NOTICE OF OPEN AND CLOSED MEETING

Wisconsin Ethics Commission

101 E. Wilson Street, Wisconsin Room
Madison, Wisconsin
Tuesday, December 11, 2018, 9:00 a.m.

Open Session Agenda

A. Call to Order
B. Report of Appropriate Meeting Notice – Staff Counsel
C. Approval of Minutes of Prior Meetings
   1. Minutes of August 21, 2018 Open Session Meeting
   2. Minutes of September 14, 2018 Open Session Meeting
D. Personal Appearances
E. Review of Lobbying-Related Opinions of Previous Boards
F. Unauthorized Lobbying Audit Process Update
G. Administrative Rule Update
H. Social Media Guideline
I. SEI Website Modernization Update
J. Legislative Lobbying Plan
K. Complaint Procedures
L. Staff Report
M. Consideration of Future Agenda Items
N. Closed Session
   1. Requests for Advice
   2. Complaints and Investigations
O. Return to Open Session (if required)
P. Adjourn

Future Ethics Commission Meetings Scheduled:

- Tuesday, March 5, 2019 at 9:00 AM
- Tuesday, April 9, 2019 at 9:00 AM
- Tuesday, June 18, 2019 at 9:00 AM
- Tuesday, August 27 5, 2019 at 9:00 AM
- Tuesday, December 3, 2019 at 9:00 AM

The Ethics Commission will convene in open session but may move to closed session under Wis. Stat. § 19.85(1)(c), (g), (h), or Wis. Stat. § 19.851. This notice is to inform the public that the Commission intends to convene in open session, but may move to closed session. The Commission plans to return to open session following that closed session, as outlined in the above agenda. Wis. Stat. § 19.85(2).
WIS. STAT. §§ 19.50 & 19.55(3) No employee of the Commission may disclose information related to an investigation or prosecution under ch. 11, subchapter III of ch. 13, or ch. 19.

WIS. STAT. § 19.85(1) Any meeting of a governmental body, upon motion duly made and carried, may be convened in closed session under one or more of the exemptions provided in this section. The motion shall be carried by a majority vote in such manner that the vote of each member is ascertained and recorded in the minutes. No motion to convene in closed session may be adopted unless the chief presiding officer announces to those present at the meeting at which such motion is made, the nature of the business to be considered at such closed session, and the specific exemption or exemptions under this subsection by which such closed session is claimed to be authorized. Such announcement shall become part of the record of the meeting. No business may be taken up at any closed session except that which relates to matters contained in the chief presiding officer's announcement of the closed session. A closed session may be held for any of the following purposes:

(g) Conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved.

(h) Consideration of requests for confidential written advice from the elections commission under s. 5.05 (6a) or the ethics commission under s. 19.46 (2), or from any county or municipal ethics board under s. 19.59 (5).

WIS. STAT. § 19.851(2) The commission shall hold each meeting of the commission for the purpose of deliberating concerning an investigation of any violation of the law under the jurisdiction of the commission in closed session under this section.
Wisconsin Ethics Commission

212 E. Washington Avenue
Board Room
Madison, Wisconsin
August 21, 2018
9:00 a.m.

Open Session Minutes

Present: Katie McCallum, Tamara Packard, Mac Davis, David Halbrooks,
Pat Strachota, and Timothy Van Akkeren

Staff present: Colette Reinke, David Buerger, Julie Nischik, Rich Bohringer, Adam Harvell,
Caroline Russell, Daniel Carlton, and Harry Broderick

A. Call to Order

Commission Chair Katie McCallum called the meeting to order at 9:05 a.m.

B. Report of Appropriate Meeting Notice

Staff Counsel David Buerger reported that appropriate notice of the Commission meeting had been given to the public and news media.

C. Approval of Minutes of Prior Meetings

1. Minutes of the June 19, 2018 Meeting

   MOTION: Approve the June 19, 2018 minutes. Moved by Commissioner Strachota, seconded by Commissioner Van Akkeren. Motion carried unanimously.

2. Minutes of the July 17, 2018 Meeting

   MOTION: Approve the July 17, 2018 minutes. Moved by Commissioner Van Akkeren, seconded by Commissioner Strachota. Motion carried unanimously.

3. Minutes of the July 26, 2018 Meeting

   Commissioner McCallum suggested amending the motion to adjourn to, “moved by a Commissioner and seconded by a Commissioner.”
MOTION: To approve the minutes of July 26, 2018 as suggested. Moved by Commissioner Van Akkeren, seconded by Commissioner Strachota. Motion carried unanimously.

4. Minutes of the July 30, 2018 Meeting

MOTION: Approve the July 30, 2018 minutes. Moved by Commissioner Packard, seconded by Commissioner Van Akkeren.

D. Personal Appearances

There was no personal appearance by a member of the public.

Item O. Staff Report was taken up next

Commission Administrator Colette Reinke presented the memo on page 141 of the meeting materials.

The Administrator introduced the newly hired Ethics Specialist, Harry Broderick, who is starting with the Commission on September 4, 2018.

E. Introduction of New Administrator

The Administrator introduced the newly hired Administrator, Daniel Carlton, who is starting with the Commission on September 4, 2018.

F. Extension of Interim Administrator

Commission Administrator Colette Reinke verbally presented this item. There is a three-day gap over the weekend of the end of the appointment of the interim Administrator and the start of the newly hired Administrator. The Commission determined it would be okay over the weekend, and the interim appointment does not need to be extended.

G. Attribution Requirements Research

Staff Counsel David Buerger presented the memo on page 13 of the meeting materials. The memo highlights other states and the Federal Elections Commission’s attribution statements policies.

The Commission discussed the potential policies to include in the administrative rule and directed staff to continue to work on the draft, including addressing modern technology, websites, and social media.

H. Administrative Rule Update

Staff Counsel David Buerger presented the memo on page 17 of the meeting materials.
MOTION: For ETH 1 – Act 117 Amendments/Attribution, the Commission directs staff to submit the proposed scope statement to the Governor for approval. Moved by Commissioner Van Akkeren, seconded by Commissioner Halbrooks. Motion carried unanimously.

Staff noted a hearing was noticed for today regarding ETH 1 – Act 117 Amendments/Attribution. No members of the public were present to provide comment.

MOTION: To close hearing. Moved by Commissioner Packard, seconded by Commissioner Van Akkeren. Motion carried unanimously.

MOTION: For ETH 1 – Act 117 Repeals, the Commission approved the draft rule and directs staff to submit the rule to the Governor for approval. Moved by Commissioner Van Akkeren, seconded by Commissioner Davis. Motion carried unanimously.

I. Social Media Guideline

Staff Counsel David Buerger presented the memo on page 35 of the meeting materials.

The Commission discussed the information presented in the memo. The Commission noted the difficulty in trying to regulate this activity, due to separation of powers, and how legislators use their time in office. The Commission directed staff to provide another draft that focuses more on what information can be posted to social media, rather than when it can be used.

J. Review of Lobbying-Related Opinions of Previous Boards

Commission Administrator Colette Reinke presented the memo on page 39 of the meeting materials.


MOTION: To reaffirm the remaining 12 opinions in the memo and update the citations. Moved by Commissioner Strachota, seconded by Commissioner Van Akkeren. Motion carried unanimously.
K. SEI System Planning and Record Retention Update

Commission Staff Adam Harvell presented the memo on page 45 of the meeting materials.

The Commission discussed amending the policy regarding settlements and waivers for SEIs.

**MOTION:** Amend the policy to read, “Municipal and Multi-Jurisdictional Judges – Part time Municipal and Multi-Jurisdictional Judges, while elected officials, do not have the broad power over financial matters that other full-time officials and elected officials do. Like part-time appointed officials, they often have other jobs and business interests outside of the judicial positions. Granting waivers to part-time municipal judges may present less of a threat to the public interest and help municipalities find individuals willing to serve in those positions”.

Moved by Commissioner Packard, seconded by Commissioner Van Akkeren. Motion carried unanimously.

The Commission discussed the current affidavit procedure for electronic SEIs. The Commission agreed to change this process from an affidavit (paper process) to a statement (online process). Staff will draft the changes to the system for review at the next Commission meeting.

The Commission discussed the waiver process related to the electronic submission of SEIs. Staff suggested including a checkbox in the SEI system requesting a waiver from a portion of the SEI. The request for waiver would be private until the request is granted, when the request would become public.

The Commission discussed procedures for collecting paper SEIs in future filing years. The Commission determined that staff should continue to accept paper SEIs if the filer is unable to complete the SEI in the online system.

L. Biennial Budget Review 2019-21

Julie Nischik presented the memo on page 53 of the meeting materials.

The Commission reviewed the budget to actuals report from fiscal years 2018 and 2019. The Commission determined another meeting would be required to review and approve the budget documents, due to the fact that adjusted base data was not available by the date of the meeting. The Commission also directed staff to include new proposals for Act 201 requirements.

The Commission also discussed the options for updating the campaign finance system. The Commission is leaning towards the option utilizing code available from Massachusetts and requested further details at the September 14 special meeting.

M. Annual Report Review Draft

Commission Administrator Colette Reinke presented the memo on page 69 of the meeting materials.
The Commission requested a plan be developed for implementing the potential legislative changes that are outlined in the report, to be included at the next regularly scheduled meeting.

**MOTION:** To reaffirm the policies of the annual report. Moved by Commissioner Van Akkeren, seconded by Commissioner Strachota. Motion carried unanimously.

**N. Proposed Commission Meeting Schedule**

Commission Administrator Colette Reinke presented the memo on page 141 of the meeting materials.

The Commission determined the following dates for meetings in 2019:
- March 5
- April 9
- June 18
- August 27
- December 3

**P. Consideration of Future Agenda Items**

Administrator Reinke suggested adding to the next meeting agenda SEI clarifications for waiver forms, a plan for implementing legislative changes, the last group of lobbying opinions for review, the budget update (September meeting), and investigation report on new campaign finance systems (September meeting).

**Q. Closed Session**

**MOTION:** The Commission went into closed session pursuant to WIS. STAT. §§ 19.50, 19.55(3), 19.85(1)(g), (h). Moved by Commissioner Van Akkeren, seconded by Commissioner Halbrooks.

Commissioner Halbrooks amended the motion to invite Daniel Carlton to the Closed Session of the meeting. The amendment was accepted by Commissioner Van Akkeren. Motion carried unanimously.

1. Requests for Advice
2. Complaints and Investigations

**R. Adjourn**

**MOTION:** To adjourn. Moved by Commissioner Van Akkeren, seconded by Commissioner Halbrooks. Motion carried unanimously.

Meeting adjourned at 2:50 p.m.
Wisconsin Ethics Commission

212 E. Washington Avenue
Board Room (teleconference)
Madison, Wisconsin
September 14, 2018
9:00 a.m.

Open Session Minutes

Present (phone): Katie McCallum, Tamara Packard, Mac Davis, David Halbrooks, Pat Strachota, Timothy Van Akkeren

Staff Present: Daniel Carlton, David Buerger, Julie Nischik, Colette Greve

A. Call to Order

Commission Chair Katie McCallum called the meeting to order at 9:01 a.m.

B. Report of Appropriate Meeting Notice

Staff Counsel notified the Commissioners that proper notice of the meeting was given to the public and news media.

C. Biennial Budget 2019-21

Administrator Daniel Carlton and Office Manager Julie Nischik presented the memo on page 3 of the meeting materials. Staff outlined the three funding options presented in the biennial budget request.

The Commission discussed the options presented, the agency decision items, and the 5% reduction required with 2015 Act 201.

MOTION: To approve the biennial budget as presented. Moved by Commissioner Packard, seconded by Commissioner Strachota. Motion carried unanimously.

AMEND MOTION: To approve the biennial budget, including the appropriate adjustments based on rent information that was received from the Budget Office, the 5% reduction as presented in the memo, and submitting the budget by September 17, 2018. Amended by Commissioner Packard, amendment agreed to by Commissioner Strachota. Motion carried unanimously.
D. Campaign Finance System Options Update

Ethics Specialist Colette Greve presented the memo on page 51 of the meeting materials.

The Commissioners and staff discussed the initial options as outlined in the memo.

MOTION: Authorize staff to work with DOA DET to do a preliminary review of the Massachusetts code, to verify the quality of the code, and confirm that it provides the required security for us to move forward with adapting the code to the needs and requirements of the Commission and state statutes. The Commission requests to review this report at the December meeting. Moved by Commissioner Strachota, seconded by Commissioner Halbrooks. Motion carried unanimously.

E. Closed Session


1. Complaints and Investigations

F. Adjournment

Commissioner Van Akkeren notified the Commission that he is no longer available for the December 4, 2018 meeting. The Commission decided to change the date of the meeting to December 11, 2018 at 9:00 am.

MOTION: To adjourn. Moved by Commissioner Strachota, seconded by Commissioner Van Akkeren. Motion carried unanimously.

The meeting adjourned at 10:09 a.m.

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September 14, 2018 Wisconsin Ethics Commission meeting minutes prepared by:

Julie Nischik, Office Management Specialist December 11, 2018

September 14, 2018 Wisconsin Ethics Commission meeting minutes certified by:

Tamara Packard, Vice Chair December 11, 2018
DATE: For the December 11, 2018 Meeting
TO: Members, Wisconsin Ethics Commission
FROM: Colette Greve, Ethics Specialist
       Presented by David Buerger, Staff Counsel
SUBJECT: Review of Lobbying-Related Opinions of Previous Boards, State Official Conduct and Conflicts of Interest

FOR COMMISSION ACTION

1. The Commission may decide to
   a. Withdraw, modify, and reaffirm opinions as recommended by staff,
   b. Withdraw, modify, and reaffirm opinions as amended by today’s discussion, or
   c. Direct staff to continue review of the opinions.

Background

There are seventeen lobbying opinions related to general state official conduct and conflicts of interest. Staff has recommended that four opinions be withdrawn, one opinion be revised, and twelve opinions be reaffirmed with minor citation revisions.

The attached spreadsheet provides a link to each opinion, a summary, whether the opinion is consistent or inconsistent, and some additional notes related to why opinions have been recommended for withdrawal.

Opinions that are consistent with current law and Commission interpretation, advice, and guidelines are recommended to be reaffirmed. Some opinions that are recommended to be reaffirmed will require minor revisions to correct citations. Staff recommended withdrawal of opinions for two reasons, either they are inconsistent with current statutes or with the current Commission’s interpretation, advice, and guidelines, or the opinions are vague, provide no substantive analysis, or are written in such a way that could result in misinterpretation.

Relevant Statutes and Amending Acts

Two opinions recommended for withdrawal because they are based on the old statutory definition of candidate. Candidate is no longer defined only as a “person for whom it is contemplated or desired that votes be cast at any election held within the state . . . and who either tacitly or expressly consents to be so considered.” Candidate now includes the individual holding the state office. WIS. STAT. § 11.0101(1)(b).

Wisconsin Ethics Commissioners
Mac Davis | David R. Halbrooks | Katie McCallum | Tamara Packard | Pat Strachota | Timothy Van Akkeren
Administrator
Daniel A. Carlton, Jr.
Each of the opinions being addressed at this meeting discuss and cite to Wis. Stat. § 13.625 generally. 2013 Wisconsin Act 253 and 2015 Wisconsin Act 117 amended subsection (1)(b) “furnish” was changed to “give.” Staff determined that this did not substantively change the statute and its prohibitions as the words are synonymous. These opinions were addressed at an earlier meeting, but some minor revisions will be necessary in the opinions being reviewed at this meeting due to the language and citation changes in Wis. Stat. § 13.625, which is cited in all these opinions.

Opinions Recommended for Withdrawal

The opinions that are being recommended for withdrawal are opinions based on statutory language prior to the amendments listed above or lack beneficial analysis. These opinions would require more than just minor revisions to modify them to be consistent with the current statutes.


2. Eth. Bd. Op. 07-14 – The analysis and substance of this opinion rely on the old definition of candidate as described above.

3. Eth. Bd. Op. 04-02 – This opinion lacks a clear set of facts and provides no substantive analysis or citations to statutes.

4. Eth. Bd. Op. 05-01 – This opinion lacks a clear set of facts and provides no substantive analysis or citations to statutes.

Opinion Recommended for Revision

Eth. Bd. Op. 93-01 – This opinion’s advice states that the communications described are not lobbying, but item 3 in Facts b. could be considered a lobbying topic if the conversation referred to involves discussion of rulemaking or legislation. Staff recommends adding a footnote to paragraph [1] b. after item 3 stating the following: “This opinion assumes that the conversation referred to in item (3) did not involve discussion that would influence legislative action or rulemaking. See paragraph [7].”

Opinions Recommended for Reaffirmation with Limited Revisions

The opinions marked as consistent should be reaffirmed, but will need very minor revisions to correct citations and language for the current Wis. Stat. §13.625.

Enclosure: Lobbying Opinions Spreadsheet December 11 Meeting
<table>
<thead>
<tr>
<th>State Official Conduct, State Agency Conduct, and Conflicts</th>
<th>Opinion Number</th>
<th>Opinion Summary</th>
<th>Legal Effect</th>
<th>Staff Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Public Official Conduct</td>
<td>Eth. Bd. Op. 07-07</td>
<td>An organization that employs a lobbyist in Wisconsin may furnish an elected state official the opportunity to narrate a public service announcement and purchase airtime for its dissemination, when the dissemination is not proximate to an election at which the official is or is likely to be a candidate.</td>
<td>Inconsistent</td>
<td>Statutory definition of candidate has been amended.</td>
</tr>
<tr>
<td>State Public Official Conduct</td>
<td>Eth. Bd. Op. 07-14</td>
<td>A legislator may appear in a lobbying principal’s video for employees and directors of the organization’s members on the importance of talking about how the member institutions serve members and communities but the lobbying organization should not disseminate the video proximate to an election in which the legislator is or is likely to be a candidate.</td>
<td>Inconsistent</td>
<td>Statutory definition of candidate has been amended.</td>
</tr>
<tr>
<td>Conflicts, Legal Services</td>
<td>Eth. Bd. Op. 93-01</td>
<td>An individual is a lobbyist if he or she engages in activities that constitute lobbying under the lobbying law, even if the activities are merely an outgrowth of legal representation. Lobbying includes attempting to influence or affect legislation or administrative rules, but does not include attempting to influence other kinds of agency decisions. Discussions with state agencies concerning the use of conventional construction bidding as opposed to privatization for prisons, attempts to get a state agency to make payments due your client, a conversation with a state agency regarding the effect of a highway project on your client, contacts regarding a client’s proposal to design buildings for the State of Wisconsin, and discussions with a state agency concerning possible investment in a client do not appear to constitute lobbying and an individual’s pursuit of these activities would not require the individual to obtain a lobbying license or require the individual’s client to register as a lobbying principal with the Ethics Board.</td>
<td>Inconsistent</td>
<td>While the activities described in this opinion do not represent ongoing legislative or administrative action, they do fit the definition of a lobbying topic</td>
</tr>
<tr>
<td>State Agency Conduct, Grants</td>
<td>Eth. Bd. Op. 04-02</td>
<td>The Ethics Board advises that a state agency may accept a grant from a company that employs a lobbyist for an agency program initiative.</td>
<td>Inconsistent</td>
<td>Withdraw for lack of substantive analysis - no citations to statute or previous opinions.</td>
</tr>
<tr>
<td>5</td>
<td>Non-profit Status, Lobbying Principal</td>
<td>Eth. Bd. Op. 05-01</td>
<td>This is in response to your letter in which you have asked a number of general questions concerning application of laws administered by the Ethics Board to a 501 (c) (3) or 501 (c) (4) organization. The answers pertain equally to a 501 (c) (3) or 501 (c) (4) organization.</td>
<td>Inconsistent</td>
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<td>6</td>
<td>State Public Official Conduct Union Activity, Contract</td>
<td>Eth. Bd. Op. 00-03</td>
<td>The Ethics Board advises that: (1) Consistent with statutes that the Ethics Board administers, a company that employs a lobbyist in Wisconsin and its employee may honor a union contract pre-dating the employee’s candidacy for election to state government office, that provides for the company to credit an employee for up to two years of seniority during an unpaid leave of absence permitted under the contract. (2) The company should not credit the employee with and the employee should not accept credit for more than two years of seniority in connection with a leave of absence granted or taken in connection with the employee’s service as a state government official.</td>
<td>Consistent</td>
</tr>
<tr>
<td>7</td>
<td>State Public Official Conduct, Conflicts, Legal Services</td>
<td>Eth. Bd. Op. 02-06</td>
<td>The Ethics Board advises: A legislator is free to commence a lawsuit to challenge the constitutionality of a law and to seek and retain legal counsel to represent himself or herself. If a legislator wants to join an existing lawsuit, the Ethics Board recommends that the legislator direct a letter to the Court asking that he or she be permitted to join the plaintiffs as a party or as amicus curiae, representing himself or herself. The Board further advises that a legislator not permit a lobbying organization to pay or arrange for legal services for the legislator.</td>
<td>Consistent</td>
</tr>
<tr>
<td>8</td>
<td>State Agency Conduct</td>
<td>Eth. Bd. Op. 08-04</td>
<td>The Government Accountability Board advises that a state agency may not knowingly permit the use of confidential information by University of Wisconsin student interns for the benefit of the students’ program, when the programs assets are held by a private entity for the program’s benefit.</td>
<td>Consistent</td>
</tr>
<tr>
<td>Conflicts, Receipt of Items or Services by State Public Official</td>
<td>Eth. Bd. Op. 91-09</td>
<td>The lobbying law does not prohibit a lobbying principal from awarding a scholarship to the child of an elected state official as long as the scholarship is available to the general public. The scholarship should be reported as a gift on the official's Statement of Economic Interests. Eth. Bd. 684</td>
<td>Consistent</td>
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<td>Lobbying, Union Activity</td>
<td>Eth. Bd. Op. 92-01</td>
<td>An employee does not violate the so-called &quot;gag&quot; law if he or she communicates with the legislature in his or her capacity as a union officer. OEB 92-1</td>
<td>Consistent</td>
<td></td>
</tr>
<tr>
<td>State Agency Conduct</td>
<td>Eth. Bd. Op. 92-06</td>
<td>The exemption in § 13.621(1)(c) applies only to service on ad hoc advisory committees established by state agencies to advise with respect to rule making. Moreover, service on a state board or committee may not be lobbying if the individual exercises independent judgement and is not a representative of his or her employer. OEB 92-6</td>
<td>Consistent</td>
<td></td>
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<tr>
<td>Conflicts</td>
<td>Eth. Bd. Op. 92-21</td>
<td>Wisconsin's lobbying law poses no restriction on a lobbyist representing clients in negotiating a purchase of land to a state agency on a contingency fee basis unless the matter is associated with adoption, modification, or repeal of a rule or the Legislature's consideration of an appropriation earmarked for the purchase of the land at issue, or an agency's development of such a legislative proposal. OEB 92-21</td>
<td>Consistent</td>
<td></td>
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<tr>
<td>Conflicts</td>
<td>Eth. Bd. Op. 94-03</td>
<td>The Ethics Board advises that the lobbying law does not pose an obstacle to an official's spouse's employment as a lobbyist. However, an official should avoid placing himself or herself in a position in which a conflict of interest may arise. In instances of occasional and infrequent conflicts, an official can avoid a violation of the Ethics Code by refraining from any official discussions or votes on matters on which the spouse's employer lobbies or has a demonstrated interest before the official's agency. An official should also refrain from extending any special access or assistance to his or her spouse or spouse's employer in agency matters. If conflicts are frequent and continuing, public policy may best be served by divesting either the private interest or the public responsibilities. OEB94-3</td>
<td>Consistent</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Conflicts</td>
<td>Eth. Bd. Op. 96-06</td>
<td>1. The lobbying law does not proscribe an agency official’s membership on a lobbying organization’s Board of Directors, or the official’s participation in its affairs; and 2. The lobbying law forbids an agency official elected to a lobbying organization’s board of directors to accept reimbursement from the organization for expenses incurred in attending meetings of the organization’s directors because the organization does not reimburse the general public for those expenses. OEB 96-6</td>
<td>Consistent</td>
</tr>
<tr>
<td>15</td>
<td>State Public Official Conduct</td>
<td>Eth. Bd. Op. 97-04</td>
<td>A legislator may use a library service offered to legislators by several public libraries only in connection with his or her legislative duties and responsibilities.</td>
<td>Consistent</td>
</tr>
<tr>
<td>17</td>
<td>State Public Official Conduct</td>
<td>Eth. Bd. Op. 99-10</td>
<td>The Ethics Board advises that a lobbyist not form an investment club with legislative employees or agency officials. Lobbyist’s request.</td>
<td>Consistent</td>
</tr>
</tbody>
</table>
DATE: For the December 11, 2018 Meeting

TO: Members, Wisconsin Ethics Commission

FROM: Caroline M. Russell, Ethics Specialist
       Presented by Adam Harvell, Ethics Specialist

SUBJECT: Unauthorized Lobbying Audit Process Update

The Commission requested staff to report an update on the audit process for unauthorized lobbying at its September 14, 2018 meeting. Any further questions from the Commission regarding this audit process will be noted by staff and answered either in email or at the next Commission meeting.

Unauthorized lobbying occurs either; when a lobbyist whose duties are exclusive to attempting to influence legislative or administrative action on behalf of a principal has had any communications prior to obtaining principal authorization or; when a lobbyist whose duties are not exclusive to influencing legislative or administrative action on behalf of a principal has had five or more lobbying communications prior to obtaining principal authorization within a six-month reporting period. Statement of Lobbying Activities and Expenditures (SLAEs) reporting periods are from January-June and July to December. At the Commission’s meeting on February 27, 2018, it approved the standard settlement schedule for unauthorized lobbying and directed staff to begin regular enforcement of this audit beginning with the January-June 2018 reporting period due July 31, 2018.

The standardized processes outlined here, specifically in steps (1) and (2) will ensure the validity of audit query results.

Below are standardized steps staff will take to enforce compliance regarding unauthorized lobbying:

(1) Ensure that all lobbying principals have submitted their SLAEs for the period, which include the lobbyists time reports. As SLAEs are submitted, staff publishes them to https://lobbying.wi.gov for the public to view as soon as possible. The published data is then available to query.

(2) Prior to the start of the audit, any previous communications with principals and lobbyists regarding potential violations will be noted within the corresponding audit folder. For instance, self-disclosure emails from a lobbyist received by staff before the audit is conducted will be saved and placed within the audit folder.
   a. Staff conducting the audit will then check the audit folder prior to starting the audit and check the shared lobbying@wi.gov email archives for any updated correspondence.

(3) Staff utilizes “Unauthorized Lobbying” query which cross-references self-reported data by the lobbyist, showing what dates they had communications, and the date of authorization by the principal on the principal’s registration statement. The query results will show only lobbyists
that had lobbying communication prior to the date they were authorized to represent the principal.

(4) Notices of potential violation are sent to both the principal and the lobbyist which had unauthorized communications, as shown in the query results.
   a. The notice gives the principal and lobbyist 30 days to submit a written response for the Commission’s consideration, as has become standard internal practice for all audits, but is not statutorily required. This notice is intended to allow the principal and the lobbyist to present to the Commission any mitigating circumstance they believe constitute waiver of the potential violation and settlement agreement. Any responses received are saved to be included as attachments accompanying the audit memo at the next Commission meeting.

(5) Reminders are sent to potential violators that have not responded to the notice in either the second or third week after the notice was sent.

(6) After the 30-day window to respond has passed, staff begins to write the audit memo for the next Commission meeting.
   a. The memo will show a summarized table of the unauthorized lobbying audit query data for any principals whose lobbyists had five or more lobbying communications prior to authorization, along with the standard settlement as outlined by the approved settlement schedule.
   b. The memo will also note the date the notice of potential violation was sent, summarize the responses received as well as provide them as attachments, prior precedent regarding mitigating circumstance, and any staff recommendation regarding mitigating circumstance.

(7) Staff will present the memo for action at the next Commission meeting and fulfill any action the Commission prescribes thereafter.

(8) Settlement notification letters and agreements will be sent to those found to be in violation by the Commission. Violators are given the opportunity to submit a written appeal to the Commission for further consideration, as long as it is received prior to the deadline to compile meeting materials. Generally, the deadline to compile meeting materials is ten days before the scheduled meeting. Violators are also given the opportunity to appear before the Commission to further explain their appeal or answer any questions. Requests for appearance are forwarded to the Chair and Vice Chair for approval prior to the meeting.

(9) Appeals are summarized and provided as attachments at the following Commission meeting as a part of the “Settlement Appeals” portion of the agenda.

(10) The Commission will adjust or reaffirm the settlement. Staff will then notify the violator of whatever action the Commission took.

(11) Staff will periodically follow-up with the violator until the settlement is fulfilled.
DATE: For the December 11, 2018 Commission Meeting

TO: Members, Wisconsin Ethics Commission

FROM: David Buerger, Staff Counsel

SUBJECT: Administrative Rule Update

FOR COMMISSION ACTION

1. For ETH 1 – Act 117 Amendments/Attribution, does the Commission formally approve the scope statement and direct staff to begin drafting the proposed rule and associated documents for submission to the Legislative Council Rules Clearinghouse?

I. Chapter ETH 1 – Act 117 Amendments/Attribution

At its August 21, 2018 meeting the Commission directed staff to submit the proposed scope statement to the Governor for approval. On November 15, 2018, the Governor approved the scope statement. The scope statement was submitted to the Legislative Reference Bureau for publication in the Administrative Register on November 15, 2018. The scope statement was published in Register No. 755A3 on November 19, 2018. The scope statement has now been published for at least ten days and the Commission may now formally approve the scope statement and direct staff to begin drafting the proposed rule and associated documents for submission to the Legislative Council Rules Clearinghouse.

See Attachment A for the proposed scope statement and the Governor’s approval letter.

II. Chapter ETH 16 – Lobbying

There is no further action to report on this rule since the last Commission meeting. It is still awaiting review by the Legislature.

III. Chapter ETH 1 – 2015 Act 117 Repeals

There is no further action to report on this rule since the last Commission meeting. It is still awaiting final approval by the Governor.
IV. Attachments

A. ETH 1 – Act 117 Amendments/Attribution Proposed Scope Statement & Governor’s Approval
STATEMENT OF SCOPE
PURSUANT TO WIS. STAT. § 227.135
WISCONSIN ETHICS COMMISSION

Rule No.: ETH Ch. 1

Relating to: Campaign Finance

Rule Type: Permanent

1. Detailed description of the objective of the proposed rule:

The Commission proposes a rule to amend Wis. Admin. Code ETH 1.20 (9), 1.26 (2), 1.26 (6), 1.60 (1) (b), 1.70 (1), and 1.855 (2) to reflect the changes of 2015 Wisconsin Act 117; and create ETH 1.96 to clarify the attribution requirements of s. 11.1303, Stats.

2. Description of the existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:

The Government Accountability Board previously reviewed the provisions of Wis. Admin. Code ETH 1 as required by 2015 Wisconsin Act 117. In that review, the Board noted several provisions that were inconsistent with the new law, but it did not address other statutory and administrative references within ETH 1 that needed to be updated to harmonize the language with the newly created Chapter 11 or current administrative procedures. This proposed rule would update provisions that currently contain references to the prior version of Chapter 11 as well as references to outdated forms of the Government Accountability Board.

The Commission currently only advises committees as to the language required to comply with s. 11.1303 (2), Stats. However, the Commission regularly receives inquiries regarding the necessity of attributions on certain communications or on items where an attribution cannot be conveniently printed. The Commission also regularly receives inquiries as to the required size of an attribution statement. Wisconsin law currently requires that an attribution statement be “readable, legible, and readily accessible.” This rule will propose standards to better define when an attribution is readable, legible, and readily accessible; as well an exception for certain small items or other communications as allowed by s. 11.1303 (2) (f), Stats.

3. Detailed explanation of statutory authority for the rule (including the statutory citation and language):

The Commission has general authority for the promulgation of rules to carry out the requirements of Chapter 11. The Commission also has specific authority to promulgate a rule to specify small items or other communications to which s. 11.1303, Stats. does not apply.
s. 11.1303(2)(f), Stats.:

11.1303 Attribution of political contributions, disbursements and communications.
(2)(f) This subsection does not apply to communications containing express advocacy printed on small items on which the information required by this subsection cannot be conveniently printed, including text messages, social media communications, and certain small advertisements on mobile phones. The commission may, by rule, specify small items or other communications to which this subsection shall not apply.

s. 11.1304(17), Stats.:

11.1304 Duties of the ethics commission. The commission shall:
(17) Promulgate rules to administer this chapter.

s. 19.48(1), Stats.:

19.48 Duties of the ethics commission. The commission shall:
(1) Promulgate rules necessary to carry out ch. 11, subch. III of ch. 13, and this subchapter.

s. 227.11(2)(a), Stats.:

227.11 Extent to which chapter confers rule-making authority.
(2) Rule-making authority is expressly conferred on an agency as follows:
(a) Each agency may promulgate rules interpreting the provisions of any statute enforced or administered by the agency, if the agency considers it necessary to effectuate the purpose of the statute, but a rule is not valid if the rule exceeds the bounds of correct interpretation.

4. Estimate of the amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:

The Commission estimates that it will use approximately 0.05 FTE staff to develop this rule. This includes time required for research, rule drafting, preparing related documents, coordinating stakeholder meetings, holding public hearings, legislative review and adoption, and communicating the final rule with affected persons and groups. The Commission will use existing staff resources to develop this rule.

5. List with description of all entities that may be affected by the proposed rule:

Candidates, candidate committees, political parties, legislative campaign committees, political action committees, independent expenditure committees, conduits, referendum
committees, recall committees, and the general public may be affected by the proposed rule.

6. **Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

The Wisconsin Ethics Commission is unaware of any existing or proposed federal regulation that is applicable to this rule.

7. **Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

The Wisconsin Ethics Commission anticipates the rule having no economic impact. This proposed rule includes no significant economic impact on small businesses.

**Contact person:** David P. Buerger  
david.buerger@wisconsin.gov (608) 267-0951

David Buerger  
Staff Counsel  
Wisconsin Ethics Commission

November 15, 2018  
Date Submitted
November 15, 2018

Colette Reinke
Administrator
Wisconsin Ethics Commission
212 East Washington Ave, Third Floor
Madison, WI 53703

RE: Scope Statement for ETH 1 relating to campaign finance

Dear Administrator Reinke,

I hereby approve the statement of scope submitted on September 4, 2018 to SBO, pursuant to Wisconsin Statutes § 227.135, in regards to a proposed rule modifying Chapter ETH 1 of the Wisconsin Administrative Code. You may send the scope statement to the Legislative Reference Bureau for publication pursuant to Wisconsin Statutes § 227.135(3).

Sincerely,

Scott Walker
Governor
DATE: For the December 11, 2018, Meeting

TO: Members, Ethics Commission

FROM: Ethics Commission Staff

SUBJECT: Draft Social Media Guideline

FOR COMMISSION ACTION

The Commission may choose to:

1. Adopt the guideline as presented.
2. Adopt the guideline with modifications consistent with today’s discussion.
3. Direct staff to continue revising the guideline consistent with today’s discussion and bring it back for further consideration at a future meeting.
4. Table the guideline.

At its January 11, 2018, meeting, the Commission reviewed a variety of draft guidelines intended to provide guidance to the regulated community as to pressing concerns that had not yet been formally addressed by the Commission. At that meeting, the Commission discussed the limits on guidance documents and what guidance could be supported by existing case law, state statute, administrative rule, or formal opinion. Since that meeting staff has continued to monitor where guidelines may be appropriate.

At its June 19, 2018, meeting, the Commission considered a complaint regarding the use of social media by a public official and subsequently directed staff to issue a clarification to the Chief Clerk of each house of the Legislature regarding the Commission’s view of the appropriate use of social media by public officials under the code of ethics. The Commission also directed staff develop a guideline regarding the same for consideration at its next meeting.

At its August 21, 2019, meeting, the Commission was presented with and discussed an additional draft of this guideline. The Commission directed staff with ample feedback; narrow the scope of the guideline to focus more closely on official social media accounts, include additional clear examples of acceptable and inadvisable activity of official social media accounts, include extensive statutory citations, and clarify use of campaign accounts while an official is engaging in their official duties and inside of state buildings.

The attached draft guideline attempts to incorporate the Commission’s views on the appropriate use of social media by public officials, public employees, and also addresses specifically how the Commission applies the 50-piece rule (Wis. Stat. § 11.1205) to uses of social media. However,
as the Commission’s most relevant guidance in this area is an informal advisory opinion (2018 RA 03), the Commission may wish to publish this as a formal opinion to supplement the guideline.

As with prior draft guidelines, the attached draft guideline does not represent a final staff recommendation on these issues. Instead, staff intends for this draft guideline to serve as a continuation of discussion for the Commission, and to prompt a discussion between the Commission and the regulated community on these issues.
Wisconsin Ethics Commission
For persons elected to state or local office who become a candidate for national, state, or local office
Social Media Use by Officials

**GENERAL GUIDANCE**

The Code of Ethics for State Public Officials prohibits the use of an official’s public position for private benefit.\(^1\) As such, it is important for an official to be able to distinguish between a public purpose and a private purpose when considering the use of public resources. To avoid the appearance of misuse of public resources a public official should include some indication of whether a social media account is for their official position or is a campaign, business, or personal account in the profile, summary, or other description of the account.

**Best Practices for Official Social Media Accounts**

Official social media accounts are the most restricted. Officials should limit use of their official social media accounts to information related to an official’s position, duties, and issues with a public purpose.

Examples of acceptable communications from an official social media account:

- Posts discussing how the state could address an issue through state laws or actions;
- General legislative activity like information about bills that the official has sponsored or co-sponsored;
- State budget information;
- Sharing newsletters from the official’s office;
- Publicizing public events;
- Public service announcements and;
- Endorsements and messages of support when justified by having a state purpose “I support [candidate or organization] and their work to address [state policy issue] in Wisconsin.”

Examples of communications that should NOT come from an official social media account:

- Solicitation of campaign contributions;
- Promotion of campaign-related events;
- Photos of campaign-related branding and events such as T-shirts, signs, or banners and;
- Any content that is strictly personal\(^2\) or commercial such as promoting the official’s personally owned business or a business with which the official is associated.\(^3\)

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\(^1\) **WIS. STAT. § 19.45(2)**

\(^2\) **WIS. STAT. § 11.1208(2)(a)**

\(^3\) **WIS. STAT. § 19.42(2)**
Best Practices for Campaign and Personal Social Media Accounts

A campaign may use a campaign social media account for all communications allowable for an official account, in addition to campaign-related activities including solicitation of contributions. Campaign social media accounts should not be used for strictly personal or commercial purposes.

A personal account may contain both official and campaign-related information. Please see the diagram to the right for an illustration of acceptable uses by type of account.

**USE OF SOCIAL MEDIA ON “STATE TIME”**

Because an elected official is simultaneously an official and a candidate, elected officials will often switch between official and campaign activities throughout the day. However, to avoid the appearance of misuse of public resources an elected official is advised not to create campaign-related social media communications or content while performing their official duties (i.e., while participating in an event in their official capacity – e.g., an event listed on their official calendar, a floor session, or committee hearing). Also, no person may enter or remain in any state building, office, or room for the purpose of requesting or collecting a contribution; therefore, elected officials should take special care as to the content of their social media communications while in a state building.

An elected official is also advised to not use campaign committee resources for strictly personal benefit, or for commercial purposes. For instance, the candidate should not use a campaign social media account or campaign website to advertise for a personal business.

**50-PIECE RULE APPLICATION TO SOCIAL MEDIA**

The language of the 50-piece rule does not distinguish between electronic pieces and printed pieces. It simply prohibits the use of public funds for the distribution of 50 or more pieces of substantially identical material by a covered person during a specified time period. Electronic communications almost always result in multiple copies being created even when sent to a single recipient. This is due to the nature of the technical systems that enable electronic communications. When calculating the number of pieces distributed under the 50-piece rule the Commission will only count those instances of electronic communication intended by the sender.

If a message is actively communicated to individually addressed recipients (e.g., via email, instant messages, or direct messages), each individual recipient is considered a single piece under the 50-piece rule. However, a passive message such as a website, Facebook post, or tweet, where the sender has no direct control over the audience of his or her message, is only counted as a single piece under the 50-piece rule.

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4 Wis. Stat. § 11.0101(1)
5 Wis. Stat. §12.07(4)
6 Wis. Stat. § 11.1205
7 See Guideline 1251.
8 See 2018 RA 03.
ADDITIONAL RESOURCES

For additional information, please visit the Ethics Commission website: https://ethics.wi.gov. If you have additional questions, please contact the Wisconsin Ethics Commission staff by email at Ethics@wisconsin.gov, or by phone at (608) 266-8123. Advice sought from the Ethics Commission is confidential. For authoritative information, refer to Wisconsin Statutes. You may also wish to consult with an attorney.

This document is only a guideline and does not constitute an informal or formal opinion of Wisconsin Ethics Commission. If you wish to obtain an informal or formal opinion of the Commission, you may make a written request pursuant to WIS. STAT. § 19.46(2). Your request is confidential, and any response is as well; however, if the Commission acts formally then statutes require the Ethics Commission to purge identifying information from the opinion and then publish it. An informal or formal opinion issued by the commission will provide some protection to the requestor against an enforcement action pursuant to WIS. STAT. § 19.49, providing the material facts are as stated in the request and the individual or committee is following the advice. No such protection attaches to informal opinions of Commission staff.
DATE: For the December 11, 2018 Commission Meeting

TO: Members, Wisconsin Ethics Commission

FROM: Adam Harvell, Ethics Specialist

SUBJECT: SEI Website Modernization

In the past year, staff has implemented a new SEI website, which allows users to log in and update their SEIs online. The website has been used for the annual filing in 2018, and about 80% of SEI filers have logged on and used it to file their statement. Staff will continue to add new features to the website to reduce the use of paper forms, and make filing more convenient to state public officials as well as candidates in the near future.

Demonstration

New features in the SEI website include:

- A statement (replacing the previous affidavit form) for filers to indicate if their spouses have failed to disclose information.
- A field for waiver requests, so they will be recorded in the SEI system, but not made public.
- The ability to attach additional documents if desired.
- A signature line, for filers that prefer to sign and submit a paper copy.
- Additional administrative functions.
DATE: For the December 11, 2018, Meeting

TO: Members, Wisconsin Ethics Commission

FROM: Daniel A. Carlton, Jr.

SUBJECT: 2019 Legislative Lobbying Plan

FOR COMMISSION ACTION

For the 2019 Legislative Session, the Commission may:

1. Direct staff to lobby each of the proposals contained in the 2018 Annual Report; or,
2. Direct staff to lobby certain issues from the 2018 Annual Report.

Since it’s inception, the Commission has adopted 31 legislative proposals. Each of those proposals are contained in the Commission’s 2018 Annual Report. Of those recommendations, 23 of them address Campaign Finance, 4 address Lobbying, and 4 address the Code of Ethics. In addition to lobbying for the new biennial budget, staff is seeking guidance from the Commission concerning how it would like staff to focus its lobbying efforts. In addition to advocating for passage of all or part of the adopted proposals, the Commission can also recommend that staff pursue additional proposals. The legislative proposals are attached to this memorandum for your review.

Campaign Finance

As mentioned above, the Commission has proposed 23 legislative changes to Chapter 11. The majority of those changes are of a technical nature. However, there are a few substantive issues that may be worth pursuing. The first of which concerns committees on exempt status. Local filing officers are using valuable time and resources to have committees renew their exempt status annually. Local officers’ committees tend to remain on exempt status for the entire time the candidate is in office. The Commission has recommended that they not have to renew exempt status on an annual basis. Additionally, committees qualify for exempt status if they have less than $2,000 in activity in a given year. The Commission has recommended that this threshold be changed to $2,500 to match the threshold for registering most committees.

Additionally, the Commission has asked the Legislature to clarify whether unregistered entities are required to abide by Wisconsin source restrictions. This request addresses out of state Section 527 organizations and nonresident PACs that are seeking to contribute to Wisconsin committees. Since prohibited sources of funds like corporations can only give to segregated funds, it is possible for a corporation to send money to an out of state 527 or other unregistered entity only for it to come back in directly to candidate committees. Federal law requires unregistered contributors to make
donations only from funds that are permissible under federal law. The Legislature could require unregistered entities to abide by Wisconsin source restrictions. Finally, the Commission requested guidance on whether committees can accept contributions via cryptocurrencies and how to report those contributions.

The remaining proposals are essentially technical in nature.

**Lobbying**

The proposals concerning lobbying include: a rewrite of Wis. Stat. §13.625 for clarity; amending statutes to allow notices to lobbyists to be transmitted by methods other than U.S. Mail; removing a provision that requires certain information to be given to the legislative clerks which is already available on the *Eye on Lobbying* website; and, allowing staff to confidentially request and receive personal addresses for lobbyists, which would allow for more accurate auditing of prohibited personal contributions by lobbyists.

**Code of Ethics**

The Commission recommended repeal of the requirement that we continue to maintain the *Contract Sunshine* website because there are currently two other state websites that accomplish the same purpose. Also, the Commission recommended that the definition of security be amended so that SEI filers do not have to disclose defined benefit retirement plans, annuities, mutual funds, exchange-traded funds, and money market funds because all of those securities are not managed under the direct or indirect control or influence of the individual. The final substantive proposal addresses the scenario where a public official holds over in office into the next year for even just a few days. The Legislature could either exempt those who have served less than 15 days in a calendar year or it could simply require a terminating report within 21 days after their service has ended.

**Conclusion**

Staff requests guidance from the Commission concerning the approach that should be taken in lobbying the Legislature for substantive changes to the law. The Commission can direct staff to lobby for all changes contained in the 2018 Annual Report. If that direction is given, staff will work with the existing LRB drafts to finalize them and present them to the Legislature. Alternatively, the Commission may choose to take a more targeted approach and identify specific proposals it would like staff to advocate before the Legislature. Finally, it is important to note that we can still add additional proposals should the Commission wish to do so.

Enclosures:
Previous Recommendations for Potential Legislation

In the 2017 Annual Report, the Ethics Commission presented 30 potential changes to the statutes that the Ethics Commission is responsible for administering. The potential changes included 7 from 2017 and 23 changes from the 2016 Annual Report. The Commission approved these 30 recommendations at its August 22, 2017, meeting. In 2017, the Ethics Commission also directed staff to work with the Legislative Reference Bureau and exercise the agency’s drafting privileges regarding the recommendations where the Commission included a proposed change.

This work resulted in three drafts:

* LRB 17-0469_P6: Campaign Finance changes;

* LRB 17-0476_P3: Lobbying minor changes and reorganization of the lobbying prohibited practices provisions for clarity; and

* LRB 17-0477_P3: Lobbying and Ethics minor changes.

The 30 recommendations from the 2017 Annual Report are restated below.

Campaign Finance (Chapter 11, Wisconsin Statutes)

1. § 11.0101(7). Listing the committee types that a conduit can give to in the definition makes it unclear whether conduits can give to federal candidates, out-of-state candidates, independent disbursement committees, referenda committees, or recall committees. Since the individual can give to all of those entities on their own, it seems logical that they should be able to do so through the conduit. The Legislature should consider revising this provision to remove the list of committees and instead state any candidate or committee at the direction of the contributor.

2. § 11.0102(2)(a). The previous statute said only committees required to register with the board had to pay filing fees. This statute implicates local recall committees and referendum committees that register with local clerks, not the Ethics Commission. In order to limit the filing fees provision, the Legislature should revise this provision to only committees required to register with the commission under this chapter.

3. § 11.0104. The annual expiration and renewal of exempt status is reasonable for committees that file at the state level. However, for local filing officers, it is time consuming and does not accomplish very much. Virtually all local committees are on exempt status and tend to remain that way as long as that person holds office. The
Legislature should add qualifying language that would limit the annual requirement to registrants that file with the Commission.

4. § 11.0104(1). This statute exempts committees from filing campaign finance reports if they have under $2,000 in activity in a calendar year. It talks only about amending a registration statement - it does not, however, appear to allow a committee to claim the exemption when it files its initial registration. The Legislature should revise this provision by removing the word amended regarding claiming exemption. The Legislature could also consider changing the $2,000 threshold to $2,500 in order to be consistent with the threshold for registering most committees in Ch. 11.

5. § 11.0104(2). This statute covers committees on exempt status that should not be required to file any reports. The use of the words continuing reports leaves the requirements for pre-primary, pre-election, and post-election reports ambiguous. Staff recommends changing continuing reports to campaign finance reports.

6. § 11.0104(4). This provision exempts committees who are exempt from reporting requirements from filing termination reports. The Legislature should consider requiring termination reports regardless of exempt status to ensure disclosure of how residual funds were disposed.

7. § 11.0201(4). Contribution limits cover the entire election period – four, six, or ten years for some candidates. In order to audit contribution limits properly, the entire election period must be covered. Committees should keep records for the entire campaign period plus an additional three years after the election occurs in order to facilitate potential audits. The Legislature could address this by modifying this provision to state that the treasurer shall maintain records for the entire campaign period in an organized and legible manner for not less than three years after the date of the election in which the candidate committee participates.

8. §§ 11.0204(4)(d) and (5)(c), 11.0204(6)(b), 11.0304(4)(d) and (5)(c), 11.0404(2)(d) and (3)(c), 11.0504(4)(d) and (5)(c), 11.0604(4)(d) and (5)(c), 11.0704(4)(b) and (5)(b), 11.0804(4)(d) and (5)(c), and 11.0904(4)(d) and (5)(c). Several provisions regarding which committees are required to file a September continuing report in even years are not clear. Statutes require all partisan candidates and office holders to file the September continuing report, regardless of whether they are on the ballot in that election (e.g., state senators and state constitutional officers). The other provisions appear to limit the requirement to committees that make or accept contributions, make disbursements, or incur obligations to support or oppose one or more candidates (or referendum, in the case of referendum committees) at a partisan primary or general election. The Legislature should clarify the reporting sections of the statutes to either require all committees to file September continuing reports, or to specify a time period
that would qualify a committee as having supported or opposed one or more candidates at a partisan primary or general elections (e.g., 60 days prior, during the campaign period, during the calendar year, etc.).

9. §§ 11.0204(1)(a)7, 11.0304(1)(a)7, 11.0404(1)(a)7, 11.0504(1)(a)7, 11.0604(1)(a)7, 11.0804(1)(a)6, 11.0904(1)(a)7. These provisions exempt loans made to a committee of $20 or less from itemized reporting. This conflicts with other contributions, which must be itemized, unless anonymous. The Legislature should remove the language in an aggregate amount or value in excess of $20 to require itemization of all contributions.

10. §§ 11.0204(7), 11.0304(7),11.0404(4). These provisions establish a start date to begin late reporting, but no date to end them. The current statutes also require 72-hour late reporting of independent expenditures, and that reporting period ends on the day of the primary or election. The Legislature should add to these provisions that late reporting requirements end on the day of the primary or the election.

11. § 11.0505(1)(a) and § 11.0605(1)(a). These provisions do not define starting and ending points for determining the aggregate spending on express advocacy and could lead to confusion on the requirement to file reports. The Legislature should require committees to begin counting express advocacy expenses 60 days prior to the primary and continue through the date of the election. Committees would aggregate totals separately for the spring and fall election periods.

12. § 11.1103. The Legislature should revise the citations in this provision to reference § 11.1101 (1) to (4), instead of just (1) to (3). This appears to be a drafting oversight that did not account for (4) which addresses other persons.

13. § 11.1103. Previously, campaign periods ended on December 31st and June 30th, corresponding with the January and June campaign finance reports. Under the current version of statutes, the campaign period ends on the day before the term of office begins.

For the November Election, the campaign period ends sometime during the first week of January; the campaign period for local officials sometime in April or May; and the campaign period for judges ends July 31st. Since reports covering early January are not due until July, and reports covering July are not due until January, this delays auditing by six months. It is more difficult for candidates to keep a tally of contributions, since one report covers two campaign periods. It is also confusing for local candidates and filing officers. The Legislature should modify this provision to state that campaign periods end on the same date as the last day covered under the
first continuing report due after the election. This would reinstate the December 31st and June 30th dates.

14. § 11.1208(2). The term “strictly personal use” is not defined by statute. The Federal Elections Commission does provide a definition of a “personal use,” a similar term. The Legislature should codify a definition of “strictly personal use” in statute.

15. § 11.1302. This provision requires any committee that makes a donation to a charity or the common school fund to report that activity within five days to their filing officer. With the rewrite of chapter 11, § 11.1208(2)(b)(3) specifically allows donations to charity or the common school fund. The original provision was added into statutes at the same time as another provision allowing committees to make donations to charity or the common school fund. Staff cannot identify a public interest that would require the disclosure within five days. In practice, some committees choose to donate contributions received from persons with negative or controversial reputations. CFIS currently allows them to disclose that voluntarily or with their next report. The Legislature could remove this provision from statutes.

16. § 11.1303(2)(a). This provision limits the requirement for a disclaimer (e.g., paid for by…) to express advocacy. Since express advocacy as defined in §11.0101(11) applies only to communications about candidates, referenda committees would not have to provide a disclaimer under current law. The Legislature could consider whether to extend this requirement to referenda committees.

17. §§ 11.1400(5) and 11.1401(2). These provisions imply that the Ethics Commission must act and make a probable cause determination prior to a district attorney acting on a complaint under the Commission’s jurisdiction. An opinion of the Attorney General, OAG 10-08, and § 978.05 contradict this and state that the Commission and district attorneys have coequal jurisdiction. The Legislature should revise this provision to reflect the coequal jurisdiction of the Commission and district attorneys.

18. Source Restrictions for Unregistered Entities Seeking to Contribute to Wisconsin Committees

If a Section 527 organization or nonresident PAC registers as a PAC in Wisconsin, it is prohibited from accepting contributions from corporations, associations, labor unions, or tribes. WIS. STAT. § 11.1112. If a Section 527 organization or nonresident PAC registers as an independent expenditure committee, no source restrictions apply, but it cannot contribute to committees other than another independent expenditure committee or a referendum committee. WIS. STAT. §§ 11.0601(3)(b), 11.1112.
If a Section 527 organization or nonresident PAC is not required to register in Wisconsin, but chooses to contribute to Wisconsin committees, the law is unclear as to what, if any, source restrictions would apply.

Wisconsin’s source restriction provision, WIS. STAT. § 11.1112, states:

“No foreign or domestic corporation, no association organized under ch. 185 or 193, no labor organization, and no federally recognized American Indian Tribe may make a contribution to a committee, other than an independent expenditure committee or referendum committee, but may make a contribution to a segregated fund as provided under s. 11.1104 (6) in amounts not to exceed $12,000 in the aggregate in a calendar year.”

“Committee” is defined by WIS. STAT. § 11.0101(6) as:

“A candidate committee, legislative campaign committee, political action committee, independent expenditure committee, political party, recall committee, and referendum committee.”

The absence of language addressing unregistered entities in WIS. STAT. § 11.1112 is expected as the entity may have no ties to Wisconsin and those sources may be perfectly permissible in the entity’s home jurisdiction. However, when such an unregistered entity chooses to contribute to a Wisconsin committee there may be reason to question whether the entity should be required to make such a contribution only from sources of funds permissible in Wisconsin. Federal campaign finance law specifically addresses this type of situation and requires the unregistered contributor to make donations only from funds that are permissible under federal law. See 52 U.S.C. § 30125; 11 CFR § 102.5.

Currently, prohibited sources of funds like corporations cannot contribute to candidates at all and can only contribute money to political parties and legislative campaign committees through what is known as a “segregated fund”. WIS. STAT. § 11.1112. These segregated funds are established by a political party or legislative campaign committee and the funds in them cannot be used to make contributions to a candidate committee or for disbursements for express advocacy. WIS. STAT. §§ 11.1104(6), 11.1112. If corporations can give to 527s and non-resident PACs who can in turn give to Wisconsin committees without also segregating those corporate funds, it undermines the restrictions of WIS. STAT. § 11.1112. It seems illogical that the Legislature would erect a barrier to such contributions only to allow them into campaigns via these entities.
The courts have said, “If a statute fails to cover a particular situation, and the omission should be cured, the remedy lies with the Legislature, not the courts.” La Crosse Lutheran Hosp. v. La Crosse County, 133 Wis. 2d. 335, 338 (1986). Accordingly, the Commission will not read words into the statute that are not there, but instead refer the matter to the Legislature.

The Commission requests that the Legislature review this issue to clarify if unregistered entities are required to abide by Wisconsin source restrictions when contributing to Wisconsin committees. The Commission referred this matter to the appropriate standing committees of the Legislature on March 14, 2017.

19. § 11.0101(7). A review of legislative history illustrates that the creation of conduits under Wisconsin’s Campaign Finance laws was intended to limit contributions to and given through a conduit to only individuals. The Legislature should update the definition of a conduit in statutes to specify that only individuals can contribute to and through a conduit.

20. §§ 11.0103(3)(a)3., 11.0204(3)(c), 11.0204(5)(d), 11.0304(3)(c), 11.0304(5)(d), 11.0404(3)(d), 11.0504(3)(c), 11.0504(5)(d), 11.0604(3)(c), 11.0604(5)(d), 11.0704(3)(b), and 11.0704(5)(c). These provisions relate to a post-election report required after a special election unless a continuing report is due on or before the 45th day after a special election. The report covers all activity after the special pre-election report through 22 days after the special election, and committees must file the report between the 23rd and 45th day after the special election. The Legislature should consider repealing these provisions to simplify reporting requirements. There is minimal value to public disclosure by requiring these special reports, rather than waiting until the next required continuing report, similar to regularly scheduled elections. If the Legislature wishes to retain these special election reports, the Legislature should at least consider removing the requirement from conduits, who do not file any other election-related reports.

21. § 11.1106(3). This provision requires the filing officer of a conduit to place a copy of conduit contributions reported in a file for both the conduit and the recipient committee. Under the current campaign finance laws, the Ethics Commission is the only filing officer for all conduits. The Commission now maintains all of this information electronically though the Campaign Finance Information System (CFIS) at https://cfis.wi.gov. The information is available to the public under both the conduit and the receiving committee. The Legislature should consider repealing this provision because it is no longer required based on the use of technology to make this information readily available to the public.
22. § 11.1113(3). This section of the statutes addresses contributions from limited liability companies. There are references in this section to both candidate committees as well as the more general committees. For consistency and uniform treatment of contributions, the Commission recommends that the Legislature remove the word candidate from this provision where it is followed by the word committee so that this section applies to all types of committees.

Lobbying (Subchapter III, Chapter 13, Wisconsin Statutes)

23. § 13.625. This provision outlines prohibited practices for lobbyists. The construction of this provision meanders back and forth between prohibited and permissible practices. For clarity, the State Legislature could revise this provision in order to clarify prohibited and permissible practices. Please refer to LRB 17-0476_P3.

24. § 13.68(6). This provision of the statutes requires that the Commission “mail written notices” to lobbying principals and authorized lobbyists of those principals that fail to file timely reports. The Legislature could modernize this provision to facilitate more cost-effective means of notification such as email by replacing “mail written notices” with “provide notice by the most effective means available” or other similar language. Commission staff has also requested an opinion from the Attorney General regarding the constitutionality of Commission’s ability to restrict a principal’s ability to lobby under this provision related to their right to free speech.

25. § 13.685(7). This provision requires the Commission to provide information to legislative clerks related to lobbying. All required information is publicly available on the Commission’s Eye on Lobbying website. This provision was enacted prior to the creation of the lobbying website. Commission staff and the Legislative Chief Clerks agree that this provision is unnecessary and could be removed. The State Legislature could consider eliminating this unnecessary provision.

26. § 13.63(1)(a). This section lists the information a lobbyist must provide when applying for a license. The Ethic Commission requests that the Legislature add a provision for a lobbyist applicant to voluntarily provide on their application their personal address, in order to facilitate more accurate auditing of prohibited personal contributions by lobbyists under WIS. STAT. § 13.625(1m), as well as adding that personal address to information not available for public inspection under WIS. STAT. § 19.55(2)(d).

Code of Ethics (Subchapter III, Chapter 19, Wisconsin Statutes)

27. §§ 16.753, 19.48(11), and 20.9305(2)(e). These provisions require the Commission to “maintain an internet site on which the information required to be
posted by agencies under WIS. STAT. § 16.753(4) can be posted and accessed. The information on the site shall be accessible directly or by linkage from a single page on the internet.” This information has historically been available at http://sunshine.wi.gov/. Since the enactment of the Wisconsin Contract Sunshine Act, two other sites maintained by the State of Wisconsin provide the required information: VendorNet (https://vendornet.wi.gov/) and OpenBook Wisconsin (http://openbook.wi.gov/). In a 2011 report, the Legislative Audit Bureau similarly noted that this provision was outdated and recommended that the project be terminated.

28. § 19.42(12). The current definition of "security" used to determine what financial information filers must disclose on a statement of economic interests (SEIs) excludes only certificates of deposit and deposit accounts such as a checking or savings account. There are other types of securities that would be included in the definition provided in WIS. STAT. § 551.102(28) that provide no substantial information regarding a person’s economic interests that may influence their official actions. The State Legislature could simplify the SEI reporting and reduce the burden on filers without reducing transparency regarding the economic interests of public officials by excluding defined benefit retirement plans, annuities, and money market funds from the definition of security in this provision of the statutes. The definition could also exclude mutual funds and exchange-traded funds (ETFs). All of these types of securities consist of a diverse conglomeration of securities not managed under the direct or indirect control or influence of the individual.


30. § 19.43(1). This provision requires any official required to file a statement of economic interests with the Commission for the preceding year to do so if the individual holds a position that is required to file an SEI for even one day in that year. Officials who leave state service early in the year, including Legislators whose term ends on the first Tuesday in January are included in this requirement. The Commission and its predecessors have historically had to spend a disproportionate amount of effort to obtain filing from officials required to file that leave office. The Legislature may wish to consider amending section to exempt officials from filing if they have served less than 15 days in a calendar year. Alternatively, the Legislature could consider requiring officials required to file that leave their position and no longer hold a position required to file to file a terminating report within 21 days of terminating their state service.
New Recommendations for Potential Legislation

Campaign Finance (Chapter 11, Wisconsin Statutes)

In response to RA-2018-001, regarding the use of cryptocurrencies for campaign contributions and disbursements, the Ethics Commission decided to exercise the option granted by WIS. STAT. § 19.46(2)(c)(4) to refer the matter to the standing legislative oversight committees. On May 4, 2018, the Commission sent letters to the Senate Committee on Elections and Local Government and the Assembly Committee on Constitution and Ethics detailing the Commission's concerns on this matter. Appendix L contains this letter.

Lobbying (Subchapter III, Chapter 13, Wisconsin Statutes)

The Commission has no new recommendations.

Code of Ethics (Subchapter III, Chapter 19, Wisconsin Statutes)

The Commission has no new recommendations.
DATE: For the December 11, 2018 Meeting

TO: Members, Wisconsin Ethics Commission

FROM: Daniel A. Carlton, Jr., Administrator

SUBJECT: Complaint Procedure

FOR COMMISSION ACTION

For each complaint notification, the Commission may:

1. Maintain the current practice of initially transmitting a redacted version of the complaint; or,
2. Amend the current practice by initially transmitting an unredacted version of the complaint.

Summary

Currently, when the Commission’s staff receives a complaint, the process is to redact the identifying and contact information of the complainant prior to transmittal to the respondent. The practice appears to have been a staff practice that was only ratified by the Commission through the adoption of its Annual Reports. Because the practice was ratified by the Commission through its adoption of the Annual Reports, staff felt it necessary to revisit the practice and have the Commission decide whether it would like to amend that practice.

Discussion

In the process of carrying out our duties, staff has been reviewing our actions to make sure that they are consistent with statutes, rules, and that the actions comport with fundamental notions of due process. In reviewing the way that staff handles complaints, one practice arose which warrants review. Specifically, the Commission’s staff has a practice of redacting the name, address, and other contact information of the complainant before transmitting a copy of the complaint to the respondent. If a respondent requests an unredacted copy of the complaint, staff provides the requested copy to the respondent promptly.

Commission staff is not certain when or how the process came about. However, when staff counsel received a request in 2016-ETH-035 for a full, unredacted copy so that respondent’s counsel could do a conflict check, staff counsel advised the administrator that there was no specific protection for the identity of the complainant and advised providing an unredacted copy of the complaint as requested. After discussing the matter with staff, as Wis. Stat. § 19.49(2)(b)1, did not specifically require attaching the full-text of the complaint to the notice and Wis. Stat. § 19.55(3) otherwise...
prohibited the release of the full-text of the complaint, the administrator determined that staff should continue the practice of providing a redacted copy initially and only providing an unredacted copy if requested pursuant to Wis. Stat. § 19.50.

There is nothing in the statutes that requires or authorizes the Commission, or staff, to redact or withhold that information. The Commission’s rules do not address the practice. Finally, the Commission’s complaint page makes no reference to the practice either on the page itself or in the documents linked on that page that detail the Commission’s processes. The only place where this practice appears in writing is in the Commission’s Annual Reports. It does not appear that the Commission has specifically voted on this process other than indirectly through the Commission’s adoption of its Annual Reports.

Staff became concerned that this process places an unnecessary, albeit minimal, burden on both the staff and the respondent. In complaint proceedings, a respondent may feel defensive. Withholding information and placing additional hurdles in his or her path may make that feeling worse. While one could argue that the current practice gives a complainant a little more comfort that he or she will not be retaliated against for filing a complaint, the current practice does not entirely prohibit the respondent from discovering who filed the complaint. As noted above, under the current practice a respondent simply has to ask for an unredacted complaint and he or she would receive it.

In light of the foregoing, staff would like the Commission to consider the matter and provide guidance as to whether it would like the staff to continue to initially transmit a redacted copy of the complaint.
DATE: For the December 11, 2018 Meeting

TO: Members, Ethics Commission

FROM: Ethics Commission Staff

SUBJECT: Ethics Commission Staff Report

Attorney General Opinion Requests

Staff have not yet received any further update from the Department of Justice on the two pending requests for Attorney General Opinions. The Department of Justice did not respond to a request for a status update prior to the drafting of this memo.

Commission Administration

2019-21 Biennial Budget

The 2019-21 Biennial Budget was submitted on the due date, September 17, 2018. On September 20, staff were contacted by the State Budget Office regarding a correction that needed to be made. The State Budget Office noted a typo and miscalculation on the standard budget adjustment worksheets for salary and fringe. Staff made the correction and re-submitted the budget request. The changes to the budget resulted in an overall reduced request of $26,700 in each year of the biennium.

IT Systems Update

- Campaign Finance – Staff continue to weigh options for replacing the CFIS system. At the August 21, 2018 commission meeting, the Commission directed staff to begin exploring the possibility of redeveloping the campaign finance system through custom development and utilization of existing software from the State of Massachusetts. At the September 14, 2018 Commission meeting, the Commission authorized staff to work with Department of Administrator/Department of Enterprise Technology to do a preliminary review of the Massachusetts code, to verify the quality of the code, and confirm that it provides the required security for us to move forward with adapting the code to the needs and requirements of the Commission and state statutes.

Staff has been in contact with DET and the State of Massachusetts regarding these initial steps in redevelopment, but the code for the Massachusetts software will not be available until December 17, 2018. Staff will continue to proceed with the steps authorized by the Commission at the September 14 meeting when the code is delivered after December 17.

Staff also plans to reach out to staff from other states that have conducted in-house development or redevelopment of campaign finance systems while they attend the Council on Government Ethics Laws annual conference December 9-12.
Lobbying – We are moving forward with the Web and Mobile Solutions (WaMS) team through DoIT at the University of Wisconsin—Madison (UW) to modernize the Eye on Lobbying website. The User Experience team at UW is currently creating online wireframes and working with the WaMS Development team. We suspect Phase I: public-facing side of the lobbying site will be ready to begin testing in January.

Statements of Economic Interests – Staff is working on changes to make waivers, affidavits (now statements), and optional attachments available in the website. SEIs for candidates will continued be filed using pdf and paper forms for the Spring 2019 Election.

Customer Relationship Management (CRM) software – Staff will be continuing to gather information about and working towards implementing CRM for internal agency use. Staff has received assistance from the Innovation Center within the Division of Enterprise Technology to determine the best-fit CRM platform for our business needs and to develop a simplified bid for purchasing the software.

Records Management and Records Disposition Authorizations (RDAs)

On November 13, staff from the Wisconsin Historical society collected the remaining boxes of Campaign Finance records that were stored in the office. All remaining records that are stored in boxes were either sent to the State Records Center, for retention, or disposed of per the applicable Records Disposition Authorization.

The remaining bulk of paper records in the office consist of Statements of Economic Interest. Staff will retain certain officials records in the office, as they are frequently requested by the public and need to be easily and quickly accessed. The remaining folders for each official were bar coded and sent to the State Records Center for storage. In the event a public records request is received by the office, staff can request the file to be located and sent to the office so that the records can be scanned and sent to the requester.

Agency Office Move

The Commission’s current office space lease runs through December 2018. Staff will move to the new office location on December 18, 2018. Staff have worked with DOA to facilitate this move. A purchase order with Badger State Industries was executed in October to order furniture, and installation will occur December 12 through 14. The new Commission address is:

101 E. Wilson Street
Suite 127
Madison, WI 53703

Staff will continue to make updates to all materials and sites that reference the former street address of the Commission. The Commission's P.O. Box number will remain the same through the transition.
Campaign Finance

September 2018 Reports

All Fall 2018 candidates, incumbent partisan office holders, and registered committees supporting or opposing Fall 2018 candidates, not claiming exemption from filing campaign finance reports, were required to file a September 2018 report by September 25, 2018. The report covered from July 1, 2018, through August 31, 2018, unless committees had filed the Fall Pre-Primary report, for which the period then was from July 31, 2018, through August 31, 2018. There were 317 candidates required to file reports due September 25, 2018. There is only 1 candidate that has not yet filed the report. In addition, 258 other committees filed reports, plus 11 unregistered independent expenditure reports.

Fall Pre-Election Reports

All candidates for the Fall 2018 election as well as committees supporting or opposing these candidates were required to a Fall Pre-Election 2018 report covering all activity from September 1 through October 22, 2018. This report was due Monday, October 29, 2018. There were 273 candidates that filed their reports on time, and 8 that were either 1 or 2 days late. Only 1 candidate has not filed the required report. There were 283 other committees that filed this report.

Lobbying

Principal Registration, Lobbyist Licensing, and Authorizations for the 2017-2018 Session

As of November 28, 2018, there were 797 lobbying principals registered, 656 lobbyists licensed, and 1,763 lobbyists authorizations completed for the 2017-2018 Legislative Session.

Statements of Lobbying Activities and Expenditures

Statutes require each lobbying principal to submit a Statement of Lobbying Activities and Expenditures (SLAE) twice a year. The July-December 2018 SLAE reports were all submitted on time for the second consecutive reporting period. The next deadline is January 31, 2019 which will cover activity from July 1 – December 31, 2018. After principals and lobbyists file their reports, staff will conduct audits for late SLAEs, late 15-Day Reports, and Lobbying without Authorization.

Legislative Liaison Reporting

The next legislative liaison report is due January 31, 2019.
**Code of Ethics and Financial Disclosure**

**Design of a new SEI system**

The SEI system is being updated to accommodate waiver requests, statements of spousal non-disclosure, and additional documents. Kavita is working on adding functionality so candidates will be able to file SEIs online after the 2019 Spring Election.

**Statements of Economic Interests**

The deadline for annual filing of SEIs will be April 30, 2019. This year is a little more complicated because of the election and gubernatorial transition. Departing officials that serve even one day in 2019 must file a 2019 SEI, and officials that start service, or begin a new term of office, must file within 21 days – so there will be a lot of SEI filings in late January. The deadline for candidates in the Spring Election to submit their SEIs is January 7th, 2019.

Notices went out to all municipal and county clerks and judges, plus Circuit Court judges on the ballot by December 4th. Notices will be sent to elected officials, and cabinet offices likely to change in the transition, by December 12th.

**State of Wisconsin Investment Board Quarterly Reports**

The latest batch of quarterly reports were due by October 31st, covering July 1st through September 30th. All the reports for the 3rd quarter were received by November 13th and forwarded to the Legislative Audit Bureau for review.