

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**HOUSE BILL 1128**

Short Title: Campaign Finance Amendments.

(Public)

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Sponsors: Representatives Moore, Ross (Primary Sponsors); and Rapp.

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Referred to: Election Law and Campaign Finance Reform.

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April 6, 2005

A BILL TO BE ENTITLED

1 AN ACT TO REQUIRE TRAINING FOR ALL CAMPAIGN TREASURERS; TO  
2 REQUIRE AN AUDIT TRAIL FOR ANY CAMPAIGN CONTRIBUTION MADE  
3 BY MONEY ORDER; TO ALLOW CAMPAIGN EXPENDITURES TO BE  
4 MADE BY ANY VERIFIABLE FORM OF PAYMENT; TO SET A  
5 THREE-YEAR TIME LIMIT BEFORE ANY UNPAID DEBT IN A CAMPAIGN  
6 IS DEEMED TO BE A CONTRIBUTION; TO INCLUDE VACANCY  
7 ELECTIONS AND NONPARTISAN RUNOFFS IN THE DEFINITION OF  
8 "ELECTION" FOR PURPOSES OF CONTRIBUTION LIMITS; TO CLARIFY  
9 THE MEANING OF "QUALIFIED TO RECEIVE VOTES ON THE BALLOT AS  
10 A CANDIDATE FOR THE OFFICE" AS A PRECONDITION FOR  
11 CERTIFICATION UNDER THE PUBLIC CAMPAIGN FINANCING FUND; TO  
12 CLARIFY WHAT CANDIDATES UNDER THAT FUND MAY RAISE AND  
13 SPEND AFTER FILING NOTICE OF INTENT TO PARTICIPATE; TO  
14 PROVIDE FOR EARLIER DISTRIBUTION OF THE JUDICIAL VOTER GUIDE;  
15 TO LIMIT THE USE OF CREDIT CARDS FOR PAYMENT OF  
16 EXPENDITURES IN PUBLICLY FUNDED JUDICIAL CAMPAIGNS; TO  
17 APPLY THE SCOPE AND ADVISORY OPINION SECTIONS OF ARTICLE 22A  
18 OF CHAPTER 163 OF THE GENERAL STATUTES TO ARTICLES 22B, 22D,  
19 22E, AND 22F AS WELL; AND TO EXPRESSLY REQUIRE THAT  
20 ORGANIZATIONS EXPENDING FOR "ELECTIONEERING  
21 COMMUNICATIONS" MUST DO SO OUT OF A SEGREGATED ACCOUNT  
22 THAT CONTAINS NO MONEY FROM PROHIBITED SOURCES AND TO  
23 EXPRESSLY PROVIDE FOR DETAILED REPORTING FROM ANY SUCH  
24 ACCOUNT.  
25

26 The General Assembly of North Carolina enacts:

27 **SECTION 1.** G.S. 163-278.7(e) reads as rewritten:

28 "(e) Every treasurer of a political committee or referendum committee shall  
29 receive, prior to every election in which the political committee or referendum

1 committee is involved, training from the State Board of Elections as to the duties of the  
2 office, including the requirements of G.S. 163-278.13(e1), provided that the treasurer  
3 may designate an employee or volunteer of the committee to receive the training."

4 **SECTION 2.** G.S. 163-278.14(b) reads as rewritten:

5 "(b) No entity shall give, and no candidate, committee or treasurer shall accept,  
6 any monetary contribution in excess of one hundred dollars (\$100.00) unless such  
7 contribution be in the form of a check, draft, money order, credit card charge, debit, or  
8 other noncash method that can be subject to written verification. The State Board of  
9 Elections may prescribe guidelines as to the reporting and verification of any method of  
10 contribution payment allowed under this Article. For contributions by money order, the  
11 State Board shall prescribe methods to ensure an audit trail for every contribution so  
12 that the identity of the contributor can be determined. For a contribution made by credit  
13 card, the credit card account number of a contributor is not a public record."

14 **SECTION 3.** G.S. 163-278.8(e) reads as rewritten:

15 "(e) All expenditures for media expenses shall be made by ~~check only~~ a verifiable  
16 form of payment. The State Board of Elections shall prescribe methods to ensure an  
17 audit trail for every contribution so that the identity of each payee can be determined.  
18 All media expenditures in any amount shall be accounted for and reported individually  
19 and separately."

20 **SECTION 4.** G.S. 163-278.8(f) reads as rewritten:

21 "(f) All expenditures for nonmedia expenses (except postage) of more than fifty  
22 dollars (\$50.00) shall be made by ~~check only~~ a verifiable form of payment. The State  
23 Board of Elections shall prescribe methods to ensure an audit trail for every contribution  
24 so that the identity of each payee can be determined. All expenditures for nonmedia  
25 expenses of fifty dollars (\$50.00) or less may be made by check or by cash payment. All  
26 nonmedia expenditures of more than fifty dollars (\$50.00) shall be accounted for and  
27 reported individually and separately, but expenditures of fifty dollars (\$50.00) or less  
28 may be accounted for and reported in an aggregated amount, but in that case the  
29 treasurer shall account for and report that he made expenditures of fifty dollars (\$50.00)  
30 or less each, the amounts, dates, and the purposes for which made. In the case of a  
31 nonmedia expenditure required to be accounted for individually and separately by this  
32 subsection, if the expenditure was to an individual, the report shall list the name and  
33 address of the individual."

34 **SECTION 5.** G.S. 163-278.6(6) reads as rewritten:

35 "(6) The terms "contribute" or "contribution" mean any advance,  
36 conveyance, deposit, distribution, transfer of funds, loan, payment,  
37 gift, pledge or subscription of money or anything of value whatsoever,  
38 to a candidate to support or oppose the nomination or election of one  
39 or more clearly identified candidates, to a political committee, to a  
40 political party, or to a referendum committee, whether or not made in  
41 an election year, and any contract, agreement, promise or other  
42 obligation, whether or not legally enforceable, to make a contribution.  
43 These terms include, without limitation, such contributions as labor or  
44 personal services, postage, publication of campaign literature or

1 materials, in-kind transfers, loans or use of any supplies, office  
2 machinery, vehicles, aircraft, office space, or similar or related  
3 services, goods, or personal or real property. These terms shall also  
4 include, without limitation, a debt, or any portion thereof, to pay an  
5 expenditure that has been uncollected beyond the three years set in  
6 G.S. 1-52 for its collection. These terms also include, without  
7 limitation, the proceeds of sale of services, campaign literature and  
8 materials, wearing apparel, tickets or admission prices to campaign  
9 events such as rallies or dinners, and the proceeds of sale of any  
10 campaign-related services or goods. Notwithstanding the foregoing  
11 meanings of "contribution," the word shall not be construed to include  
12 services provided without compensation by individuals volunteering a  
13 portion or all of their time on behalf of a candidate, political  
14 committee, or referendum committee. The term "contribution" does  
15 not include an "independent expenditure." If:

- 16 a. Any individual, person, committee, association, or any other  
17 organization or group of individuals, including but not limited  
18 to, a political organization (as defined in section 527(e)(1) of  
19 the Internal Revenue Code of 1986) makes, or contracts to  
20 make, any disbursement for any electioneering communication,  
21 as defined in G.S. 163-278.80(2) and (3) and  
22 G.S. 163-278.90(2) and (3); and  
23 b. That disbursement is coordinated with a candidate, an  
24 authorized political committee of that candidate, a State or local  
25 political party or committee of that party, or an agent or official  
26 of any such candidate, party, or committee that disbursement or  
27 contracting shall be treated as a contribution to the candidate  
28 supported by the electioneering communication or that  
29 candidate's party and as an expenditure by that candidate or that  
30 candidate's party."

31 **SECTION 6.** G.S. 163-278.13(d) reads as rewritten:

32 "(d) For the purposes of this section, the term "an election" means any primary,  
33 runoff, second primary, or general election ~~general election, or vacancy election~~ in  
34 which the candidate or political committee may be involved, without regard to whether  
35 the candidate is opposed or unopposed in the election, except that where a candidate is  
36 not on the ballot in a runoff or second primary, that runoff or second primary is not "an  
37 election" with respect to that candidate."

38 **SECTION 7.** G.S. 163-278.64(c) reads as rewritten:

39 "(c) Certification of Candidates. – Upon receipt of a submittal of the record of  
40 demonstrated support by a participating candidate, the Board shall determine whether or  
41 not the candidate has complied with all the following requirements, if they apply to that  
42 candidate:

- 43 (1) Signed and filed a declaration of intent to participate in this Article.

- 1           (2) Submitted a report itemizing the appropriate number of qualifying  
2 contributions received from registered voters, which the Board shall  
3 verify through a random sample or other means it adopts. The report  
4 shall include the county of residence of each registered voter listed.
- 5           (3) ~~Qualified to receive votes on the ballot as a candidate for the~~  
6 ~~office.~~ Filed a valid notice of candidacy pursuant to Article 25 of this  
7 Chapter.
- 8           (4) Otherwise met the requirements for participation in this Article.

9           The Board shall certify candidates complying with the requirements of this section  
10 as soon as possible and no later than five business days after receipt of a satisfactory  
11 record of demonstrated support."

12           **SECTION 8.** G.S. 163-278.64(d) reads as rewritten:

13           "(d) Restrictions on Contributions and Expenditures for Participating and Certified  
14 Candidates. – The following restrictions shall apply to contributions and expenditures  
15 with respect to participating and certified candidates:

- 16           (1) Beginning January 1 of the year before the election and before the  
17 filing of a declaration of intent, a candidate for office may accept in  
18 contributions up to ten thousand dollars (\$10,000) from sources and in  
19 amounts permitted by Article 22A of this Chapter and may expend up  
20 to ten thousand dollars (\$10,000) for any campaign purpose. A  
21 candidate who exceeds either of these limits shall be ineligible to file a  
22 declaration of intent or receive funds from the Public Campaign  
23 Financing Fund.
- 24           (2) From the filing of a declaration of intent through the end of the  
25 qualifying period, a candidate ~~shall~~ may accept only qualifying  
26 contributions, contributions under ten dollars (\$10.00) from North  
27 Carolina voters, and personal and family contributions permitted under  
28 subdivision (4) of this subsection. The total contributions the candidate  
29 may accept during this period shall not exceed the maximum  
30 qualifying contributions for that candidate. In addition to these  
31 contributions, the candidate may only expend during this period ~~no~~  
32 more than an amount equal to the maximum qualifying contributions  
33 for that candidate, not including possible rescue funds or the remaining  
34 money raised pursuant to subdivision (1) of this subsection. subsection  
35 and possible rescue funds received pursuant to G.S. 163-278.67.  
36 ~~Contributions a candidate may use to expend to that limit shall be~~  
37 ~~limited to qualifying contributions, and personal and family~~  
38 ~~contributions permitted by subdivision (4) of this subsection.~~
- 39           (3) After the qualifying period and through the date of the general  
40 election, the candidate shall expend only the funds the candidate  
41 receives from the Fund pursuant to G.S. 163-278.65(b)(4) plus any  
42 funds remaining from the qualifying period and possible rescue funds.
- 43           (4) During the qualifying period, the candidate may contribute up to one  
44 thousand dollars (\$1,000) of that candidate's own money to the

1                    ~~campaign and campaign.~~ Debt incurred by the candidate for a  
2                    campaign expenditure shall count toward that limit. The candidate may  
3                    accept in contributions one thousand dollars (\$1,000) from each  
4                    member of that candidate's family consisting of spouse, parent, child,  
5                    brother, and sister.

6                    (5) A candidate and the candidate's committee shall limit the use of all  
7                    revenues permitted by this subsection to expenditures for  
8                    campaign-related purposes only. The Board shall publish guidelines  
9                    outlining permissible campaign-related expenditures. In establishing  
10                    those guidelines, the Board shall differentiate expenditures that  
11                    reasonably further a candidate's campaign from expenditures for  
12                    personal use that would be incurred in the absence of the candidacy. In  
13                    establishing the guidelines, the Board shall review relevant provisions  
14                    of G.S. 163-278.42(e), the Federal Election Campaign Act, and rules  
15                    adopted pursuant to it, and similar provisions in other states.

16                    (6) Any contribution received by a participating or certified candidate that  
17                    falls outside that permitted by this subsection shall be returned to the  
18                    donor as soon as practicable. Contributions intentionally made,  
19                    solicited, or accepted in violation of this Article are subject to civil  
20                    penalties as specified in G.S. 163-278.70. The funds involved shall be  
21                    forfeited to the Civil Penalty and Forfeiture Fund.

22                    (7) A candidate shall return to the Fund any amount distributed for an  
23                    election that is unspent and uncommitted at the date of the election, or  
24                    at the time the individual ceases to be a certified candidate, whichever  
25                    occurs first. For accounting purposes, all qualifying, personal, and  
26                    family contributions shall be considered spent before revenue from the  
27                    Fund is spent or committed."

28                    **SECTION 9.** G.S. 163-278.69(a) reads as rewritten:

29                    "(a) Judicial Voter Guide. – The Board shall publish a Judicial Voter Guide that  
30                    explains the functions of the appellate courts and the laws concerning the election of  
31                    appellate judges, the purpose and function of the Public Campaign ~~Financing~~ Fund, and  
32                    the laws concerning voter registration. The Board shall distribute the Guide to as many  
33                    voting-age individuals in the State as practical, through a mailing to all residences or  
34                    other means it deems effective. The distribution shall occur no more than ~~28~~14 days nor  
35                    fewer than seven days before the one-stop voting period provided in G.S. 163-227.2 for  
36                    the primary and no more than ~~28~~14 days nor fewer than seven days before the one-stop  
37                    voting period provided in G.S. 163-227.2 for the general election."

38                    **SECTION 10.** G.S. 163-278.6(9) reads as rewritten:

39                    "(9) The terms "expend" or "expenditure" mean any purchase, advance,  
40                    conveyance, deposit, distribution, transfer of funds, loan, payment,  
41                    gift, pledge or subscription of money or anything of value whatsoever,  
42                    whether or not made in an election year, and any contract, agreement,  
43                    promise or other obligation, whether or not legally enforceable, to  
44                    make an expenditure or to incur an obligation to pay an expenditure, to

1 support or oppose the nomination, election, or passage of one or more  
2 clearly identified candidates, or ballot measure. Supporting or  
3 opposing the election of clearly identified candidates includes  
4 supporting or opposing the candidates of a clearly identified political  
5 party. The term "expenditure" also includes any payment or other  
6 transfer made by a candidate, political committee, or referendum  
7 committee. The special definition of "expenditure" in  
8 G.S. 163-278.12A applies only in that section."

9 **SECTION 11.** G.S. 163-278.5 reads as rewritten:

10 **"§ 163-278.5. Scope of Article; severability.**

11 The provisions of this Article apply to primaries and elections for North Carolina  
12 offices and to North Carolina referenda and do not apply to primaries and elections for  
13 federal offices or offices in other States or to non-North Carolina referenda. Any  
14 provision in this Article that regulates a non-North Carolina entity does so only to the  
15 extent that the entity's actions affect elections for North Carolina offices or North  
16 Carolina referenda.

17 The provisions of this Article are severable. If any provision is held invalid by a  
18 court of competent jurisdiction, the invalidity does not affect other provisions of the  
19 Article that can be given effect without the invalid provision.

20 This section applies to Articles 22B, 22D, 22E, and 22F of the General Statutes to  
21 the same extent that it applies to this Article."

22 **SECTION 12.** G.S. 163-278.23 reads as rewritten:

23 **"§ 163-278.23. Duties of Executive Director of Board.**

24 The Executive Director of the Board shall inspect or cause to be inspected each  
25 statement filed with the Board under this Article within 30 days after the date it is filed.  
26 The Executive Director shall advise, or cause to be advised, no more than 30 days and at  
27 least five days before each report is due, each candidate or treasurer whose  
28 organizational report has been filed, of the specific date each report is due. He shall  
29 immediately notify any individual, candidate, treasurer, political committee, referendum  
30 committee, media, or other entity that may be required to file a statement under this  
31 Article if:

- 32 (1) It appears that the individual, candidate, treasurer, political committee,  
33 referendum committee, media, or other entity has failed to file a  
34 statement as required by law or that a statement filed does not conform  
35 to this Article; or
- 36 (2) A written complaint is filed under oath with the Board by any  
37 registered voter of this State alleging that a statement filed with the  
38 Board does not conform to this Article or to the truth or that an  
39 individual, candidate, treasurer, political committee, referendum  
40 committee, media, or other entity has failed to file a statement required  
41 by this Article.

42 The entity that is the subject of the complaint will be given an opportunity to  
43 respond to the complaint before any action is taken requiring compliance.

1 The Executive Director of the Board of Elections shall issue written opinions to  
2 candidates, the communications media, political committees, referendum committees, or  
3 other entities upon request, regarding filing procedures and compliance with this  
4 Article. Any such opinion so issued shall specifically refer to this paragraph. If the  
5 candidate, communications media, political committees, referendum committees, or  
6 other entities rely on and comply with the opinion of the Executive Director of the  
7 Board of Elections, then prosecution or civil action on account of the procedure  
8 followed pursuant thereto and prosecution for failure to comply with the statute  
9 inconsistent with the written ruling of the Executive Director of the Board of Elections  
10 issued to the candidate or committee involved shall be barred. Nothing in this paragraph  
11 shall be construed to prohibit or delay the regular and timely filing of reports. The  
12 Executive Director shall file all opinions issued pursuant to this section with the  
13 Codifier of Rules to be published unedited in the North Carolina Register and the North  
14 Carolina Administrative Code.

15 This section applies to Articles 22B, 22D, 22E, and 22F of the General Statutes to  
16 the same extent that it applies to this Article."

17 **SECTION 13.(a)** G.S. 163-278.81 reads as rewritten:

18 **"§ 163-278.81. Disclosure of Electioneering Communications.**

19 (a) Statement Required. – Every individual, committee, association, or any other  
20 organization or group of individuals that makes a disbursement for the direct costs of  
21 producing and airing electioneering communications in an aggregate amount in excess  
22 of ten thousand dollars (\$10,000) during any calendar year shall, within 24 hours of  
23 each disclosure date, file with the Board a statement containing the information  
24 described in subsection (b) of this section.

25 (b) Contents of Statement. – Each statement required to be filed by this section  
26 shall be made under the penalty of perjury in G.S. 14-209 and shall contain the  
27 following information:

- 28 (1) The identification of the entity making the disbursement, of any entity  
29 sharing or exercising direction or control over the activities of that  
30 entity, and of the custodian of the books and accounts of the entity  
31 making the disbursement.
- 32 (2) The principal place of business of the entity making the disbursement  
33 if the entity is not an individual.
- 34 (3) The amount of each disbursement of more than one thousand dollars  
35 (\$1,000) during the period covered by the statement and the  
36 identification of the entity to whom the disbursement was made.
- 37 (4) The elections to which the electioneering communications pertain and  
38 the names, if known, of the candidates identified or to be identified.
- 39 (5) ~~If the disbursements were paid out of a segregated bank account that~~  
40 ~~consists of funds contributed solely by individuals directly to that~~  
41 ~~account for electioneering communications, the~~ The names and  
42 addresses of all contributors who contributed an aggregate amount of  
43 more than one thousand dollars (\$1,000) during the period beginning  
44 on the first day of the preceding calendar year and ending on the

1 disclosure ~~date~~ date to a segregated bank account that consists of funds  
 2 contributed solely by entities other than prohibited sources. Nothing in  
 3 this subdivision is to be construed as a prohibition on the use of funds  
 4 in such a segregated account for a purpose other than electioneering  
 5 communications.

6 (6) ~~If the disbursements were paid out of funds not described in~~  
 7 ~~subdivision (5) of this subsection, the names and addresses of all~~  
 8 ~~contributors who contributed an aggregate amount of more than one~~  
 9 ~~thousand dollars (\$1,000) to the entity making the disbursement during~~  
 10 ~~the period beginning on the first day of the preceding calendar year~~  
 11 ~~and ending on the disclosure date."~~

12 **SECTION 13.(b)** G.S. 163-278.82 reads as rewritten:

13 **"§ 163-278.82. Prohibition of corporate and labor disbursements for electioneering**  
 14 **communications.**

15 (a) Prohibition. – No prohibited source may make any disbursement for the costs  
 16 of producing or airing any electioneering communication. No individual, committee,  
 17 association, or any other organization or group of individuals, including but not limited  
 18 to, a political organization (as defined in section 527(e)(1) of the Internal Revenue Code  
 19 of 1986), which has received any payment from a prohibited source may make any  
 20 disbursement for the costs of producing and airing any electioneering communication.  
 21 For the purpose of this section, the term "electioneering communication" does not  
 22 include a communication by a section 501(c)(4) organization or a political organization  
 23 (as defined in section 527(e)(1) of the Internal Revenue Code of 1986) if the  
 24 communication is paid for exclusively by funds provided by individuals and the  
 25 disbursements for costs of producing and airing the communication are paid out of a  
 26 segregated bank account that consists of funds contributed solely by ~~individuals~~ entities  
 27 other than prohibited sources directly to that account.

28 (b) Direct or Indirect Disbursement. – An electioneering communication shall be  
 29 treated as made by a prohibited source if the prohibited source directly or indirectly  
 30 disburses any amount for any of the costs of the communication.

31 (c) Segregated Fund. – Any disbursement for an electioneering communication  
 32 made from an account must be made from a segregated account into which no funds  
 33 from a prohibited source have been directly or indirectly introduced."

34 **SECTION 13.(c)** G.S. 163-278.91 reads as rewritten:

35 **"§ 163-278.91. Disclosure of Electioneering Communications.**

36 (a) Statement Required. – Every individual, committee, association, or any other  
 37 organization or group of individuals who makes a disbursement for the direct costs of  
 38 producing and transmitting electioneering communications in an aggregate amount in  
 39 excess of ten thousand dollars (\$10,000) during any calendar year shall, within 24 hours  
 40 of each disclosure date, file with the Board a statement containing the information  
 41 described in subsection (b) of this section.

42 (b) Contents of Statement. – Each statement required to be filed by this section  
 43 shall be made under the penalty of perjury in G.S. 14-209 and shall contain the  
 44 following information:



- 1 (1) The identification of the entity making the disbursement, of any entity  
2 sharing or exercising direction or control over the activities of that  
3 entity, and of the custodian of the books and accounts of the entity  
4 making the disbursement.
- 5 (2) The principal place of business of the entity making the disbursement  
6 if the entity is not an individual.
- 7 (3) The amount of each disbursement of more than one thousand dollars  
8 (\$1,000) during the period covered by the statement and the  
9 identification of the entity to whom the disbursement was made.
- 10 (4) The elections to which the electioneering communications pertain and  
11 the names, if known, of the candidates identified or to be identified.
- 12 (5) ~~If the disbursements were paid out of a segregated bank account that~~  
13 ~~consists of funds contributed solely by individuals directly to that~~  
14 ~~account for electioneering communications, the~~ The names and  
15 addresses of all contributors who contributed an aggregate amount of  
16 more than one thousand dollars (\$1,000) during the period beginning  
17 on the first day of the preceding calendar year and ending on the  
18 disclosure date to a segregated bank account that consists of funds  
19 contributed solely by entities other than prohibited sources. Nothing in  
20 this subdivision is to be construed as a prohibition on the use of funds  
21 in such a segregated account for a purpose other than electioneering  
22 communications.
- 23 (6) ~~If the disbursements were paid out of funds not described in~~  
24 ~~subdivision (5) of this subsection, the names and addresses of all~~  
25 ~~contributors who contributed an aggregate amount of more than one~~  
26 ~~thousand dollars (\$1,000) to the entity making the disbursement during~~  
27 ~~the period beginning on the first day of the preceding calendar year~~  
28 ~~and ending on the disclosure date."~~

29 **SECTION 13.(d)** G.S. 163-278.92 reads as rewritten:

30 **"§ 163-278.92. Prohibition of corporate and labor disbursements for electioneering**  
31 **communications.**

32 (a) Prohibition. – No prohibited source may make any disbursement for the costs  
33 of producing or airing any electioneering communication. No individual, committee,  
34 association, or any other organization or group of individuals, including but not limited  
35 to, a political organization (as defined in section 527(e)(1) of the Internal Revenue Code  
36 of 1986), which has received any payment from a prohibited source may make any  
37 disbursement for the costs of producing and airing any electioneering communication.  
38 For the purpose of this section, the term "electioneering communication" does not  
39 include a communication by a section 501(c)(4) organization or a political organization  
40 (as defined in section 527(e)(1) of the Internal Revenue Code of 1986) if the  
41 communication is paid for exclusively by funds provided by individuals and the  
42 disbursements for costs of producing and airing the communication are paid out of a  
43 segregated bank account that consists of funds contributed solely by ~~individuals~~ entities  
44 other than prohibited sources directly to that account.

1 (b) Direct or Indirect Disbursement. – An electioneering communication shall be  
2 treated as made by a prohibited source if the prohibited source directly or indirectly  
3 disburses any amount for any of the costs of the communication.

4 (c) Segregated Fund. – Any disbursement for an electioneering communication  
5 made from an account must be made from a segregated account into which no funds  
6 from a prohibited source have been directly or indirectly introduced."

7 **SECTION 14.** This act becomes effective July 1, 2005, and applies to  
8 primaries and elections held on or after that date.