

HF4728 - 0 - PCR Claims Online System Establishment

Chief Author: **Kristin Bahner**
 Committee: **Elections Finance & Policy**
 Date Completed: **3/8/2024 2:43:32 PM**
 Lead Agency: **Revenue Dept**
 Other Agencies:
 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)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Campaign Finance Board	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Revenue Dept						
General Fund	-	83	21	21	21	21
State Total						
General Fund	-	83	21	21	21	21
Total	-	83	21	21	21	21
Biennial Total			104			42

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Campaign Finance Board	-	-	-	-	-
General Fund	-	-	-	-	-
Revenue Dept					
General Fund	-	.33	.16	.16	.16
Total	-	.33	.16	.16	.16

Lead 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: Joel Enders **Date:** 3/8/2024 2:43:32 PM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

State Cost (Savings) Calculation Details

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

State Cost (Savings) = 1-2	Biennium			Biennium	
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Campaign Finance Board	-	-	-	-	-
General Fund	-	-	-	-	-
Revenue Dept					
General Fund	-	83	21	21	21
Total	-	83	21	21	21
Biennial Total			104		42
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Campaign Finance Board	-	-	-	-	-
General Fund					
Expenditures	-	-	10	-	-
Absorbed Costs	-	-	(10)	-	-
Revenue Dept					
General Fund	-	83	21	21	21
Total	-	83	21	21	21
Biennial Total			104		42
2 - Revenues, Transfers In*					
Campaign Finance Board	-	-	-	-	-
General Fund	-	-	-	-	-
Revenue Dept					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

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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: Joel Enders **Date:** 3/8/2024 2:38:28 PM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

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	Biennial Total		104			42
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-			-

Bill Description

This bill creates an electronic submission process for Political Contribution Refunds (PCRs).

Section 1: This section amends Minnesota Statutes 2022, section §10A.02, subd. 11b to allow data submitted to the Campaign Finance and Public Disclosure Board (Board) to be transferred to the Department of Revenue to process the Political Contribution Refund (PCR).

Section 2: This section amends Minnesota Statutes 2022, section §10A.322, subd. 4 to allow the Board to provide either electronic receipts or paper receipts and require each receipt to include a unique identification number to allow Revenue to verify the receipt with the Board.

Section 3: This section amends Minnesota Statutes 2023 Supplement, section §290.06, subd. 23 to allow a PCR claim to be made electronically or by paper, allow multiple PCR claims per year as long as the total doesn't exceed the maximum allowed per year (\$150 for Married Filing Joint couples and \$75 for everyone else), and indicate that Revenue may accept the unique identification number in lieu of the actual receipt for electronic refund claims.

Section 4: This section is a blank appropriation to the commissioner of Revenue to implement a system for accepting unique identification numbers to process e-PCRs. The section is effective the day following final enactment.

Since sections 1-3 of the bill don't include an effective date, we assume those sections are effective July 1, 2024.

Assumptions

The Department of Revenue (Revenue) assumes creation of an electronic submission process for Political Contribution Refunds (PCRs) with a July 1, 2024 effective date. In order to meet a July 1, 2024 effective date Revenue assumes it would need to reprioritize non-legislative work.

Revenue assumes it will need to develop an interagency agreement with the Campaign Finance Board, conduct business systems development in e-services, and communicate with the public about the change. Revenue assumes this legislation will impact approximately 39,615 people based on 2022 PCR claims. Additional contact from these customers is anticipated as they will be new e-Services users.

The Appeals, Legal Services, and Disclosure Division assumes costs of .25 FTE in FY24 for the Disclosure and Records Management unit (DRM) to negotiate, draft, and execute a data exchange agreement. The assumed costs are based on DRM's previous experience working with other agencies on data exchange agreements. DRM will need to hold numerous meetings with the board to discuss the agreement. DRM staff will draft the agreement and review language proposed by

the board. DRM may need to draft Tennessee warning language. DRM attorneys and supervisors will review the agreement before it is finalized.

The Communication Division assumes it will need to review, edit, and publish website content; review and edit a rejection letter for GenTax; review and edit two email bulletins; review and edit a press release; and review and edit in-app messaging. Communications assumes it will need .01 FTE in FY24 only for this work.

The Income Tax and Withholding (ITW) Division assumes a standard rate of 5% of the 39,615 (1,981) political contribution claimants will call or email about the new option to file the PCR electronically. With a standard rate of 10 minutes per call or email message, this equates to 330 hours or .16 FTE beginning in FY25 and ongoing.

MN.IT assumes system development costs of \$29,500 in FY24. Ongoing systems support of \$2,650 annually is assumed to begin in FY25.

The Tax Operations Division assumes .07 FTE in system development hours will be needed in FY24 largely for e-Services development.

FTE Impact

FTEs	FY 2024	FY 2025	FY 2026	FY 2027
Appeals, Legal, and Disclosure staff (MAPE)	.25			
Communications staff (MAPE)	.01			
Income Tax and Withholding staff (AFSCME)		.16	.16	.16
Tax Operations/Processing staff (MAPE)	.07			
Total FTE Impact	.33	.16	.16	.16

Note: Totals may vary slightly due to rounding.

Expenditure and/or Revenue Formula

Administrative Impact

Administrative Costs (Savings)	FY 2024	FY 2025	FY 2026	FY 2027
Employee Compensation	53,435	17,973	17,973	17,973
Other				
Systems Development	29,500			
Systems Support		2,650	2,650	2,650
Total Administrative Costs (Savings)	82,935	20,623	20,623	20,623

Note: This table uses whole numbers. Totals may vary slightly due to rounding.

Long-Term Fiscal Considerations

There are ongoing systems costs and staff costs related to customer service.

Local Fiscal Impact

N/A

References/Sources

Consulted with staff at the Campaign Finance Board. Agency staff also provided information for this fiscal note.

If information technology costs are included, my agency's Chief Business Technology Officer has reviewed the estimate.

I have reviewed the content of this fiscal note and believe it is a reasonable estimate of the expenditures and revenues associated with this proposed legislation.

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chelsea Magadance

Date: 3/8/2024 12:48:58 PM

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 Committee: **Elections Finance & Policy**
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 Agency: **Campaign Finance Board**

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Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

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Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
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: Chloe Burns **Date:** 3/6/2024 2:11:07 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

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Total	-	-	-	-	-	-
Biennial Total			-			-
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General Fund						
Expenditures	-	-	10	-	-	-
Absorbed Costs	-	-	(10)	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
General Fund						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill requires the Campaign Finance Board (the Board) to develop a file of political contribution refund receipts (PCR) issued by candidates and political party units for transfer to the Dept of Revenue. To create electronic PCR receipts the treasurers for candidates and political party units must enter the political donation into the online campaign finance reporting online application (CFRO). The Board will create a file of the donations that qualify for a PCR receipt, and send that file periodically to the Dept. of Revenue. The Dept of Revenue will build an online application that donors can use to request a PCR receipt. The Dept. of Revenue will compare the request entered by the donor with the file of eligible receipts received from the Board to verify that the refund request is valid.

Assumptions

The Board will need to modify CFRO to generate a donation record with a unique identification number every time a donation is entered and the treasurer wishes to generate a PCR receipt. The record will be copied to a file that will be sent to the Dept. of Revenue. The majority of the features needed for this process are already in place. Treasurers already enter contributions into CFRO, the donation is already identified with a unique identification number, then saved to a database. To create the file for the Dept. of Revenue, the Board will need to modify CFRO will to also record qualified donations identified by the treasurer as PCR eligible to a separate file, and then combine the donations made by all candidates and party units into a single file for transfer to the Dept of Revenue.

Board staff developed CFRO, and an evaluation of the requirements of the bill by the Board’s programming staff results in the assumption that the needed modification can and will be done by existing staff. Staff time needed for the modification is worth approximately \$10,000 and the Board can absorb those costs as existing staff are fully funded in FY25. This should be a one-time development cost. The fiscal further assumes that the transfer of the file containing the PCR receipts from the Board to the Dept. of Revenue will be an automated process with no identifiable costs.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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

Agency Fiscal Note Coordinator Signature: Jeff Sigurdson

Phone: 651-539-1189

Date: 3/6/2024 1:53:54 PM

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