

SF4196 - 1E - Campaign Finance Fees & Penalties Modified

Chief Author: **Lindsey Port**
 Committee: **Judiciary And Public Safety**
 Date Completed: **3/23/2026 11:33:48 AM**
 Agency: **Campaign Finance Board**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	146	146	146
Other Misc Special Revenue	-	-	(596)	(162)	(181)
Total	-	-	(450)	(16)	(35)
Biennial Total			(450)		(51)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Other Misc Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Adam Bolling **Date:** 3/23/2026 11:33:48 AM
Phone: 651-296-6053 **Email:** adam.bolling@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	146	146	146	146
Other Misc Special Revenue	-	-	(596)	(162)	(181)	(181)
Total	-	-	(450)	(16)	(35)	(35)
Biennial Total			(450)		(51)	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	-	2	2	2	2
Absorbed Costs	-	-	(2)	(2)	(2)	(2)
Other Misc Special Revenue	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-		-	
2 - Revenues, Transfers In*						
General Fund						
	-	-	(146)	(146)	(146)	(146)
Other Misc Special Revenue	-	-	596	162	181	181
Total	-	-	450	16	35	35
Biennial Total			450		51	

Bill Description

The bill increases late filing fees and civil penalties for certain political committees, and increases the potential civil penalty for false certification of reports. Additionally, the bill takes away discretion from the Campaign Finance Board (Board) in applying the enhanced penalties. The bill provides that all late fees and civil penalties collected by the Board for any program are deposited in the state elections campaign account.

Section 1 Provides a definition for “Enhanced penalty”. An enhanced penalty is applied if a principal campaign committee, political committee, political fund, or party unit (committee) is late with a registration or campaign finance report **and** the committee is reporting over \$25,000 in new contributions or disbursements since the last reporting period, or the total contributions or total expenditures of the committee exceeds \$250,000.

Section 2 Provides a definition of “Total contributions”. Provides that the term means cash contributions, in-kind contributions, and proceeds from loans, received by a committee.

Section 3 Provides a definition for “Total disbursements”. Provides that the term means the total of expenditures, approved expenditures, contributions made, in-kind contributions made, independent expenditures, noncampaign disbursements, and any other expenditure of funds or goods by a committee.

Section 4 Provides that the Board cannot waive any portion of an enhanced penalty. Additionally, all late fees and civil penalties collected by the Board must be deposited in the state elections campaign account for use in the public subsidy program. Under current statute late fees and civil penalties are deposited the state general fund.

Section 5 The section removes discretion from the Board in applying a civil penalty to an individual, and if the individual is a treasurer, the civil penalty will also automatically apply to the committee as well. For campaign reports, the penalty for false certification, which is currently \$3,000, will instead be four times the sum of the beginning cash balance, total contributions, and total disbursements that were falsely certified.

Section 6 The treasurer of a committee is required to maintain financial records that are the basis of financial reports filed with the Board. The penalty for a treasurer that fails to maintain financial records is currently \$3,000. The bill would change the penalty to four times the amount that cannot be documented with financial records. The penalty for failure to

maintain financial records would also apply to the committee of the treasurer.

Section 7 - If an individual becomes aware that a report or statement filed with the Board is inaccurate the individual must file an amendment to correct the error within ten days of becoming aware of the problem. The penalty for willfully failing to file an amendment within the required time frame is currently a civil penalty of up to \$3,000. This section provides that the penalty for committees and lobbyist principals is four times the amount of the required change or correction, and the Board does not have discretion in imposing the penalty.

Section 8 The Board conducts a reconciliation of contributions reported as made by committees compared to contributions received reported as received by committees. If there is a discrepancy, (for example committee X reports contributing to committee Y, but committee Y does not report receiving the contribution) then the Board requires information to reconcile the contribution. A committee that willfully fails to cooperate with the Board in reconciling the contribution is currently subject to a civil penalty of up to \$3,000. This section takes away Board discretion on the amount and makes the penalty four times the amount that cannot be reconciled.

Section 9 An association whose primary purpose is not political may make independent expenditures if it registers an independent expenditure political fund with the Board. This section increases the penalty for an association that makes independent expenditures without first registering a fund with the Board. Under current statute the penalty is up to four times the amount of the independent expenditure, not to exceed \$25,000. This section changes the penalty to up to four times the amount without a cap, and sets a new penalty for intentional violations of ten times the amount of the independent expenditure.

Section 10 Committees must register with the Board no later than 14 days after reaching prescribed thresholds for contributions or expenditures. This section creates new penalties for a committee that filed an initial finance report late due to late registration with the Board. If the initial late report reflects total contributions or total expenditures of more than \$25,000 then the late fee is 10% of that total, per day, starting from the day after the report was due.

This section also establishes a new civil penalty for associations that do not register within seven days after a certified mailing was sent notifying the association of the need to register with the Board. If the initial report filed by the committee shows total contributions or total expenditures in excess of \$25,000, a civil penalty of four times the total contributions or total expenditures must be imposed (in addition to the late fee).

Section 11 Committees are required to file period financial reports with the Board. Except for the year-end report, this section applies the enhanced penalty for committees reporting over \$25,000 in new contributions or disbursements since the last reporting period, or the total contributions or total expenditures of the committee exceeds \$250,000. The penalty for committees that qualify is ten percent of total contributions or total expenditures (whichever is greater) per day, for each day the report is late, not to exceed 100% of the amount reported.

In addition, if the committee has previously been assessed an enhanced late filing fee (as defined in section 1) once during the prior four years the Board must impose a late fee and civil penalty of up to twice the amount otherwise authorized. If the committee has been assessed an enhanced late filing fee more than twice during the prior four years, the late filing fee or civil penalty imposed must be three times the amount otherwise authorized.

This section also provides that if a committee does not file a missing report within seven days after the Board sends a certified mailing notifying the committee of the need to file a report, and the committee's activity qualifies for the enhanced penalty, then the Board must impose a penalty of four times the total contributions or total disbursements that should have been reported (whichever is greater).

Section 12 Under current statute an association that is not registered with the Board may make contributions to no more than three registered committees per year. This section changes the limit to three contributions during a two-year election cycle segment. An unregistered association that makes more than three contributions to committees during the two-year election cycle segment must register with the Board. The section establishes a civil penalty for an association that fails to register with the Board if the association's total contributions exceed \$25,000. In that case, the civil penalty is four times the amount contributed during the two-year election cycle segment.

Section 13 The penalty for circumventing contribution limits by redirecting a contribution through an association is raised from \$3,000 to an amount equal to four times the contribution.

Assumptions

This fiscal note assumes that the Board's expenditures will be limited to the cost of additional mailed notifications/warnings of the increased penalties that will apply for filing a late report. While additional notifications are not required in the bill, the Board views it as an obligation to advise the regulated community of new potential penalties. The cost of the mailings are detailed in the expenditure formula section.

The fiscal note assumes that the effect of the bill will be to prevent late filings by committees that report activity that qualifies for the enhanced penalty. The penalties are potentially so severe they force committees to put in place procedures to prevent late filing of reports. In addition, an examination of the 2022 and 2024 reporting periods found a limited number of late reports that would have qualified for the enhanced penalty. In 2022, when constitutional officers and the Senate and House were on the ballot, there were 1,337 committees required to file a report. Of that total, two candidate committees and four political committees filed late reports that would qualify for the enhanced penalty. The total enhanced penalty potentially owed for the 2022 reporting period would have been \$886,796.

In 2024, when only the House was on the ballot, there were 1,025 committees required to file the report. Of that total, two political committees and seven candidate committees filed late reports that would qualify for the enhanced penalty. The total enhanced penalty potentially owed for the reporting period in 2024 would have been \$69,787.

In non-state election years candidates only file a year end report, which is not subject to enhanced penalties. Starting in 2025, other committee types filed reports in addition to the year-end report if they made contributions to, or independent expenditures for or against, local candidates or local ballot questions. In total 135 committees were required to file reports other than the year-end, and of that number one committee filed late and reported activity that would have qualified for an enhanced penalty. The total enhanced penalty potentially owed in 2025 would have been \$30,928.

The fiscal note assumes that new revenue from the enhanced penalty will be approximately half of what would have occurred in past years if the enhanced penalty would have been in effect. This reflects the belief that the new penalties will reduce the number of violations. The fiscal note assumes enhanced penalties for years when all offices are on the ballot will be \$450,000, for years when only the House is on the ballot the estimate is \$35,000, and for non-state election years the estimate is \$16,000.

The fiscal note does not assume additional civil penalties for false certification of a report or other filing. The Board rarely finds that an individual knowingly filed a false report or statement. In the few cases that a violation was found is not reasonable to make an assumption about the amount of contributions and expenditures reported in future violations.

In addition to the enhanced penalties, the bill requires all other late filing fees and civil penalties collected by the Board to be deposited in the state elections campaign account public instead of the state general fund. This note assumes that the average of the amount of late fees and civil penalties actually collected by the Board in fiscal years 2023, 2024, and 2025 is reflective of the amount that will be collected (not including enhanced penalties) in future fiscal years. The average collected in fiscal years 2023, 2024, and 2025 is \$146,118 and is used the revenue formula section. The bill does not provide a delayed effective date, so this fiscal note assumes it will be effective August 1, 2026 if passed.

Expenditure and/or Revenue Formula

Revenue Forecast				
Fiscal Year	Enhanced Penalty	Other Late Fees and Civil Penalties	Total to State Election Special Revenue Fund	
2027	\$ 450,000	\$ 146,118	\$ 596,118	
2028	\$ 16,000	\$ 146,118	\$ 162,118	
2029	\$ 35,000.00	\$ 146,118	\$ 181,118	
Fiscal Year		Other Late Fees and Civil Penalties	Reduction to State General Fund	

2027		\$ 146,118	\$ (146,118)	
2028		\$ 146,118	\$ (146,118)	
2029		\$ 146,118	\$ (146,118)	
Board Costs				
	Number of Letters	Postage	Additional Mailings Per Year	Total Cost
Notification Mailing to Committees	1,488	\$ 0.78	2	\$ 2,321.28

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

NA

References/Sources

Agency Contact: Jeff Sigurdson (651-539-1189)

Agency Fiscal Note Coordinator Signature: Jeff Sigurdson

Phone: 651-539-1189

Date: 3/23/2026 10:06:48 AM

Email: jeff.sigurdson@state.mn.us