

2012 CANDIDATE CAMPAIGN FINANCE GUIDE

**Prepared by the Campaign Finance Division of the North Carolina State
Board of Elections**

Table of Contents

I. Introduction

II. Organizing the Committee

- A. When is a candidate required to set up a committee?**
- B. What is required to set up the committee?**
- C. What is meant by Certification of Threshold?**
- D. What is treasurer training and who is required to complete the training?**

III. Disclosure Reporting

- A. Are all candidates required to file disclosure reports?**
- B. When are disclosure reports filed?**
- C. What is included in a disclosure report?**
- D. What methods are available for filing disclosure reports?**
- E. Are there penalties for filing disclosure reports late?**
- F. Please remember, when submitting paperwork...**

IV. Campaign Finance Law on Contributions and Expenditures

- A. What is the law regarding contributions?**
- B. What is the law regarding expenditures?**
- C. Helpful hints...**

V. Media Requirements

- A. What is a legend?**
- B. What print media advertisements require the legend?**
- C. Are there print media advertisements that do not require the legend?**
- D. Am I required to put the legend on a palm card?**
- E. What are the size requirements for the legend?**
- F. What information must be included in a legend statement?**

I. Introduction

The information provided in this Guide is relevant to candidates seeking offices in State, district and county elections. Candidates filing for legislative seats must file all campaign finance reports with the State Board of Elections. Only candidates for county offices will file campaign disclosure reports with their county board of elections.

The statutes relevant to candidate campaign finance are included in Article 22A of Chapter 163 of the North Carolina General Statutes. These statutes may be reviewed at the following link: <http://www.ncga.state.nc.us/gascripts/statutes/Statutes.asp> . Please enter “163” in the “Look up” box and scroll down to Article 22A.

If legislative action or legal developments affect the information within this document, such changes will be noted and made available on the Campaign Finance section of the website of the State Board of Elections.

II. Organizing the Committee

A. When is a candidate required to set up a committee?

An individual must file organizational paperwork with the appropriate board of elections office¹ within 10 days of whichever of these actions occurs first:

- making a public announcement of candidacy; or
- receiving or spending any money in support of that candidacy; or
- filing a notice of candidacy,

B. What forms are required to set up the committee?

The organizational paperwork must include:

- Statement of Organization-Candidate Committee (**CRO-2100A**)

¹ The appropriate board of elections is the state board if the candidate is running for state office, and the county board if the candidate is running for a municipal or county office.

- Certification of Treasurer (**CRO-3100**)
- Certification of Financial Account Number Information (**CRO-3500**)
Please note some banks will not set up an account for a committee until the committee is registered with the board of elections. If you do not have this information by the deadline, please provide the form immediately after the account is established.
- Organizational Report* (**CRO-1000, CRO-1100** and any additional forms required for detailed disclosure). The CRO-1100, “Detailed Summary,” provides guidance as to what additional forms are required, because on each line that pertains to a transaction, there is a form number noted in parentheses. Thus, for every line upon which a dollar amount has been entered, the form that must be filled out and submitted with the report is cited.

*If you are a candidate eligible to file a Certification of Threshold, the Organizational Report is not required. (See the next section to determine Threshold eligibility.)

The organizational paperwork *should* also include the “Designation of Committee Funds,” form (**CRO-3900**). This optional form is recommended to ensure the candidate’s choice of committee fund distribution in the event that the candidate dies before the committee is closed;

C. What is meant by Certification of Threshold?

If a **county or municipal candidate** does not intend to raise or spend more than **\$1,000**, he or she may file a certification to that effect on the “Certification of Threshold” form (**CRO-3600**). As long as the committee remains under the threshold, the candidate does not have to file disclosure reports, which means that his or her organizational paperwork should consist only of CRO forms 2100A, 3100, 3500 and 3600.

A committee that intends to remain under Threshold must submit form CRO-3600 at the beginning of each election cycle OR upon organizing the committee (within the ten day period allotted for submitting the organizational report).

Please note that the option to file the Certification of Threshold is available ONLY to candidates seeking **county or municipal** offices. Candidates for legislative, judicial and statewide races are not eligible to file under threshold.

D. What is treasurer training and who is required to complete the training?

Treasurer training is a course that provides instruction on campaign finance disclosure filing and compliance. The training is conducted in group sessions at the State Board of Elections and at regional locations at various times during the year. Additionally, it may be completed online. Visit our website for details. All treasurers MUST complete treasurer training within three months of appointment and once every four years, regardless of the amount of money that is being raised or spent. Treasurers for candidates that are eligible to file the Certification of Threshold must also complete the required training.

III. Disclosure Reporting

A. Are all candidates required to file disclosure reports?

MOST candidates are required to file disclosure reports. Only candidates for county or municipal offices that do not intend to raise or spend more than \$1,000 are eligible to file a Certification of Threshold and thus avoid disclosure reports.

While candidates that are eligible to file a Certification of Threshold are not required to file reports, all information pertaining to contributions and expenditures are required to be accurately maintained.

B. When are disclosure reports filed?

Candidates participating in the 2012 elections shall file quarterly.

REPORT NAME	COVERAGE DATES	DUE DATE
2012 First Quarter Plus Report	1/1/2012 – 4/21/2012	4/30/2012
48 Hour Notices – Primary	4/22/2012 – 5/8/2012	Within 48 hrs of receipt of \$1,000 or more
PRIMARY ELECTION	5/8/2012	
2012 Second Quarter Report	4/22/2012 – 6/30/2012	7/11/2012
2012 Third Quarter Plus Report	7/1/2012 – 10/20/2012	10/29/2012
48 Hour Notices – General	10/21/2012 – 11/6/2012	Within 48 hrs of receipt of \$1,000 or more
GENERAL ELECTION	11/6/2012	
2012 Fourth Quarter Report	10/21/2012 – 12/31/2012	1/10/2013

The State Board or county board of elections will provide notice no less than five days and no more than 30 days of the due date to each candidate committee that is required to file.

C. What is included in a disclosure report?

All disclosure reports must include the Disclosure Report Cover form (CRO-1000) and the Detailed Summary form (CRO-1100).

The Disclosure Report Cover is essential for showing the start and end dates of the transactions included, the type of report being submitted, and for providing a signature that attests to the veracity of the report.

The Detailed Summary form is also required even if there has been no financial activity, in which case zeroes should be entered on the appropriate lines. However, if contributions have been received, or expenditures made or debts incurred, additional forms containing those transactions must be included with the report.

A helpful hint to remember when completing disclosure reports using our paper forms is that the Detailed Summary form (CRO-1100) serves as forms guide as well as a summary of activity. The treasurer should refer to the transactions described on this form to determine which other forms, if any, are required to accompany the report. The required form for each transaction is noted on the same line as the transaction description.

This process is simpler for persons who use SBOE software because the software generates the appropriate form for each transaction.

D. What methods are available for filing disclosure reports?

All committees may file disclosure reports electronically. Free software is available on our website. State-wide office candidates who raise or spend more than \$5,000 are required by law to file reports electronically [NCGS §163-278.0(j)]. Other candidates are permitted to file disclosure reports on paper using forms found on our website at www.sboe.state.nc.us under the Campaign Finance section.

E. Are there penalties for filing disclosure reports late?

Yes. Committees will be assessed civil penalties for reports that are not received or postmarked by the report due date.

A candidate committee report that does not affect a statewide election is penalized at \$50 per day up to a maximum of \$500. A candidate committee report that does affect a statewide election is penalized at a rate of \$250 per day

up to a maximum of \$10,000. A report is considered to affect a statewide election if the committee made any contributions to or in support of a statewide candidate, or received any contributions from a statewide candidate.

A committee's active status may be terminated for failure to pay assessed penalties. Once the committee's active status is terminated, the committee is not eligible to receive contributions or make expenditures.

F. Please remember, when submitting paperwork . . .

Do not submit forms in pencil or in a pastel colored ink.

Do not staple forms.

Never submit a report in advance of the period close date for that report.

Always enter the period start date and period end date on form CRO-1000.

A DATE and ORIGINAL signature are required on the Disclosure Report Cover (CRO-1000).

IV. Campaign Finance Law Regarding Contributions and Expenditures

A. What is the law regarding contributions?

- A contribution is anything of value given to support the candidate/candidate committee. Candidates required to file disclosure reports must report all contributions. Intentionally failing to report contributions is a felony.
- If a contributor contributes \$50 or less for the entire election period, that contributor's name, employment and contact information is not required to be reported. For such contributions, a form CRO-1205 may be used, which requires only the date, amount, and form of payment. HOWEVER, please note that the treasurer must nevertheless collect that contributor's name, address and employment information. This information must be kept on file by the treasurer, since any contributor

may eventually exceed the \$50 threshold and become subject to full disclosure.

- Only individuals, other NC political committees and qualified entities² may make contributions to a candidate committee.
- The contribution limit is *generally* \$4,000 per election.

The election period is the day after the date of the last election for the candidate through the date of the primary. (If the candidate did not seek election since the date of the last election for the office sought, the election period begins the day after the last election for the office sought through the day of the primary.)

From the day after the primary election through the day of the general election, the candidate may receive an additional \$4,000. If the candidate is on the ballot in a second primary, he or she could receive an additional \$4,000 for that election.

The candidate, the candidate's spouse, parents and siblings are permitted to give unlimited amounts to the candidate committee.

Recognized political party committee executive committees may give unlimited contributions to the candidate committee.

Candidates for judicial seats are limited to \$1,000 per election.

Appellate judicial candidates and other candidates participating in a public funding program have additional restrictions. Please refer to the specific provisions for those programs.

- Contributions from corporations, business entities, labor unions, professional associations, and insurance companies are prohibited. Unregistered political committees are also prohibited from making contributions.
- Anonymous contributions are prohibited. This includes any funds (contributions) raised for which contributor contact information is not obtained, such as "pass the hat" collections, hot dog fundraisers or other events where contributions are collected without getting the name of the contributor. Even if the contributor name is not required to be reported the information must be maintained by the treasurer.
- All contributions of more than \$50 must be made with a verifiable form or payment. No cash contributions of more than \$50 per day from one source.
- No contribution may be given in the name of another person or political committee.

² For "qualified entities," see NCGS §163-278.19(f).

All prohibited contributions must be forfeited to the NC Civil Penalty and Forfeiture Fund. A person who knowingly receives prohibited contributions is subject to criminal penalties.

B. What is the law regarding expenditures?

- Candidate committees may only make expenditures for nine purposes:
 - (1) Expenditures resulting from the campaign for public office by the candidate or candidate's campaign committee.
 - (2) Expenditures resulting from holding public office.
 - (3) Donations to an organization described in section 170(c) of the Internal Revenue Code of 1986 (26 U.S.C. § 170(c)), provided that the candidate or the candidate's spouse, children, parents, brothers, or sisters are not employed by the organization.
 - (4) Contributions to a national, State, or district or county committee of a political party or a caucus of the political party.
 - (5) Contributions to another candidate or candidate's campaign committee.
 - (6) To return all or a portion of a contribution to the contributor.
 - (7) Payment of any penalties against the candidate or candidate's campaign committee for violation of this Article imposed by a board of elections or a court of competent jurisdiction.
 - (8) Payment to the Escheat Fund established by Chapter 116B of the General Statutes.
 - (9) Legal expense donation not in excess of four thousand dollars (\$4,000) per calendar year to a legal expense fund established pursuant to Article 22M of Chapter 163 of the General Statutes.
- If the candidate committee is required to file disclosure reports, all expenditures must be reported.
- Any expenditure that is made for media purposes must be paid by check or other verifiable form of payment. All expenditures for more than \$50 must be made with a verifiable form of payment.
- Expenditures for non-media purposes that are less than \$50 may be reported without disclosing the payee. The other required information must be reported.

C. Helpful Hints...

- Do not “pass the hat” or collect any contributions, however small the amount, without recording the contributor name and contact information.
- Do not accept cash from a contributor in excess of \$50.
- Do not accept a contribution, including an “in kind” contribution, from a business, corporation, professional association, labor union or insurance company.
- A person who purchases something from a candidate fundraiser has made a contribution to that candidate’s committee. All such contributions, however small, must be disclosed.
- Volunteers raising contributions on behalf of the committee must turn those over to the treasurer within seven days so that the records are current, as required by law.
- Do not accept blank checks. The contributor must indicate the intended recipient on the check.

V. Media requirements

A. What is a legend?

A legend is the disclosure statement included on print media, TV and radio advertisements. “Paid for by....”

B. What print media advertisements require the legend?

Newspaper ads, newspaper inserts, airplane streamers, pamphlets, billboards, sound truck advertising, portable signs (lighted or non-lighted; some on wheels to be pulled around), periodicals, TV ads, radio ads, outdoor advertising facilities, magazines, cards of any size, fliers, mass mailings (20,000 or more households, cumulative per election, in a statewide election and 2,500 households, cumulative per election, in any other election).

C. Are there print media advertisements that do not require the legend?

Yes. Buttons, bumper stickers, yard signs, window posters (approximately 14 x 22 inches and posters used in stores, on states in yards, etc.), barn

posters made at generally no cost (3 x 5 ft.), campaign paraphernalia such as balloons, shopping bags, nail files, etc., imprinted with a campaign message.

D. Am I required to put the legend on a palm card?

Yes.

E. What are the size requirements for the legend?

For print media, the legend must be 5% the printed space of the ad or 12 point type, whichever is greater. For TV, the visual disclosure legend must be 4% of vertical picture height. For radio, the disclosure statement must last at least two seconds, provided the statement is spoken so that its contents may be easily understood.

F. What information must be included in the legend statement?

Please refer to the Media section in the 2012 Campaign Finance Manual that is available on the website.