

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1126
Committee Substitute Favorable 5/14/91

Short Title: Campaign Finance Reform.

(Public)

Sponsors:

Referred to:

April 24, 1991

A BILL TO BE ENTITLED
AN ACT TO REFORM THE CAMPAIGN FINANCE LAWS.
The General Assembly of North Carolina enacts:

**PART 1 – CHANGE AND CLARIFY CAMPAIGN FINANCE
REPORT EXEMPTIONS**

Section 1.1. Effective upon the ratification of this act, G.S. 163-278.6(18)
reads as rewritten:

"(18) The term 'public office' means any office filled by election by the people on a statewide, county, municipal or district basis, and this Article shall be applicable to such elective offices whether the election therefor is partisan or nonpartisan, provided candidates for municipal ~~and~~ offices in cities having less than 10,000 population and candidates for county offices in those municipalities and counties having less than 50,000 population, according to the most recent decennial census figures, shall not be required to file reports required by this Article, but this Article shall otherwise be applicable to such candidates for municipal and county offices. If a candidate seeks election to a board of education or to another non-county or non-city office of local government, the reporting exemption granted in this subdivision shall extend to him if the jurisdiction of the office is solely contained within a county having less than 50,000 population or within a city having less than 10,000 population; provided that if the jurisdiction of the office is

1 coterminous with a city of more than 10,000 population, the
2 exemption does not apply."

3 Sec. 1.2. Effective upon the ratification of this act, G.S. 163-278.40 reads as
4 rewritten:

5 **"§ 163-278.40. Definitions.**

6 When used in this Part, words and phrases have the same meaning as in G.S. 163-
7 278.6, except that:

8 (1) The term 'board' means the county board of elections;

9 (2) The term 'city' means any incorporated city, town, or village with a
10 population of ~~50,000~~ 10,000 or over, according to the most recent
11 decennial federal census."

12 Sec. 1.3. Sections 1.1 and 1.2 of this act do not repeal any local acts in
13 conflict with them.

14 Sec. 1.4. Effective upon ratification of this act, G.S. 163-278.10A reads as
15 rewritten:

16 **"§ 163-278.10A. Threshold of \$1,000.00 for Financial Reports.**

17 (a) Notwithstanding any other provision of this Chapter, a candidate shall be
18 exempted from the reports of contributions, loans, and expenditures required in G.S.
19 163-278.9(a), 163-278.40B, 163-278.40C, 163-278.40D, and 163-278.40E if to further
20 his campaign that candidate:

21 (1) Does not receive more than one thousand dollars (\$1,000.00) in
22 contributions, and

23 (2) Does not receive more than one thousand dollars (\$1,000.00) in
24 loans, and

25 (3) Does not spend more than one thousand dollars (\$1,000.00)-

26 for the duration of his current candidacy. To qualify for the exemption from those
27 reports, the candidate's treasurer shall file a certification under oath that he does not
28 intend to receive in contributions or loans or expend more than one thousand dollars
29 (\$1,000.00) to further his campaign for the duration of his current candidacy. The
30 certification shall be filed with the Board at the same time the candidate files his
31 Organizational Report as required in G.S. 163-278.7, G.S. 163-278.9, and G.S. 163-
32 278.40A. If the candidate's campaign is being conducted by a political committee which
33 is handling all contributions, loans, and expenditures for his campaign, the treasurer of
34 the political committee shall file a certification of intent to stay within the threshold
35 amount. If the intent to stay within the threshold changes, or if the \$1,000 threshold is
36 exceeded, the treasurer shall immediately notify the Board and shall be responsible for
37 filing all reports required in G.S. 163-278.9 and 163-278.40B, 163-278.40C, 163-
38 278.40D, and 163-278.40E; provided that any contribution, loan, or expenditure which
39 would have been required to be reported on an earlier report but for this section shall be
40 included on the next report required after the intent changes or the threshold is
41 exceeded.

42 (b) The exemption in subsection (a) of this section applies to political party
43 committees under the same terms as for candidates, except that the term 'to further his
44 campaign' does not relate to a political party committee's exemption, and all

1 contributions, expenditures, and loans during an election year shall be counted against
2 the political party committee's threshold amount."

3 Sec. 1.5. In any case where Section 1.1, 1.2, or 1.3 of this act extends the
4 reporting or filing requirement of Article 22A of Chapter 163 of the General Statutes to
5 any candidate, political committee, or treasurer not previously covered, the next
6 required report shall account for any money on hand on the date of ratification of this
7 act in accordance with rules to be adopted by the State Board of Elections.

8 **PART 2 – CHANGE LOCATION OF FILING REPORTS**

9 Sec. 2. Effective October 1, 1991, Article 22A of Chapter 163 of the General
10 Statutes is amended by adding a new section to read:

11 **"§ 163-278.9B. Location of filing reports.**

12 Notwithstanding any other provision of this Article, reports required by this Article
13 shall be filed as follows:

14 (1) Reports shall be filed with the State Board of Elections for:

- 15 a. Candidates for statewide office;
- 16 b. Statewide referendum committees;
- 17 c. Candidates for offices where the jurisdiction is more than one
18 county;
- 19 d. Candidates for the General Assembly;
- 20 e. Any political committee (including party executive committee)
21 covering more than one county (except for municipal elections)
22 or involved in a. through d.

23 (2) Reports shall be filed with the appropriate county board of
24 elections for:

- 25 a. Candidates for county office or local offices where the
26 jurisdiction covered by the office is a county or less than a
27 county (except where subdivision (3) requires reporting to a
28 municipal board of elections);
- 29 b. Referendum committees involving only one county or
30 jurisdiction within a county;
- 31 c. Municipal offices where the county board of elections conducts
32 the election; and
- 33 d. Any political committee (including party executive committee)
34 covering a county or less (except where subdivision (3) requires
35 reporting to a municipal board of elections) or involved in a.
36 through c.

37 (3) Reports shall be filed with the appropriate municipal board of
38 elections for:

- 39 a. Candidates for municipal offices where the municipal board of
40 elections conducts the election;
- 41 b. Any political committee involved in a."

42 **PART 3 – INCREASE PENALTY FOR DELINQUENT REPORTS**

43 Sec. 3. Effective with respect to notices mailed on or after October, 1, 1991,
44 G.S. 163-278.34 reads as rewritten:

1 **"§ 163-278.34. Filings; penalty for late filings.**

2 (a) All reports, statements or other documents required by this Article to be filed
3 with the Board shall be filed either by manual delivery to or by certified or registered
4 mail addressed to the Board. Timely filing shall be complete if postmarked on the day
5 the reports, statements or other documents are to be delivered to the Board. If a report,
6 statement or other document is not filed within the time required by this Article, then
7 the individual, person, media, candidate, political committee, referendum committee or
8 treasurer responsible for filing shall pay to the State Board of Elections a late penalty of
9 twenty dollars (\$20.00) per day for each day the filing is late not to exceed five days.
10 The Board shall immediately notify, or cause to be notified, late filers, from which
11 reports are apparently due, by registered or certified mail, return receipt requested, or by
12 personal service by the chairman or his designee, of the penalties under this section. If
13 the late filer is a candidate's committee, the notice provided in the previous sentence
14 shall be made to the candidate himself, in addition to notice made to the treasurer of the
15 committee. If the penalty has not been paid to or the report has not been filed with the
16 Board within five days after receipt of the notification, then:

17 (1) the individual, person, media, candidate, political committee,
18 referendum committee or treasurer responsible for filing shall pay
19 to the State Board of Elections a late penalty of fifty dollars
20 (\$50.00) per day for each day the filing is late, not to exceed five
21 days; and

22 (2) the Board shall report the late filing or failure to file to the
23 appropriate district attorney who shall indict and prosecute the
24 offender as required in G.S. 163-278.27.

25 No criminal penalty shall be imposed if the penalty required by this section is paid and
26 the delinquent report is filed within five days after notification by the Board."

27 **PART 4 – SANCTIONS FOR FAILURE TO FILE**

28 Sec. 4. Effective October 1, 1991, Article 22A of Chapter 163 of the General
29 Statutes is amended by adding a new section to read:

30 **"§ 163-278.25A. No filing for future offices unless reports current.**

31 No board of elections shall accept:

32 (1) any notice of candidacy,

33 (2) petition for nomination, or

34 (3) any nomination by a political party

35 for any candidate until the candidate or his treasurer has filed all reports required by this
36 Article that are at least a year overdue. Within 24 hours after reaching a decision that
37 any of (1) through (3) should not be accepted, the Board shall give written notice of that
38 decision, by personal service, telegraph, or certified mail, to the candidate and the
39 candidate's treasurer."

40 **PART 5 – STANDARDIZED NOTICE TO CANDIDATES,**

41 **AT TIME THEY FILE CANDIDACY, OF CAMPAIGN REPORTING LAWS**

42 Sec. 5. Effective October 1, 1991, Chapter 163 of the General Statutes is
43 amended by adding a new section to read:

1 **"§ 163-106.1. State Board to prescribe standard notice to candidates of campaign**
2 **reporting laws; candidates shall sign.**

3 The State Board of Elections shall prepare a brief, clearly worded written
4 explanation of the provisions of Article 22A of this Chapter and of other campaign-
5 reporting laws relevant to candidates. The State Board and every county board shall
6 present the standard written explanation to every individual who files a notice of
7 candidacy under the provisions of G.S. 163-106. Every filing candidate shall read the
8 written explanation (or at his option, have it read to him) and shall sign an
9 acknowledgement that he has read or heard the explanation and understands it. No
10 board of elections shall accept the notice of candidacy or filing fee of any candidate
11 who has not signed the acknowledgement. The State Board shall include in the written
12 explanation a warning of the penalties of noncompliance with the laws of campaign
13 reporting, including the prohibition on future candidacies provided in G.S. 163-
14 278.25A."

15 **PART 6 – NOTIFICATION BY DISTRICT ATTORNEY**

16 Sec. 6. Effective October 1, 1991, G.S. 163-278.27(c) reads as rewritten:

17 "(c) Upon receipt of such a report from the Board, the appropriate district attorney
18 shall prosecute the individual or persons alleged to have violated a section or sections of
19 this Article, if he deems prosecution warranted. The district attorney shall advise the
20 State Board of Elections 90 days after receipt of such a report of the status of the
21 prosecution, if any."

22 Sec. 7. This act is effective upon ratification.