

- 1 (7) Payment of any penalties against the committee imposed by a board of
 2 elections or a court of competent jurisdiction.
 3 (b) Prohibited Use. –
 4 (1) In general. – A contribution described in subsection (a) of this section
 5 shall not be converted by any individual to personal use.
 6 (2) Conversion. – For purposes of subdivision (1) of this subsection, a
 7 contribution shall be considered to be converted to personal use if the
 8 contribution or amount is used to fulfill any commitment, obligation,
 9 or expense of an individual or other entity that would exist irrespective
 10 of the candidate's election campaign or duties and activities as
 11 officeholder, including the following:
 12 a. A home mortgage, rent, or utility payment.
 13 b. A clothing purchase.
 14 c. A noncampaign-related automobile expense.
 15 d. A country club membership.
 16 e. A vacation or other noncampaign-related trip.
 17 f. A household food item.
 18 g. A tuition payment.
 19 h. Admission to a sporting event, concert, theater, or other form of
 20 entertainment not associated with an election campaign.
 21 i. Dues, fees, and other payments to a health club or recreational
 22 facility.
 23 j. A retirement account or other retirement purpose.
 24 (c) Rules. – The State Board of Elections shall adopt rules for the
 25 implementation of this section."

26 **SECTION 2.** G.S. 163-278.11(a)(2) reads as rewritten:

27 "(2) Expenditures. – A list of all expenditures required under
 28 G.S. 163-278.8 made by or on behalf of a candidate, political
 29 committee, or referendum committee. The statement shall list the name
 30 and complete mailing address of each payee, the amount paid, the
 31 purpose, and the date such payment was made. The total sum of all
 32 expenditures to date shall be plainly exhibited. Forms for required
 33 reports shall be prescribed by the Board. When a payment is made in a
 34 lump sum to one payee for several goods or services or both, the
 35 statement shall itemize with a reasonable degree of specificity the
 36 amount paid for each purpose. In the case of a payment to a credit card
 37 company, the statement shall provide a reasonably specific itemization
 38 of the bills the credit card was used to pay. In the case of a payment to
 39 a provider of services, the statement shall itemize any media
 40 advertising purchases made on behalf of the campaign and, with a
 41 reasonable degree of specificity, itemize other payments the provider
 42 has made on behalf of the campaign. The State Board of Elections
 43 shall adopt rules for the implementation of this subdivision."

44 **SECTION 3.** G.S. 163-278.27(a) reads as rewritten:

1 (a) Any individual, candidate, political committee, referendum committee,
2 treasurer, person or media who intentionally violates the applicable provisions of
3 G.S. 163-278.7, 163-278.8, 163-278.9, 163-278.10, 163-278.11, 163-278.12,
4 163-278.13, 163-278.13B, 163-278.14, 163-278.16, 163-278.16B, 163-278.17,
5 163-278.18, 163-278.19, 163-278.20, 163-278.39, 163-278.40A, 163-278.40B,
6 163-278.40C, 163-278.40D or 163-278.40E is guilty of a Class 2 misdemeanor. The
7 statute of limitations shall run from the day the last report is due to be filed with the
8 appropriate board of elections for the election cycle for which the violation occurred."

9 **SECTION 4.** This act becomes effective January 1, 2007, and applies to all
10 candidates, officeholders, and political committees with accounts that are active with
11 the State Board of Elections or a county board of elections on or after that date.