candidate or a committee including approved expenditures, not to each individual contribution that you make to that candidate or committee. CFR software users don't have to worry about schedules. The software automatically puts transactions on the right schedule.

Remember that contributions given to local or federal candidates are reported as expenditures on Schedule B1-EXP

Total contributions of \$200 or less to a candidate or a committee, including approved expenditures:

- Add these contributions together by type (in-kind, cash, and approved expenditures) and report the **total amount** for each type on the nonitemized line on the correct contribution schedule.
- Do not list the contributions individually.

Total contributions of more than \$200 to a candidate or a committee:

- Report each contribution or approved expenditure individually on the correct contribution or approved expenditure schedule.
- Report the entity's name and address, the entity's Board registration number, and the date and amount of the contribution. List multiple contributions separately under the entity's name and address.
- If the contribution was in the form of an approved expenditure, you also must list the name and address of the vendor paid and the item or purpose of the expenditure.

If the party unit makes a contribution and the actual contribution check is returned to the party unit, you do not report the contribution. If a contribution is returned to the party unit within 90 days of the date that it was deposited by the recipient, you do not have to include the contribution on your report. If using the CFR software, the party unit should, however, record the contribution and its return so that the CFR records will match the party unit bank statements. If the contribution is returned to the party unit more than 90 days after it was deposited, you must record the refund as miscellaneous income.

If you have questions about how to report a contribution or a payment, you can contact the Board for help.

### **How do you fix mistakes on a report?**

After you have filed a report with the Board, you might discover that the report is incorrect or missing some information. After you discover the error, you have 10 days to file an amended report with the Board. If you feel that you will need more than 10 days to research a problem or gather bank records, contact the Board. The Board will provide limited extensions to the amendment period for good cause.

### **What penalties apply to reporting?**

The Board can charge a fee for late reports. The late fee is \$25 per day for year-end reports and \$50 per day for the other pre-election reports, up to a maximum of \$1,000. The late fees begin the day after the report is due, without notice. Please be sure to keep the reporting deadlines on your calendar.

The Board can charge a penalty of up to \$1,000 for the following things:

- Not sending in a report after the Board has told the party unit that it is overdue;
- Not sending in an amended report after the Board has told you to do so;
- Not sending in information requested by the Board to reconcile discrepancies between filed reports; and
- Failing to keep records of contributions and spending.

The Board can seek a penalty of up to \$3,000 for the following actions:

- Signing and certifying a report to be true when the person knows that it contains false information or omits required information from the report;
- Knowingly providing false information to a treasurer with the intent that the treasurer rely on that information to certify the report;
- Knowingly failing to keep records of contributions and spending;
- Willfully failing to send in an amended report;
- Willfully failing to cooperate with the Board to reconcile a report discrepancy;

- Failing to include the independent expenditure disclaimer on a communication; and
- Falsely claiming that an expenditure was an independent expenditure.

The Board also can impose an additional \$3,000 penalty on the party unit affiliated with a person who

- falsely certified a report;
- provided false information to the treasurer; or
- knowingly failed to keep records of contributions and spending.

## **Terminating the party unit**

### **Overview**

This chapter tells you how to end the operations of your party unit.

### **Topics covered**

[How do you end the operations of the party unit?](#)

[What penalties apply to party units when they are terminating?](#)

### **How do you end the operations of the party unit?**

A party unit cannot stop operating until 1) it has \$100 or less in cash and property; and 2) it has submitted a termination report to the Board. The party unit cannot give its assets away to anyone for personal use. The party unit can sell its assets to anyone at fair market value, including party unit members.

The party unit also can make contributions to candidate committees, other political party units, and political committees and funds. A party unit also can make contributions of \$100 or less to charities organized under section 501(c)(3) of the Internal Revenue Code.

When the party unit has \$100 or less, you can terminate its registration with the Board by sending a termination report to the Board. The termination report is just like a regular report except that it covers from January 1 of the termination year through the date the party unit stopped operating. Terminating the party unit's registration with the Board means that no further reports will be required. The treasurer or chair must keep the party unit records for four years after it terminates.

It is not unusual for party units to be inactive for a time. But there is a limit on how long the party unit may stay registered without activity. A party unit must stop operating and terminate its registration when it has been four years since the reporting period in which the party unit made its last expenditure that it was required to report.

The Board will notify a party unit if it must terminate. The party unit then has 60 days to pay its debts, donate its money, and send in the termination report.

The termination of a party unit's registration with the Board does not affect the liability of the party unit or anyone associated with the party unit for the party unit's unpaid debts.

### **What penalties apply to party units when they are terminating?**

The Board can charge a penalty of up to \$1,000 for not keeping records for four years after the party unit terminates.

## Common questions

### Overview

This chapter describes some important things that are not covered in detail in the previous sections. It also tells you how to report some common transactions that occur during fundraisers.

### Topics covered

How to get a federal tax ID number (EIN) for political purposes

How do you find registration numbers for contributors or recipients registered with the Board?

How do you decide if money received by your committee or fund should be reported as a contribution or as income?

How do you decide if a payment made by your committee or fund should be reported as an expenditure or a contribution?

Fundraising reporting examples

Conducting raffles or drawings

Conducting auctions

Having policies to help control your money

Criminal penalties

### How to get a federal tax ID number (EIN) for political purposes.

1. Go to this link: <https://sa2.www4.irs.gov/modiein/individual/index.jsp>
2. When asked for the type of organization, check the bottom button for “other” types of organizations.
3. On the next page, select “Political Organization”
4. When asked for the reason for the EIN, select “Banking Purposes”
5. The responsible person is an “individual” who should be the treasurer and may need to be changed if the treasurer changes.
6. When asked, the person should indicate that they are an authorized officer of the entity.
7. For the legal name, use the party unit’s name.
8. Check the button that says you will NOT be filing the form 8871. This form is not filed by state party unit committees.
9. When asked if you will need employee forms, select "No". (Unless your party unit will actually have paid employees. If you fall into this category, seek legal assistance.)

10. When asked how you wish to receive your number, by mail or online, select online. Otherwise you can wait weeks to get the number.

11. Review and print your application information. If it is all correct, click the Submit button.

### **How do you find registration numbers for contributors and recipients registered with the Board?**

If a lobbyist, candidate committee, party unit, political committee, or political fund that is registered with the Board gives your party unit money and the contribution is greater than the itemization threshold, you must report the contributor's Board registration number with the contribution. The lobbyist, candidate committee, party unit, political committee, or political fund is required to include its registration number with its contribution. Use the registration number provided by the contributor for your records.

If you use CFR, enter the contribution using the registration number provided and the system will fill in the recipient's correct committee name.

Similarly, if your party unit gives money to a candidate committee, party unit, political committee, or political fund that is registered with the Board and your contribution is greater than the itemization threshold, you must

- give your party unit registration number to the recipient with your contribution and
- report the recipient's Board registration number with your contribution.

When registration numbers are not provided with contributions, it can be difficult to determine which lobbyist, party unit, committee, or fund was the actual source of contribution and which entity was the actual recipient of the contribution. For example, political parties often have two party units that use the same legislative district number as part of their names. The only difference between the names of these party units is the letter that follows the district number, usually an A or a B. Political committees and funds also can have similar names or may use different names on their checks than the names that are on the Board registration list.

Using the correct registration number is important because if you don't use the correct number on your report, Board staff may not be able to match contributions on the reports filed by the donor and the recipient. This may result in your being required to amend your report to correct the error.

If there is no registration number with a contribution or if you do not have the registration number for the group to which you want to contribute, check the lists of registered entities on the Board's website or contact Board staff for help. You also can contact the entity that made the contribution or to which you will give the contribution to ask for its registration number.

**How do you decide if money received by your party unit should be reported as a contribution or as income?**

Money received by your party unit is reported either as a contribution to the party unit or as miscellaneous income. Almost all of the money received by a party unit should be reported as contributions but there are a few exceptions to this general rule. Here are some common receipts and how they should be reported.

<b>Transaction</b>	<b>How to report transaction</b>
Money received for tickets to a fundraiser	Contribution
Money received for a table sponsorship at a fundraiser	Contribution
Money given to reimburse your party unit for another party unit's share of the cost of a good or service, such as a mailing or a fundraiser	Miscellaneous income
Money received as a refund because the party unit paid for a good or service that it never received	Miscellaneous income
Interest paid on a bank account	Miscellaneous income
Proceeds from selling something at a silent or live auction	Contribution
Item given to your party unit to sell at an auction	Contribution
Refund of a security deposit	Miscellaneous income

**How to decide if a payment made by your party unit should be reported as an expenditure or as a contribution to another registered entity?**

Money paid out by your party unit is reported either as an expenditure or as a contribution. Money paid to other entities registered with the Board is the only type of payment that is ever reported as a contribution. All other payments are reported as expenditures. Here are some common payments and how they should be reported.

<b>Transaction</b>	<b>How to report transaction</b>
Money paid to a candidate committee for tickets to a fundraiser	Contribution
Payment to a another party unit or a committee registered with the Board for a table sponsorship at an event	Contribution
Payment to a group not registered with the Board for sponsorship of an event	Expenditure
Money given to a 501(3)(c) charity	Expenditure
Money you returned to a contributor more than 90 days after deposit of the contribution	Expenditure
Money paid to another party unit because your party unit agreed to make a joint expenditure with the other party unit and the other party unit initially paid the entire cost of the expenditure	Expenditure



## Fundraising reporting examples

All money received from a fundraiser attendee is a contribution, regardless of whether the attendee received food and beverages, entertainment, or benefits such as a golf outing. The only way that you can exclude fees from the attendee's contribution is if the fees were paid directly to the provider of the services, such when the attendee paid the greens fees directly to the golf course.

The examples below explain recordkeeping and reporting for a typical fundraising event and a golf tournament.

The party unit holds a dinner as a fundraiser. Tickets to the dinner are \$20 for students and \$125 for everyone else. Anyone who pays \$250 or more can attend a private pre-dinner reception with the event's guest speaker. Anyone who pays \$500 or more will be listed as a sponsor of the event on the program.

All the funds paid for tickets to the dinner and for sponsoring the event are contributions. The party unit must keep records of all the money collected as contributions. The party unit also must keep records of any goods or services donated for the fundraiser by individuals or registered committees. The details recorded will depend on the amount of the contribution.

For contributions of \$20 or less, the party unit must record only the total amount received. The party unit does not need to record any donor information for these small contributions.

For contributions of more than \$20 to \$200, the party unit must record the name and address of the donor along with any Board registration number.

For contributions of more than \$200, the party unit must record the donor's name, address, Board registration number, if any, and employer or occupation.

All the costs related to the fundraiser are general expenditures for the party unit holding the event. The payments for expenses, or the value of those items if they were donated, are recorded on Schedule B1-EXP for expenditures.

For all cash and in-kind expenditures, you must record the following information:

- the date and amount of the payment or in-kind expenditure;
- the name and address of the vendor;
- a description of the item or service purchased; and
- the Board registration number of any entity to which you make a payment

If the party unit holds a golf tournament fundraiser and charges \$200 per person, the party unit would report the entire \$200 as a contribution. The party unit would not deduct the cost of greens fees or cart rentals from the \$200. Instead, the party unit would report these expenses

as expenditures. If attendees pay their greens fees directly to the golf course, those fees do not count as contributions to the party unit. The golf course cannot offer reduced greens fees that are not available to other groups. If the golf course did offer reduced fees, it would be a contribution to the party unit from a corporation, which is against the law.

### **Conducting raffles or drawings**

Raffles could be considered charitable gambling and might not be legal for a political fundraiser. You should read "Frequently Asked Questions about Raffles, Lawful Gambling, and Political Campaign Financing." This is a flyer put out by the Gambling Control Board, which regulates charitable gambling. It is available on the Board's website at <http://www.cfboard.state.mn.us/issues/raffles.pdf>. You also can call the Gambling Control Board at (651) 639-4000 if you are considering having a raffle or a drawing as part of a fundraiser.

### **Conducting auctions**

When the party unit collects goods for an auction, remember the following things:

- Don't accept any contributions from corporations, either directly or indirectly; and
- Don't accept contributions worth more than \$200 from groups that are not registered with the Board unless the group gives you a financial disclosure form.

When the party unit holds an auction, the items donated for the auction are in-kind contributions to the party unit from the people who give the items. You must record every in-kind contribution that is more than \$20. The items must be valued at fair market value. You must add the value of all items given by a person to determine the amount of that person's contribution. You cannot treat each item separately.

If the total value of the item or items donated is less than \$20, you do not have to keep a record of the item(s). You may wish to keep a record for internal reasons.

If the value of the donated item is more than \$20, you must record the donor's name and address and Board registration number. If the donated item is worth more than \$200, you also must record the donor's employer or occupation.

A best practice tip is to create a contribution receipt form that has space for all the required information. On the form, you can tell people to give employment information only if the contribution is more than \$200.

Each item donated to the party unit for the auction that is worth more than \$20 also must be recorded as an in-kind expenditure. The vendor for the expenditure is the person who donated the item. The value is the fair market value of the item, which should be the same as the value of the corresponding in-kind contribution. You also must describe the item in the party unit

records. The date of the expenditure is the same date as the date of its receipt. A best practice tip is to record both the in-kind receipt and the in-kind expenditure at the time the item is accepted.

Fair market value is the price that someone would pay for the item in the open market. It does not include a premium that a person might pay for the item to help the seller.

The sale of the auction items is totally separate from the collection of those items. Everyone who buys something at the auction has made a cash contribution to the party unit holding the auction. Record these purchases as cash contributions. Do not reduce the amount of the contribution by the value of the item bought. You do not need to report the item bought to the Board but you may want to keep these records for internal purposes.

### **Having policies to help control your money**

It can be hard to keep track of contributions collected during fundraisers and auctions. It is very important for the treasurer to keep control over these events. If more than one person will be collecting contributions at a fundraiser, for an auction, or just in the ordinary course of the party unit's work, the treasurer should make sure that these people get the required information from the donors. A best practice tip is to create a receipt for every contribution. The receipt should include the donor's name, address, employment information, and Board registration number along with the date and amount of the contribution. The person collecting the contribution for the party unit should keep a copy of the receipt and give a copy to the donor. The treasurer should collect the copies of these receipts as soon as possible. All money and contributions also should be given to the treasurer right away. The treasurer also should keep any records related to fundraisers such as the bid sheet for an auction.

A party unit should have policies that ensure that the treasurer is the person in control of the money and that the money in the bank always balances out with the money shown on reports filed with the Board. A party unit also should have policies that make all of its financial activities transparent to the party unit's officers and members.

### **Criminal penalties**

Some violations of the campaign finance laws can be criminally prosecuted. For these violations, the Board could refer the matter to the Attorney General or to a county attorney. The attorney general or the county attorney would decide whether the matter should be charged as a crime. The Board itself does not charge or prosecute criminal matters.

Some of the violations that carry possible criminal penalties are listed in this handbook. In addition, the following violations of campaign finance laws may be charged as crimes:

- Filing a registration form knowing that it contains false information or omits required information;

- Knowingly providing false or incomplete information to a treasurer with the intent that the treasurer will use that information in certifying a report;
- Trying to get around the contribution limits by making contributions through another person or on behalf of another person;
- Falsely claiming that an expenditure was an independent expenditure;
- Failing to disclose an independent expenditure;
- Participating in the preparation or distribution of campaign materials that do not include the required disclaimer;
- Helping someone to violate the laws prohibiting corporate contributions; and
- Knowingly failing to keep records.

## **Getting help**

### **Overview**

This chapter tells you how to get help from the Board.

### **Topics covered**

[What is the role of Advisory Opinions?](#)

[Complaints](#)

[How do you contact the Board?](#)

### **What is the role of Advisory Opinions?**

The Board on occasion issues advisory opinions that provide the Board's interpretation of a statutory provision. Over the years, the Board has issued over 400 opinions which can be viewed and searched on the Board website at <http://www.cfboard.state.mn.us/Advisory.htm>. If you have a question about an advisory opinion, or wish to discuss the process for requesting an opinion from the Board, contact Board staff.

### **Complaints**

The Board enforces campaign finance laws by reviewing reports that people file with it. Of course, not all problems with campaign finances show up on filed reports. If you have reason to believe that a party unit is not reporting accurately to the Board, or in some other way has broken the campaign finance laws, you can file a complaint with the Board. If the complaint is about an activity under the Board's jurisdiction, and evidence is provided to show that the complaint has a reasonable basis, the Board will investigate. The information concerning the complaint is private until the Board publishes its decision.

### **How do you contact the Board?**

At the beginning of this handbook, we told you that we wouldn't try to answer every possible question you might have. We encourage you to call or e-mail the Board for help. We want your experience running a political party unit to be successful, and Board staff will try their best to provide you with the information you need for that to happen.

The Board has two email distribution lists that will keep you informed of campaign finance issues and updates to CFR. To subscribe to these lists, go to the Board's website and select "E-mail Notice Subscriptions."

## Staff Members

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## Who to Call for Help

Board Information	(651) 539-1190
Registration for All Programs	(651) 539-1187
Campaign Finance Reporting	(651) 539-1188
Lobbyists Reporting	(651) 539-1187
Economic Interest Statements	(651) 539-1184
Public Subsidy	(651) 539-1189
Advisory Opinions	(651) 539-1190
Campaign Finance Software	(651) 539-1186
Forms, Receipt Books, General Information	(651) 539-1180
All staff may also be reached at	(800) 657-3889

## **Email the board**

Registration and Reports:	<a href="mailto:cfb.reports@state.mn.us">cfb.reports@state.mn.us</a>
Economic Interest Statements:	<a href="mailto:cfb.eis@state.mn.us">cfb.eis@state.mn.us</a>
General questions or comments:	<a href="mailto:cf.board@state.mn.us">cf.board@state.mn.us</a>

## **You may also contact the Board as follows:**

By telephone at (651) 539-1180 or toll free (800) 657-3889.  
By TTY by calling (800) 627-3529 and asking for (651) 296-5148.  
By fax to (651) 539-1196 or fax toll free (800) 357-4114.

By United States mail to:      Campaign Finance & Public Disclosure Board  
   190 Centennial Office Building  
   658 Cedar Street  
   St. Paul, Minnesota 55155-1603