

MINNESOTA · REVENUE

Date: June 18, 2009

To: Interested Persons

From: Beth Kadoun, Assistant Commissioner

Re: Proposed unallotment of funds for political contribution refund (PCR)

On June 16, 2009, Governor Pawlenty announced his proposed unallotment of funds for the FY 2010/11 biennium. The proposal included the 2 year elimination of the political contribution refund (PCR) for contributions received after June 30, 2009 and through June 30, 2011. This is estimated to save \$10.4 million in general fund expenditures for the FY 2010/11 biennium.

If finalized, the PCR elimination for the FY 2010/11 biennium will apply to all campaign contributions received after June 30, 2009. Individuals who contribute to a registered political party, or to a state level partisan candidate who has agreed to limit expenditures, will be eligible for a refund only if their contribution is received by the political party or candidate prior to July 1, 2009. Those individuals may file only one refund application (Form PCR) per year and there is no opportunity to amend the Form PCR.

To receive a refund for contributions received prior to July 1, 2009, a contributor must:

1. Get a receipt from the political party or candidate to whom the contribution was made.
2. Fill out the 2009 Form PCR.
3. Attach the receipt to the application Form PCR.
4. Mail application Form PCR and receipt to the Minnesota Department of Revenue.

More information regarding eligibility under the current PCR program is available on Department of Revenue's website at www.taxes.state.mn.us.

Additional information on how the process will work with the proposed unallotment for the PCR program:

Question: Does this change the date of when a contributor needs to file for their refund?

Answer: No, unallotment does not change the current process and timeline for an individual to file for the political contribution refund. Under current law, a contributor has until April 15, 2010 to file the PCR for contributions made in calendar year 2009. Under the proposed unallotment, only contributions made prior to July 1, 2009 should be included with the Form PCR.

Question: Will all contributions made to a qualified candidate or party unit prior to July 1, 2009 be eligible for a refund?

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Answer: Not necessarily. Contributions must be *received* by a qualified candidate or party unit by June 30, 2009 to be eligible for a refund. Below is an excerpt from the Campaign Finance and Public Disclosure Board Rule 4503.0500, which defines when a contribution is received:

4503.0500 CONTRIBUTIONS.

Subp. 2. Time of receipt of contributions.

A. A monetary contribution is received by a political committee or political fund, for reporting and contribution limit purposes, when the instrument conveying the contribution, such as cash, check, or money order, is physically received by the treasurer, the candidate, or a committee or fund worker.

B. A contribution delivered through the mail is received on the date the mail is gathered from the delivery point by the treasurer, the candidate, or a committee or fund worker.

Question: Does this change the timing or process for a qualified candidate or party unit to remit the EP-3 Form to contributors?

Answer: No, the proposed unallotment does not change the timing or process for the EP3 Forms to be remitted to contributors. It will be important for the EP-3 Form to correctly state the date of the receipt of contributions as any receipt after June 30, 2009 will not be eligible for the refund.

Question: What are the implications to the Public Subsidy Agreement signed by candidates?

Answer: The Campaign Finance and Public Disclosure Board posted a memorandum that answers this question at www.cfboard.state.mn.us/unallotment.pdf. Questions regarding the public subsidy program may be directed to Gary Goldsmith, Executive Director of Campaign Finance and Public Disclosure Board, at 651-296-1721.

The Department of Revenue will update forms and instructions after the proposed unallotment is finalized and these will be found on our website at www.taxes.state.mn.us. If you have any additional questions regarding the implementation of PCR unallotment please contact Beth Kadoun at 651-556-6006 or questions regarding PCR program contact Karen Tchida at 651-556-4794.