



2012 Campaign Finance Manual

A guide for ensuring compliance.

*Issued by the Campaign Finance Office of the
NC State Board of Elections*

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Definitions

The following list defines many of the terms used in the Campaign Reporting Act. Refer to the definitions of these terms when cited in the information that will follow. Keep in mind, these are summaries. If you wish to read the exact definition as it appears in the statutes, refer to the Campaign Reporting Act in the Appendix of this publication. Some of the terms included are not specifically defined in the Act, but are useful in understanding the language that follows.

Advertisement	Any message appearing in the print media, on television, or on the radio that constitutes a contribution or expenditure under Article 22A.
Aggregated Non-Media Expenditures	Operating expenditures that are individually under \$50 and are not for media expenses. These expenditures may be reported in an aggregated amount. The treasurer shall account for and report expenditures of \$50 or less each, the amounts, dates, and the purposes for which individual expenditures were made.
Board	Refers to the State Board of Elections with respect to candidates and other political committees for State, legislative, judicial and multi-county district offices, and also statewide referenda. If the reference is to candidates and other political committees for county and municipal offices, the term refers to the county or municipal board of elections. The term would, in addition, refer to county or municipal board of elections with respect to local referenda.
Broadcasting Station	Refers to any commercial radio or television station or community antenna radio or television station.
Business Entity	Refers to any partnership, joint venture, joint-stock company, company, firm, or any commercial or industrial establishment or enterprise.
Candidate	Refers to any individual who has filed a notice of

	<p>candidacy for public office or a petition requesting to be a candidate. It also refers to an individual who has been certified as a nominee of a political party for a vacancy or has qualified by an authorized means as a candidate. An individual is also considered a candidate for purposes of this Article if they have made a public announcement of a definite intent to run for public office in a particular election. In addition, an individual is considered a candidate for the purposes of this Article even if they have not met any of the above criteria, but have received funds, made payments, or consented for anyone else to receive funds or transfer anything of value for the purpose of bringing about that individual's nomination or election to office. Transferring anything of value includes incurring an obligation to transfer anything of value. An individual continues to have "candidate" status for the purposes of this Article if they continue to receive contributions to repay loans or cover a deficit or make expenditures to satisfy obligations from an election already held. A candidate may be partisan or nonpartisan.</p>
<p>Candidate Campaign Committee</p>	<p>Any political committee organized by or under the direction of a candidate.</p>
<p>Candidate-Specific Communications</p>	<p>Any broadcast, cable, satellite communication, mass mailing or phone bank made during an even-numbered year after the final date on which a Notice of Candidacy can be filed for the office through the day on which the general election is conducted that refers to a clearly identified candidate for a statewide office or the General Assembly and is targeted to the relevant electorate. Please see the section on Candidate-Specific Communications for more information on the disclosure requirements.</p>
<p>Communications media or Media</p>	<p>Refers to broadcasting stations, carrier current stations, newspapers, magazines, periodicals, outdoor advertising facilities, billboards, newspaper inserts, radio ads, TV ads, sound-truck advertising, airplane streamers, portable signs, pamphlets, fliers, mass mailings (over 500 pieces), cards, or any person or individual whose business is polling public opinion, analyzing or predicting</p>

	voter behavior or voter preferences.
Contribute or Contribution	Refers to any advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge, or subscription of money or anything of value whatsoever to a candidate, political committee, political party committee, or referendum committee. This also refers to any contract, agreement, or other obligation to make a contribution. An expenditure forgiven by a person or entity to whom it is owed is also considered a “contribution.” The term “contribution” does not include an “independent expenditure”.
Coordinated Expenditure	An expenditure that is made in concert or cooperation with, or at the request or suggestion of, a candidate, a candidate campaign committee, the agent of the candidate, or the agent of the candidate campaign committee. An expenditure for the distribution of information regarding a candidate’s campaign received through publicly available resources that is not made in concert or cooperation with the candidate or agent of the candidate or their campaign is not a coordinated expenditure.
Corporation	Refers to any corporation doing business under either domestic or foreign charter. This would include any corporate subsidiary and any business entity in which a corporation participates or is a stockholder, a partner, or member of a joint venture.
Day	Refers to a calendar day.
Election Cycle	It is the period from January 1 after an election for a particular office until December 31 after the election for the next term of the same office. For example, the election cycle for a candidate running for Governor in 2012 would be from January 1, 2009 until December 31, 2012. When referring to several offices, the term means the period from January 1 of an odd-numbered year through December 31 of the next even-numbered year.
Election	Unless otherwise indicated, an election refers to any general or special election, a first or second primary, a run-off election, or an election to fill a vacancy. This does not refer to any local or

	statewide referendum.
Electioneering Communication	Any broadcast, cable, satellite communication, mass mailing or phone bank that is made 60 days before absentee voting begins that refers to a clearly identified candidate and is targeted to the relevant electorate. Please see the section on Electioneering Communications for more information on the disclosure requirements.
Expend or Expenditure	Any purchase, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, any contract, agreement or other obligation to make an expenditure to support or oppose the nomination, election, or passage of a ballot measure. An expenditure forgiven by a person or entity to whom it is owed shall be reported as a contribution from that person or entity.
Express Advocacy	That language which supports or opposes clearly identified candidates and is subject to disclosure requirements.
Independent Expenditure	An expenditure that is made to support or oppose one or more clearly identified candidates without consultation or coordination with a candidate or agent of a candidate that the expenditure supports, or whose opponent's nomination or election the expenditure opposes.
Individual	Means a single individual or more than one individual.
In-Kind Contribution	A contribution to a committee that is not monetary in nature. It must be reported on required disclosure reports. The contribution may be a good or service. For example, an individual or other committee may contribute "cups and napkins" to a committee for an event. The "fair market value" of the cups and napkins would be the amount of the contribution and would count toward the maximum contribution limitation.
Issue Advocacy	That language which does not support or oppose clearly identified candidates, but has the sole purpose to provide education on issues. Issue advocacy is not generally subject to disclosure

	requirements or regulations. However, please refer to the sections discussing Electioneering Communications and Candidate-Specific Communications for information about disclosure on communications that may be considered issue advocacy.
Legal Expense Fund	A separate fund established to fund a legal action or potential legal action taken by or against an elected officer in that elected officer’s official capacity. An elected officer includes any individual serving in or seeking public office. Please refer to the Candidate Committee section for more information on the requirements for Legal Expense Funds.
Legend	The disclosure information (“paid for by...” statement) that must appear on all advertisements that constitutes a contribution or expenditure.
Mass Mailing	Any mailing by US mail or facsimile to 20,000 or more households, cumulative per election, in a statewide election or 2,500 households, cumulative per election, in any other election.
Non-monetary gift	If a committee contributes a “service or good” that the receiving committee would consider an “in-kind” contribution, the contributing committee should designate that expenditure as a “non-monetary gift.” The value of the “gift” will not be calculated in expenditures. It will be disclosed on a separate form (CRO-1330).
Political Committee	A combination of two or more individuals that accepts anything of value to make contributions or expenditures and has one or more of the following characteristics: Is controlled by a candidate; Is a political party or executive committee of a political party or is controlled by a political party; Created by a corporation, business entity, insurance company, labor union, or professional association; Has the major purpose to support or oppose the nomination or election of one or more clearly identified candidates; supporting or opposing the

	election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified party. Contributions to referendum committees are not considered when making the determination if an entity meets the presumption of a political committee.
Political Party	Any political party organized and operating in this State, whether or not that party is recognized.
Print Media	Billboards, cards, newspapers, newspaper inserts, magazines, mass mailings, pamphlets, fliers, periodicals, and outdoor advertising facilities.
Radio	Any radio broadcast station that is subject to the provisions of 47 USC 315 and 317.
Referendum	Any question, issue, or act referred to a vote of the people of the entire State by the General Assembly, a unit of local government, or by the people under any applicable local act and includes constitutional amendments and State bond issues. This includes any type of municipal, county, or special district referendum.
Referendum committee	A combination of two or more individuals or entities, or two or more business entities that have a major purpose to support or oppose the passage of any referendum on the ballot. An entity remains a referendum committee as long as it receives contributions or makes expenditures or maintains assets. It may cease to exist when it winds up its operations, disposes of its assets, and files a final report. Referendum committees may accept contributions from businesses with no limitations. However, referendum committees may not contribute to any other political committee.
Sponsor	A candidate, candidate committee, political party organization, political action committee, individual or other entity that purchases an advertisement.
Television	Any television broadcast station, cable, television system, wireless cable multipoint distribution system, satellite company, or telephone company transmitting video programming that is subject to the provisions of 47 USC 315 and 317.
Treasurer	An individual appointed by a candidate, political committee, or referendum committee to assume

	<p>the responsibilities of the requirements of the Campaign Reporting Act. This individual may not be the spouse of a candidate. No individual registered as a lobbyist under Chapter 120C can serve as a treasurer or assistant treasurer for candidates for the General Assembly or Constitutional office of the State. All treasurers are mandated to receive training provided by the staff of the State Board.</p>
<p>Unobscured</p>	<p>Means only the printed material that may appear on the television screen is a visual disclosure statement required by law, and nothing is blocking the view of the disclosing person's face.</p>

Campaign Finance Office Publications and Trainings

The Campaign Finance Office of the State Board of Elections continues to make great strides at educating the public on campaign finance disclosure. Several educational and informational tools are available to the public on a wide variety of issues related to campaign finance disclosure compliance. Visit our website at www.ncsbe.gov to view our Campaign Finance section.

Ensuring that all treasurers are properly trained on their obligations and responsibilities is a top priority of the Campaign Finance Office. Treasurers are mandated by law to receive treasurer training within three months of appointment and once every four years. This training can be received in-person or by completing an interactive training session online. In-person training sessions are held at the office of the State Board of Elections and at regional locations around the State. Our website has a schedule of all upcoming training sessions. To sign up for either an in-person training session or the online training, go to our website, or send an e-mail to campaign.reporting@ncsbe.gov, or call our office at 919-733-7173. In addition to being mandatory, these training sessions offer invaluable information to a treasurer or any campaign staff member on completing and maintaining the required documentation for required reports, current campaign finance rules and regulations, and any recent changes in the law. The in-person training sessions provide the opportunity for questions and sharing of various ways to accomplish compliance while effectively fundraising.

Our website provides public access to all campaign finance disclosure reports for every candidate filing with the State Board of Elections. Reports filed with a county board of elections can be found at the county board office. All correspondence with committees is also available for inspection. Our website provides downloadable and editable forms for committees that file on paper and free software is available for committees that file electronically. Upcoming events and report deadlines are also featured on our website.

Anyone needing assistance on a campaign finance disclosure issue should contact our office in order to speak to or arrange an appointment with a campaign finance staff member. The staff of the Campaign Finance Office is always eager to assist you.

Candidate Committees

General Requirements

Appointment of Treasurer

All candidates for any elected office in North Carolina must have an appointed treasurer who resides in North Carolina. NCGS § 163-278.7 states that a candidate shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. A candidate may appoint himself or any individual, *with the exception of the candidate's spouse*, to serve as treasurer. Candidates for election to the General Assembly or Constitutional offices of the State cannot appoint a registered lobbyist as their treasurer. Failure to appoint a treasurer will result in the candidate being named treasurer and assuming all the duties and responsibilities of a treasurer including being subject to all penalties and sanctions provided by the North Carolina General Statutes. The appointment of treasurer is made on the *Certification of Treasurer* form (**CRO-3100**). Candidates for statewide office, North Carolina General Assembly, and all judicial offices shall file their *Certification of Treasurer* form with the Campaign Finance Office of the North Carolina State Board of Elections. Candidates for county and municipal elected offices should file their *Certification of Treasurer* form with their County Board of Elections office.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the “Committee”. These records should document every transaction of the “Committee”, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the “Committee”. Further, the treasurer is responsible for the accuracy of the reports and for compliance with the campaign finance laws.

In the event a candidate needs to change treasurers, a new *Certification of Treasurer* form must be completed within 10 days of the change in addition to amending the *Statement of Organization*. Failure to complete this form in a timely manner could result in penalties for a late report filing.

Mandatory Treasurer Training

Every treasurer of a North Carolina political committee must receive treasurer training from the State Board within three months of appointment and again once every four years. This training requirement can be accomplished by attending in-person training at the office of the State Board of Elections or a regional location across the State or by completing online training available on the website of the State Board of Elections (www.sboe.state.nc.us).

Treasurers that do not complete the mandatory training requirement in a timely manner are not eligible to sign required disclosure reports. And, only candidates, treasurers, or assistant treasurers that have been trained are eligible to sign disclosure reports. Reports that have been submitted by a treasurer that has not received training are subject to penalties.

A complete listing of training session dates can be found on our website. Please call our office at 919-733-7173 to sign up for an upcoming treasurer training session.

Organizing the Committee

One of the biggest misconceptions candidates have when running for office concerns their political committee. Many candidates do not believe they have a committee. If you are seeking elective office in the State of North Carolina and you are a candidate for a statewide, legislative, judicial, county, or municipal office, you have a committee. A candidate committee may only be the candidate, but it is a committee and therefore, subject to the regulations of candidate political committees.

To organize the committee, candidates must file the *Certification of Treasurer* form (**CRO-3100**) along with the *Statement of Organization-Candidate Committee* form (**CRO-2100A**) and the *Certification of Financial Account Number Information* form (**CRO-3500**). Every candidate must complete these three forms within 10 days of receiving or spending any money in support of the candidate's candidacy or within 10 days of filing for office, whichever occurs first. A candidate committee must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with assuring your committee name is unique.

All money must be maintained in a separate bank account(s) used exclusively by the committee. No committee funds shall be commingled with any other funds.

Candidates running for a county office, municipal office, local school board office, soil and water conservation district board of supervisors, or sanitary district board must also determine if they intend to receive and/or spend over \$1,000 on the campaign during the election cycle. Keep in mind, any personal money a candidate spends counts toward the \$1,000 limit. If the candidate determines they will NOT spend over \$1,000 for the election cycle (refer to the definition of election cycle in the GLOSSARY), a *Certification of Threshold* form (**CRO-3600**) must be completed. This Certification states that the candidate will not receive and/or spend over \$1,000 for the election cycle. Please refer to the section on Threshold requirements for specific information regarding this status. **Candidates running for any office NOT listed above are NOT eligible to file a Certification of Threshold form.**

If the candidate does intend to spend over \$1,000, an **Organizational Report** would be required with the *Statement of Organization-Candidate Committee* (**CRO-2100A**), *Certification of Financial Account Number Information* (**CRO-3500**) and the *Certification of Treasurer* (**CRO-3100**). The **Organizational Report** is the first required disclosure report for committees not certifying under the Threshold. The contents of the **Organizational Report** would include any contributions received or expenditures made in support of the candidacy. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even simpler. Once these steps have been taken, the committee is ready to begin. As stated earlier, all Organizational documents discussed in this section are due within the first 10 days of organizing, of making a public announcement of an intent to run, of receiving a contribution or making an expenditure or filing for office, whichever is earlier.

Reporting Forms

If your committee has not filed under the Threshold, disclosure reports will be required. These reports can either be filed on paper or electronically. There are numerous forms in our paper disclosure filing

system. Most committees will use less than 10 of these forms, but there is a form for most all transactions, if needed. For committees desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has developed electronic software to keep these records and complete the required disclosure reports. This software is discussed in the next section.

If you decide to use the paper forms, the following list contains the forms that could be used by your committee. These forms can be found on our website at www.sboe.state.nc.us. Some of the forms in our system are specific to certain types of committees. Candidate Committees should only submit from the list provided below:

CRO-2100A Statement of Organization-Candidate Committee
CRO-2100F Statement of Organization-Legal Expense Fund
CRO-2110 Statement of Organization Addendum
CRO-2120 Additional Committee Funds
CRO-3100 Certification of Treasurer
CRO-3200 Certification of Inactive Status
CRO-3300 Certification to Return to Active Status
CRO-3400 Certification to Close Committee
CRO-3500 Certification of Financial Account Number Information
CRO-3600 Certification of Threshold
CRO-3700 Certification of Incorporated Political Committee
CRO-3900 Designation of Committee Funds
CRO-1000 Disclosure Report Cover
CRO-1010 Disclosure Report Cover Addendum
CRO-1100 Detailed Summary
CRO-1205 Aggregated Contributions from Individuals
CRO-1210 Contributions from Individuals
CRO-1215 Contributions to be Reimbursed
CRO-1220 Contributions from Political Party Committees
CRO-1230 Contributions from Other Political Committees
CRO-1240 Refunds and Reimbursements to the Committee
CRO-1250 Other Receipt Sources
CRO-1310 Disbursements

- CRO-1315 Aggregated Non-Media Expenditures
- CRO-1320 Refunds and Reimbursements from the Committee
- CRO-1330 Non-Monetary Gifts Given to Other Committees
- CRO-1410 Loan Proceeds
- CRO-1420 Loan Repayments
- CRO-1430 Outstanding Loans
- CRO-1440 Forgiven Loans
- CRO-1510 In-kind Contributions
- CRO-1610 Debts and Obligations Owed by the Committee
- CRO-1620 Debts and Obligations Owed to the Committee
- CRO-1720 Account Transfers Within the Committee
- CRO-6100 Loan Proceeds Statement
- CRO-6200 Forgiven Loan Statement
- CRO-6300 Contribution from a Business Account Statement
- CRO-2220 48 Hour Notice

Electronic Filing

Electronic filing is an alternative for all candidate committees and a requirement for some candidate committees. The Campaign Finance Office of the State Board of Elections has spent the past several years re-designing and upgrading the electronic filing software in an effort to provide committees with improved campaign finance management and disclosure tools. The FREE software includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available at the State Board of Elections office in Raleigh. Regional trainings will also be offered beginning in 2010. Dates and locations will be posted on our website at www.ncsbe.gov.

Candidates for statewide office that show a cumulative total for the election cycle in excess of five thousand dollars (\$5,000) in contributions, in expenditures, or in loans must file electronically with the Campaign Finance Office of the State Board of Elections. In addition, a candidate committee that makes contributions in excess of five thousand dollars (\$5,000) to candidates for statewide office or makes independent expenditures in excess of five thousand dollars (\$5,000) that affect contests for statewide office must also file electronically. Candidate

committees required to file electronically but failing to do so are subject to penalties.

For more information on filing disclosure reports electronically, please contact our office at 919-733-7173 or visit our website.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates. Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes. A contribution that is made by the candidate or candidate's family would still be subject to the same disclosure as any other contribution received by the candidate.

It is important to be extremely familiar with the limitations and prohibitions on contributions. The following information is for all candidates other than judicial candidates. Judicial candidate contribution limitations are discussed separately in this portion of the Manual.

Limitations for non-judicial candidates

A candidate may not accept and a contributor may not give more than four thousand dollars (\$4,000) per election. Therefore, if there is a primary for the office of the candidate and a general election, the candidate may receive four thousand dollars (\$4,000) through the day of the primary and four thousand dollars (\$4,000) from the day after the primary through the general election. If the candidate is on the ballot in a second primary, the candidate would be entitled to receive an additional four thousand dollars (\$4,000) from the day after the primary through the day of the second primary. If a candidate is not on the ballot for the second primary, they would not be entitled to the additional four thousand dollars (\$4,000). A candidate, the candidate's spouse, parents, brothers and sisters may contribute unlimited amounts to the candidate and are not subject to the limitations. Any national, state, district or county executive committee of any political party (recognized under N.C.G.S. §163-96) is exempt from the contribution limitations as well.

Prohibitions

It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a candidate. This includes donating items to committees for fundraisers and sponsoring holes at golf tournaments.

Political committees not registered with North Carolina are also prohibited from contributing.

A registered political committee, other than those exempt political party committees, may contribute four thousand dollars (\$4,000) per election to non-judicial candidate committees.

Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association or have received contributions in excess of the contribution limitations for PACs may not contribute to a candidate committee.

Anonymous contributions are prohibited in North Carolina. This includes any funds raised for which contributor contact information is not obtained, such as “pass-the-hat” collections. Contributions made in the name of another are also prohibited. In addition, all checks or money orders must contain a specific designation of the intended recipient chosen by the contributor.

All contributions in excess of \$50 must be made by check, draft, money order, credit card, debit, or other noncash method.

Any such contributions received shall be turned over to the Board for deposit into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

All contributions must be reported. If the candidate committee is eligible and has certified to remain under the one thousand (\$1,000) threshold, all contributions must be documented and maintained internally. Upon the request of the Campaign Finance Office of the State Board of Elections, these documents would be required to be produced by the committee.

Committees not filing under the threshold are required to report all contributions. All contributors contributing over \$50 for the election must be reported with the name of the contributor, the address and occupational information.

If an individual exceeds the \$50 for the election, the treasurer would be required to disclose the name of that individual on the next required disclosure report and all contributions made by that individual since the date of the last election or primary election. Additionally, contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure and count toward an individual's \$50 threshold for identity reporting.

Contributions received from an individual that have not exceeded \$50 since the day after the last election or primary election does not require the reporting of the name, address or occupational information of the individual. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

In-kind contributions are reported as any other contribution. The contributor should provide the committee with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on the appropriate form (*Contributions from Individuals (CRO-1210)* or *Contributions from Political Party Committees (CRO-1220)* or *Contributions from Other Political Committees (CRO-1230)* or *Other Receipt Sources (CRO-1250)*) and also on the *In-Kind Contributions* form (**CRO-1510**). The reporting on the *In-Kind Contributions* form (**CRO-1510**) serves to balance the account. Since the in-kind contribution is not actually monetary, when it is reported as a receipt it inflates the balance of the account. The *In-Kind Contribution* form balance is recorded in the expenditure portion of the reporting. Therefore, the amount of the receipt is subtracted from the total, balancing the account and providing accurate disclosure as to the amount of money in the account.

Special Provisions for Judicial Candidates

Appellate judicial candidate contribution limitations

In 2003, the North Carolina General Assembly passed legislation that provided for a change in the contribution limitations for candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court. Until that time, all candidates for all offices were subject to the \$4,000 contribution limitation per contributor per election. The change decreased the contribution maximum for candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court from \$4,000 per contributor per election to \$1,000 per contributor per election with the exception of family contributors who may contribute \$2,000 per election. The definition of family contributor for these candidates differs from the definition of family contributor for other offices. A family contributor for a candidate for the North Carolina Court of Appeals or North Carolina Supreme Court is defined as:

- the candidate's parent,
- the candidate's child,
- the candidate's brother, or
- the candidate's sister.

The candidate or the candidate's spouse may make unlimited contributions to the candidate campaign committee.

PLEASE NOTE: Candidates for appellate judicial seats should read the section in this manual devoted to the NC Public Campaign Fund for appellate judicial candidates. Additional requirements and restrictions apply to candidates that choose to participate in the public funding program. Even candidates that choose not to participate in the public funding program should be aware of additional requirements and possible restrictions that may apply to them if they are opposed by a candidate that is certified in the public funding program.

District and Superior Court Judicial candidate contribution limitations

Candidates for superior and district court judge seats may not accept and contributors to their candidate campaign committees may not give more than \$1,000 per contributor per election. The candidate, candidate's spouse, parents, brothers and sisters may make unlimited contributions to their candidate campaign committee.

Currently, candidates for superior and district court judge seats are not eligible to participate in public funding programs.

Ban on Lobbyist contributions

No lobbyist may make a contribution at any time to a member of the General Assembly or Council of State or a candidate that filed a notice of candidacy for the General Assembly or Council of State. Additionally, no lobbyist may collect contributions from multiple contributors, take possession of such multiple contributions, or transfer or deliver the collected multiple contributions to the intended recipient. This common practice of “bundling” is not permitted for lobbyists with respect to contributions intended for members of the General Assembly or Council of State. This includes candidates for the General Assembly and Council of State that have filed a notice of candidacy.

A lobbyist that has filed a notice of candidacy may make a contribution to their own candidate campaign committee. Additionally, the lobbyist could take possession of multiple contributions intended for their own candidate campaign committee without violating the ban.

Any questions about the ban on lobbyist contributions should be directed to the Campaign Finance Office of the State Board of Elections.

Limitations on Fund-raising during Legislative Sessions

Since there is a complete ban on lobbyist contributions to members of the General Assembly and members of the Council of State, the fundraising limitations during regular sessions of the General Assembly are practically only relevant to candidates for the General Assembly and Council of State and political committees that employ a lobbyist.

Specifically, a political committee that employs or contracts with or whose parent entity employs or contracts with a NC registered lobbyist (“limited contributor”) may not contribute to a member or candidate for the General Assembly or member or candidate for the Council of State (“limited contributee”) while the General Assembly is in “regular session.” A “regular session” of the General Assembly is defined as the date set by law or resolution that the General Assembly convenes until the General Assembly adjourns sine die or recesses or adjourns for more than 10 days.

- A “limited contributee” may not solicit from a “limited contributor” any contribution to be made to a “limited contributee” or any other candidate, officeholder, or political committee.
 - A “limited contributee” may not solicit a third party to directly or indirectly solicit a contribution from a “limited contributor” **or** have the third party relay to the “limited contributor” the solicitation of the “limited contributee”.
 - No “limited contributor” shall make or offer to make a contribution to a “limited contributee”.
 - No “limited contributor” shall make a contribution to any candidate, officeholder, or political committee and direct or request that contribution to be made to a “limited contributee.”
 - No “limited contributor” shall transfer anything of value to any entity and direct that entity to use what was transferred as a contribution to a “limited contributee.”
 - No “limited contributee” or the real or purported agent of a “limited contributee” prohibited from solicitation shall accept a contribution from a “limited contributor.”
 - No “limited contributor” shall solicit a contribution from any individual or political committee on behalf of a “limited contributee.” This does not apply to a “limited contributor” soliciting a contribution on behalf of a political party executive committee if the solicitation is solely for a separate segregated fund kept by the political party limited to use for activities that are not candidate-specific, including generic voter registration and get-out-the-vote efforts, pollings, mailings, and other general activities and advertising that do not refer to a specific individual candidate.
- ❖ A contribution is “**made**” during regular session if the check or other instrument is dated during the session, or if the check or other instrument is delivered to the “limited contributee” during session, or if the “limited contributor” pledges during the session to deliver the check or other instrument at a later time.
 - ❖ A contribution is “**accepted**” during regular session if the check or other instrument is dated during the session, or if the “limited contributee” receives the check or other instrument during session and does not return it within 10 days.
 - ❖ A violation of these limitations is a Class 2 misdemeanor.
 - ❖ The exception to these limitations is that the limitations on fundraising do not apply to a “limited contributee” during the three weeks prior to a second primary where the “limited contributee” will be a candidate on the ballot.

Expenditures

Candidates are no longer able to spend their campaign funds for any purpose. There are only nine permitted purposes for which campaign funds can be used. These permitted purposes are as follows:

1. Expenditures resulting from the campaign for public office by the candidate or candidate’s campaign committee. The general rule for determining whether an expenditure is for this purpose is to determine if the expenditure would have

been made absent of the campaign for public office. If the answer is “yes” to that question, then the expenditure should not be made.

2. Expenditures resulting from holding public office. As discussed above, if the expenditure would have been made absent the candidate holding public office, then the candidate should not use campaign funds to make the expenditure. If the expenditure would only be made due to the fact that the candidate is holding office, then the expenditure would be permitted.
3. Contributions to an organization described in section 170(c) of the Internal Revenue Code, provided that the candidate, 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 the Board of Elections or a court of competent jurisdiction.
8. Payment to the Escheat Fund established by Chapter 116B of the General Statutes.
9. Donations to a legal expense fund established pursuant to Chapter 163, Article 22M of the General Statutes. Donations are limited to \$4,000 per calendar year.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by check and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the date of the last election must also be reported. All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election totals for the payee must also be included. Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included.

If a committee has something of value that is not monetary and they make an in-kind contribution to another entity, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Designation of Committee Funds

Contributions made to a candidate committee do not become a part of the personal estate of the candidate. The candidate may file with the Board a *Designation of Committee Funds* form (**CRO-3900**) which allows the candidate to designate how any remaining campaign funds will be spent in the event of the death or incapacity of the candidate. The candidate may only designate the funds to be spent in compliance with the nine purposes discussed above. All outstanding debts and obligations will be paid before any funds are disbursed pursuant to the designation. If no designation has been filed with the Board, all funds remaining after debts and obligations have been paid will be paid over to the North Carolina Escheat Fund.

Loans

Candidate Committees may receive loans from individuals and other entities not prohibited from making contributions. Loans are contributions and are subject to the same limitations as contributions. If a Candidate Committee receives a loan there is specific paperwork that must be completed. The treasurer of the Candidate Committee must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan, if applicable. The loan amount from an individual, other than the candidate, the candidate’s spouse, parents, or siblings, must not exceed four thousand dollars (\$4,000) for non-judicial candidates and one thousand dollars (\$1,000) for judicial candidates. If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed four thousand dollars (\$4,000) for non-judicial candidates and one thousand dollars (\$1,000) for judicial candidates for that election. Any guarantor on the loan may not make any contribution that, totaled with the amount of the loan they have guaranteed, would exceed four thousand dollars (\$4,000) for non-judicial candidates and one thousand dollars (\$1,000) for judicial candidates.

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a Candidate Committee has a loan that has not been repaid or forgiven, the Committee may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the “Committee” and those debts and obligations owed to the “Committee”. If a “Committee” receives a good or service for which they did not pay at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A “Committee” may not close until all debts and obligations have been paid by the “Committee”. Any debt or obligation that is not paid would be considered a contribution to the “Committee”. Contributions over the limitation and from prohibited contributors would result in violations by the “Committee”.

Threshold Requirements

Candidate Committees for county offices, municipal offices, local school board offices, soil and water conservation district board of supervisors offices, or sanitary district board offices have the option of being exempt from the reporting requirements if they certify that during the entire election cycle they will neither raise nor spend more than one thousand dollars (\$1,000) to further the candidate’s campaign. This certification is made on the *Certification of Threshold* form (**CRO-3600**). After this certification has been filed, the Candidate Committee is not required to file disclosure reports. However, the Candidate Committee is required to keep detailed records of all contributions and expenditures and to produce such records upon request of the Campaign Finance Office of the State Board of Elections.

Candidate Committees that make the certification and exceed the one thousand dollar (\$1,000) limitation during the election cycle must immediately file an amended *Certification of Threshold* form (**CRO-3600**). In addition, all contributions and expenditures from the origination date of the Committee or the beginning of the election cycle through the end of the current reporting period must be reported on the next required disclosure report. Filing under the threshold only exempts the Candidate Committee from reporting requirements, not requirements to keep internal records of all Committee transactions.

Threshold status must be renewed at the beginning of every election cycle by filing a new *Certification of Threshold* form (**CRO-3600**). Otherwise, it is assumed that the candidate committee is not under the threshold for the new election cycle and reports will be required to be timely filed.

Legal Expense Funds

Candidates are entitled to establish a separate fund for the purpose of funding an existing or potential legal action taken by or against the elected officer in that elected officer's capacity. A candidate that accepts donations for this purpose must establish and register this fund unless the only donations received for this purpose are from the candidate, candidate's spouse, parents, and siblings. Otherwise, legal expense funds are subject to disclosure and restrictions.

A candidate may not create more than one legal expense fund for the same legal action or for legal actions arising out of the same set of transactions and occurrences. However, a candidate may keep a legal expense fund open in order to raise donations for subsequent legal actions and potential legal actions.

Contractual arrangements, such as an arrangement for liability insurance, made in the normal course of business and not made for the purpose of lobbying are not considered "donations". These contractual arrangements do not by themselves require the candidate to create a legal expense fund. However, if a legal expense fund is required to be established by virtue of the acceptance of other reportable donations, these contractual arrangements shall be reported as expenditures.

Appointment of Treasurer

Every legal expense fund shall appoint a treasurer, under verification, including the name and address of that individual. If a treasurer resigns or is removed, the legal expense fund shall appoint a successor within 10 calendar days of the vacancy and certify the name and address of the successor to the appropriate board of elections. A legal expense fund should be established at the same board of elections where other campaign finance reports are filed.

Detailed Accounts

Just as with other disclosure reports, the treasurers for a legal expense fund shall keep detailed accounts, current within seven days after the date of receiving a donation or making an expenditure, of all donations

received and all expenditures made by or on behalf of the legal expense fund. Donations from the candidate or the candidate's family would be reported in the same manner as other donations.

The treasurer shall provide disclosure of all banks and depositories used for a legal expense fund, including all account numbers. An agent of the State Board is authorized to inspect these accounts in the course of any investigation.

Treasurers must show best efforts have been made to obtain all required information in order for there not to be a basis for criminal prosecution or the imposition of civil penalties.

Disclosure Reports

As treasurers are required to keep detailed accounts, they are also required to file disclosure reports that detail the activities of the legal expense fund. Within 10 calendar days of the creation of the legal expense fund, organizational paperwork must be filed with the appropriate board of elections. As stated above, please file this paperwork with the same office that all other campaign finance reports are filed.

The organizational paperwork includes the following:

- **Statement of Organizations-Legal Expense Fund (CRO-2100F)**
- **Certification of Treasurer-Legal Expense Fund (CRO-3100B)**
- **Certification of Financial Account Information (CRO-3500)**
- **Organizational Report**
 - ❖ Disclosure Report Cover (CRO-1000)
 - ❖ Detailed Summary (CRO-1100)
 - ❖ Any other reporting forms to provide disclosure of Fund activities.

All reports filed require the treasurer to sign the reports as true and correct and shall be certified as true and correct to the best of the treasurer's knowledge. The certification shall be treated as under oath and any individual making a certification under Article 22M knowing the information to be untrue is guilty of a Class I felony.

After the filing of the organizational paperwork, the legal expense fund will be required to make quarterly filings in both even and odd numbered years. Reports are due within 10 business days after the end of the calendar quarter.

For the most part, the same disclosure forms are used for providing disclosure of the legal expense fund as is required for providing disclosure of other political committees. However, there are some differences in the disclosure requirements.

- Donations:
 - All donations must be reported. However, the name, address and occupational information is only required for donors that have made donations that are in excess of \$50 for the calendar quarter. If a donor has contributed \$50 or less during that calendar quarter, only the dates and amounts of those donations are required to be disclosed.
- Expenditures:
 - All expenditures must be reported. The disclosure must include the name and complete mailing address of each payee, the amount paid, the purpose, and the date such payment was made. The report should also include sum-to-date totals. The payee shall be the entity to whom the legal expense fund is obligated to make the expenditure and a specific itemization of the goods and services purchased must be provided, including the detailed purpose for the expenditures.
- Loans:
 - All proceeds from loans shall be recorded separately with a detailed analysis reflecting the amount of the loan, the source, the period, the rate of interest, and the security pledged, if any, and all makers and endorsers.

Restrictions

Legal expense funds are subject to limitations with respect to both donations and expenditures. Review the following restrictions carefully before accepting donations or making expenditures.

- Donation limitations:
 - All donations in excess of \$50 must be in the form of a check, draft, money order, credit card charge, debit or other noncash method that can be subject to written verification. No noncash method can be received unless it contains a specific designation by the donor of the identity of the intended recipient.
 - No legal expense fund shall accept donations from a corporation, labor union, insurance company, professional association, or business entity in excess of \$4,000 per calendar year. Additionally, any donation made by an affiliated entity of any of these donors, when added with the initial affiliated entity, must not exceed \$4,000 per calendar year. **For example**, if ABC Corporation makes a \$2,000 donation to the John Doe Legal Expense Fund and its sister company DEF Corporation makes a \$3,000 donation. An excessive donation in the amount of \$1,000 has been made to the John Doe Legal Expense Fund. This concept is true for affiliated labor unions, insurance companies, professional associations and business entities. Disclosure of these donations should be provided on the *Legal Expense Fund-Other Receipt Sources* form (**CRO-1270**).
 - No legal expense fund shall accept donations from a candidate or candidate campaign committee in excess of \$4,000 per calendar year.
- Permitted uses of legal expense funds:

- **The elected officer’s campaign cannot be funded from a legal expense fund.**
 - A legal expense fund may only use its funds for reasonable expenses actually incurred by the elected officer in relation to a legal action or potential legal action brought by or against the elected officer in that elected officer’s official capacity.
- Upon closing a legal expense fund, the treasurer may only distribute the remaining funds to the following:
 - The Indigent Persons’ Attorney Fee Fund under Article 36 of Chapter 7A of the General Statutes.
 - The North Carolina State Bar for the provision of civil legal services for indigents.
 - Payments to an organization described in section 170(c) of the Internal Revenue Code of 1986, provided that the candidate or the candidate’s spouse, children, parents, or siblings are not employed by the organization.
 - To return all or a portion of a donation to the donor.
 - Payment to the Escheat Fund established by Chapter 116B of the General Statutes.

Please direct any questions about a legal expense fund to the State Board of Elections.

Notices of Reports Due

Upon registration of a Candidate Committee, all committees that have not filed under the one thousand dollar (\$1,000) threshold will receive notices for all reports due. All notices are sent to the current treasurer of record. Candidate Committees that change treasurers without notifying the appropriate Board of Elections office may not receive notices of reports being due. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

Candidates that have established a separate Legal Expense Fund will receive a separate notice for reports due. The reporting schedule for Legal Expense Funds is different than the standard quarterly reporting schedule. These reports are due 10 business days after the end of each calendar quarter in both even and odd numbered years.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. No longer are disclosure reports required to be notarized. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet (CRO-1000)* serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed at the appropriate Board of Elections office. Failure to do so could result in penalties for late filings. If a report only bears a meter mark, the date the report is received in the appropriate Board of Elections office will be the date filed. If that date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the appropriate Board of Elections office on or before the due date will be considered late and assessed penalties for late filing. Committees that file electronically must mail their signed coversheet by the report deadline date.

Any treasurer that intentionally files a report late in order to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not exceed three times the amount of the contributions and expenditures willfully attempted to be concealed.

The Campaign Finance Office of the State Board of Elections **strongly encourages** treasurers to send all disclosure reports by certified mail. In the event a postmark is not legible or a report is lost in the mail, the certified mail receipt will serve as proof of timely filing.

Civil Penalties

Candidate Committees may receive penalties for late-filed reports. A candidate committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. 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. If the Candidate Committee did file a report that affected a statewide election, the Committee would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in a committee's active status being terminated. Once a committee's status is terminated, the committee is not eligible to receive contributions or make expenditures.

Inactive Status

Candidate Committees that do not desire to disburse all funds nor intend on receiving any contributions or making expenditures for a period of

time may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the Committee certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the Committee is Inactive, disclosure reports are not required to be filed. If at some point the Committee intends on receiving contributions or making expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Candidates that wish to close their committee may do so at any time during the election cycle. In order to close the committee, all funds in the bank account must be disbursed. If the Candidate Committee filed under the \$1,000 threshold, the only other documentation required would be the *Certification to Close Committee* form (**CRO-3400**). If the Candidate Committee did not file under the \$1,000 threshold, a “Final Report” will be required in addition to the *Certification to Close Committee* form (**CRO-3400**). The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the Committee with the appropriate board of elections office, the treasurer will consider the Committee “closed pending” until a letter has been sent by the Campaign Finance Office of the State Board of Elections stating that a final audit has been conducted and the Committee is considered “closed”. The treasurer should maintain all records for the next two years after the conclusion of the election cycle.

State Candidate Committee

Reporting Schedule

This schedule is for all candidates in statewide elections, candidates for the North Carolina House and Senate, candidates for District and Superior Court seats, and candidates for District Attorney.

Within 10 days

Organizational Report

- Statement of Organization (CRO-2100A)
- Certification of Treasurer (CRO-3100)
- Certification of Financial Account Information (CRO-3500)
- Candidate Designation of Committee Funds (CRO-3900)
- Disclosure Report Cover (CRO-1000)
- Detailed Summary (CRO-1100)
- Contributions forms as applicable (CRO-1205 thru CRO-1250)
- Disbursement forms as applicable (CRO-1310 thru CRO-1330)
- Loan forms, if applicable (CRO-1410 thru CRO-1440)
- In-kind Contributions forms, if applicable (CRO-1510)
- Debts and Obligations forms, if applicable (CRO-1610 thru CRO-1620)

January 27, 2012

2011 Year End Semi-annual Report

- Required from all registered committees and elected officials
- Covers from July 1 thru December 31, 2011

April 30, 2012

2012 First Quarter Plus Report

- The first quarter plus 17 days preceding primary elections
- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru April 21

April 22 – May 8, 2012

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

May 8, 2012

PRIMARY ELECTION

July 11, 2012

2012 Second Quarter Report

- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru June 30

July 27, 2012

2010 Mid Year Semi-Annual Report

- Required from all registered committees NOT actively participating in the 2012 elections
- Covers from last report thru June 30

- October 29, 2012** **2012 Third Quarter Plus Report**
- The third quarter plus 17 days preceding the General Election
 - Required from all registered committees actively participating in the 2012 elections
 - Covers from last report thru October 20
- October 21 – November 6, 2012** **48 Hour Reports**
- Required when contributions of \$1,000 or more are received
 - Due within 48 hours of receiving such a contribution
- November 6, 2012** **GENERAL ELECTION**
- January 10, 2013** **2012 Fourth Quarter Report**
- Required from all registered committees actively participating in the 2012 elections
 - Covers from last report thru December 31
- January 25, 2013** **2012 Year End Semi-Annual Report**
- Required from all registered committees NOT actively participating in the 2012 elections
 - Covers from July 1, 2012 thru December 31, 2012
- Final Report**
- Filed when all funds are disbursed, loans repaid or forgiven, debts paid and committee bank account closed

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 441 North Harrington Street, Raleigh, NC 27603.

The mailing address is: PO Box 27255
Raleigh, NC 27611-7255

Telephone: 919-733-7173

County Candidate Committees

Reporting Schedule

This schedule is for all candidates in county elections.

Within 10 days

Organizational Report

- Statement of Organization (CRO-2100A)
- Certification of Treasurer (CRO-3100)
- Certification of Financial Account Information (CRO-3500)
- Candidate Designation of Committee Funds (CRO-3900)
- Disclosure Report Cover (CRO-1000)
- Detailed Summary (CRO-1100)
- Contributions forms as applicable (CRO-1205 thru CRO-1250)
- Disbursement forms as applicable (CRO-1310 thru CRO-1330)
- Loan forms, if applicable (CRO-1410 thru CRO-1440)
- In-kind Contributions forms, if applicable (CRO-1510)
- Debts and Obligations forms, if applicable (CRO-1610 thru CRO-1620)

January 27, 2012

2011 Year End Semi-annual Report

- Required from all registered committees and elected officials
- Covers from July 1 thru December 31, 2011

April 30, 2012

2012 First Quarter Plus Report

- The first quarter plus 17 days preceding primary elections
- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru April 21

April 22 – May 8, 2012

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

May 8, 2012

PRIMARY ELECTION

July 11, 2012

2012 Second Quarter Report

- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru June 30

July 27, 2012

2010 Mid Year Semi-Annual Report

- Required from all registered committees NOT actively participating in the 2012 elections
- Covers from last report thru June 30

October 29, 2012

2012 Third Quarter Plus Report

- The third quarter plus 17 days preceding the General Election
- Required from all registered committees actively participating in the 2012 elections
- Covers from last report thru October 20

**October 21 –
November 6, 2012**

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

November 6, 2012

GENERAL ELECTION

January 10, 2013

2012 Fourth Quarter Report

- Required from all registered committees actively participating in the 2012 elections
- Covers from last report thru December 31

January 25, 2013

2012 Year End Semi-Annual Report

- Required from all registered committees NOT actively participating in the 2012 elections
- Covers from July 1, 2012 thru December 31, 2012

Final Report

- Filed when all funds are disbursed, loans repaid or forgiven, debts paid and committee bank account closed

Where do I file these reports?

All reports should be filed with the candidate's local board of elections office.

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

Municipal Candidate Committees

Reporting Schedule

This schedule is for municipal committees that are not participating in 2012 elections. **If a municipal committee makes contributions or expenditures concerning state or county offices in 2012, then that committee must file reports on the schedule for State or County Candidate Committees as listed on the previous pages.**

- | | |
|-------------------------|--|
| January 27, 2012 | 2011 Year End Semi-annual Report <ul style="list-style-type: none">• Required from all registered committees and elected officials• Covers from July 1 thru December 31, 2011 |
| July 27, 2012 | 2012 Mid Year Semi-Annual Report <ul style="list-style-type: none">• Required from all registered committees NOT actively participating in the 2012 elections• Covers from last report thru June 30 |
| January 25, 2013 | 2012 Year End Semi-Annual Report <ul style="list-style-type: none">• Required from all registered committees NOT actively participating in the 2012 elections• Covers from July 1, 2012 thru December 31, 2012 |
| | Final Report <ul style="list-style-type: none">• Filed when all funds are disbursed, loans repaid or forgiven, debts paid and committee bank account closed |

Where do I file these reports?

All reports should be filed with the candidate's local board of elections office.

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

Reports from Elected Officials

Any elected official that maintains a “booster fund”, “support fund”, “unofficial office account”, or any other account or source used in support of an individual’s candidacy for elective office or in support of an individual’s duties while in elective office shall report the activities of that account on a Mid Year Semi-Annual Report and the Year End Semi-Annual Report every year. All money supporting these activities will be considered contributions and expenditures and are subject to reporting. Refer to the **Candidate Reporting Schedule** for specific dates.

Joint Candidate Fundraisers

Candidates often make the decision to hold fundraisers with other candidates. This is an acceptable practice as long as certain instructions are followed. The following information is for candidates for state or local office. If a state or local candidate wishes to hold a joint fundraiser with a federal candidate, the FEC should be contacted at 1-800-424-9530 for further instructions.

Requirements

A joint candidate fundraiser must be treated as a separate political committee with a separate bank account. Therefore, within 10 days of a decision to hold a fundraiser or receipt of the first contribution, a *Statement of Organization-Joint Candidate Committee (CRO-2100B)* must be completed. The *Statement of Organization-Joint Candidate Committee (CRO-2100B)* must contain:

- The name and office of each candidate involved;
- The percentage of proceeds that each candidate will receive, and
- The name and address of the treasurer of the joint fund-raising committee.

If all candidates involved file their individual campaign finance disclosure reports with a county board of elections office, these forms will also be filed with that county board of elections office. If one or more candidates file their campaign disclosure reports with the State Board of Elections, these forms will be filed with the State Board of Elections.

Candidates participating in a joint fundraiser should realize they continue to be limited to \$4,000 per contributor per election (for non-judicial candidates). Therefore, if a contributor had previously given the candidate’s committee a contribution for \$2,000 and then wishes to contribute to the fundraiser, the amount of the contribution may not exceed \$2,000 for the candidate that has already received \$2,000 from

that contributor. Treasurers for the individual candidate committees must be certain that contribution limitations have not been exceeded between the individual candidate committee and their percentage of the joint candidate committee. The treasurer of the joint candidate committee must provide the treasurer of each participating candidate with a list of contributors and the percentage of each contributor's contribution to that candidate. It will then be the responsibility of the individual candidate treasurer to ensure contributions limitations are being met.

Political Party Committees

General Requirements

Appointment of Treasurer

All political party committees must have an appointed treasurer who resides in North Carolina. NCGS § 163-278.7 states that a political committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. The appointment of treasurer is made on the *Statement of Organization-Party Committee* form (**CRO-2100C**). All political party committees should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. The *Statement of Organization-Party Committee* form (**CRO-2100C**) is the **only** form that can be used by a political party committee to officially change the treasurer. The treasurer listed on the last filed *Statement of Organization-Party Committee* form will be the treasurer of record and is considered responsible for the compliance of the “Committee”. Political Party committees often change treasurers at least every two years. It is extremely important for the “Committee” to complete the amended *Statement of Organization-Party Committee* within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the “Committee”. These records should document every transaction of the “Committee”, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the “Committee”. Further, the treasurer is responsible for the accuracy of the reports and for compliance with campaign finance laws.

Mandatory Treasurer Training

Every treasurer of a North Carolina political committee must receive treasurer training from the State Board within three months of appointment and again once every four years. This training requirement can be accomplished by attending in-person training at the office of the State Board of Elections or a regional location across the State or by completing online training available on the website of the State Board of Elections (www.sboe.state.nc.us).

Treasurers that do not complete the mandatory training requirement in a timely manner are not eligible to sign required disclosure reports. Only candidates, treasurers, or assistant treasurers that have been trained are eligible to sign disclosure reports. Reports submitted by a treasurer that has not received training are subject to penalties.

A complete listing of training session dates can be found on our website. Please call our office at 919-733-7173 to sign up for an upcoming treasurer training session.

Organizing the Committee

Within 10 days of a political party committee organizing, they must register with the Campaign Finance Office of the State Board of Elections. The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Party Committee (CRO-2100C)* and the *Certification of Financial Account Number Information (CRO-3500)*. Every political party committee must complete these two forms within 10 days of receiving or spending any money. A political party committee must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with assuring that your committee name is unique.

All money must be maintained in a separate bank account(s) used exclusively by the committee. No committee funds shall be commingled with any other funds.

After completing the *Statement of Organization-Party Committee* and the *Certification of Financial Account Number Information* forms, the party committee must determine if they intend to receive and/or spend over \$1,000 during the election cycle. If the party committee determines that they will NOT spend over \$1,000 for the election cycle (refer to the definition of election cycle in the GLOSSARY), a *Certification of Threshold* form (**CRO-3600**) must be completed. This Certification states that the party committee will not receive and/or spend over \$1,000 for the election cycle. Please refer to the section on Threshold requirements for specific information regarding this status.

If the party committee does intend to raise or spend over \$1,000, an **Organizational Report** is required with the *Statement of Organization-Party Committee (CRO-2100C)* and the *Certification of Financial Account Number Information (CRO-3500)*. The **Organizational Report** is the first

required disclosure report for committees not certifying under the Threshold. The contents of the **Organizational Report** would include any contributions received and/or expenditures made within the first ten days of the Committee. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even simpler. Once these steps have been taken, the committee is ready to begin. As stated earlier, all Organizational documents discussed in this section are due within the first 10 days of receiving a contribution or making an expenditure or registering the committee, whichever is earlier.

Reporting Forms

If your committee has not filed under the Threshold, disclosure reports will be required. These reports can either be filed on paper or electronically. There are numerous forms in our paper disclosure filing system. Most committees will use less than 10 of these forms, but there is a form for almost all transactions, if needed. For committees desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has developed electronic software to keep these records and complete the required disclosure reports. This software is discussed in the next section.

If you decide to use the paper forms, the following list contains the forms that could be used by your committee. These forms can be found on our website at www.sboe.state.nc.us. Some of the forms in our system are specific to certain types of committees. Political Party Committees should only submit from the list provided below:

- CRO-2100C Statement of Organization-Party Committee
- CRO-2110 Statement of Organization Addendum
- CRO-2120 Additional Committee Funds
- CRO-2600 Political Party Executive Committee Exempt Sales Plan
- CRO-3200 Certification of Inactive Status
- CRO-3300 Certification to Return to Active Status
- CRO-3400 Certification to Close Committee

CRO-3500 Certification of Financial Account Number Information
CRO-3600 Certification of Threshold
CRO-3700 Certification of Incorporated Political Committee
CRO-1000 Disclosure Report Cover
CRO-1010 Disclosure Report Cover Addendum
CRO-1100 Detailed Summary
CRO-1205 Aggregated Contributions from Individuals
CRO-1210 Contributions from Individuals
CRO-1215 Contributions to be Reimbursed
CRO-1220 Contributions from Political Party Committees
CRO-1230 Contributions from Other Political Committees
CRO-1240 Refunds and Reimbursements to the Committee
CRO-1250 Other Receipt Sources
CRO-1265 Exempt Purchase Price Sales
CRO-1310 Disbursements
CRO-1315 Aggregated Non-Media Expenditures
CRO-1320 Refunds and Reimbursements from the Committee
CRO-1330 Non-Monetary Gifts Given to Other Committees
CRO-1410 Loan Proceeds
CRO-1420 Loan Repayments
CRO-1430 Outstanding Loans
CRO-1440 Forgiven Loans
CRO-1510 In-Kind Contributions
CRO-1610 Debts and Obligations Owed by the Committee
CRO-1620 Debts and Obligations Owed to the Committee
CRO-1720 Account Transfers Within the Committee
CRO-6100 Loan Proceeds Statement
CRO-6200 Forgiven Loan Statement
CRO-6300 Contribution from a Business Account Statement
CRO-2220 48 Hour Notice

Electronic Filing

Electronic filing is an alternative for all political party committees and a requirement for some political party committees. The Campaign Finance Office of the State Board of Elections has spent the past several years re-designing and upgrading the electronic filing software in an effort to provide committees with improved campaign finance management and disclosure tools. The FREE software includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available at the State Board of Elections office in Raleigh. Regional trainings will also be offered in 2012. Dates and locations will be posted on our website at www.sboe.state.nc.us.

State, district, county, or precinct executive committees of a political party that make contributions or independent expenditures that affect contests for statewide office and that cumulatively are in excess of \$5,000 for the election cycle must file electronically with the Campaign Finance Office of the State Board of Elections. Political party committees required to file electronically but failing to do so are subject to penalties.

For more information on filing disclosure reports electronically, please contact our office at 919-733-7173 or visit our website.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates. Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be extremely familiar with the limitations and prohibitions on contributions. The following information is for political party committees.

Limitations

- National, State, district and county executive committees of NC recognized parties
 - These political party committees are not subject to the four thousand dollar (\$4,000) per election contribution limitation that other political committees and subordinate political party committees face. In fact, National, State, district and county executive committees of political parties recognized under NCGS § 163-96 have no contribution limitations. A contributor may give any amount to these political party committees and the political party committee may give any amount to any other North Carolina political committee with the exception of state judicial appellate candidate committees (candidates for NC Court of Appeals or NC Supreme Court). Political party executive committees are limited to contributing only \$1,000 per election to these committees.
- Subordinate political party committees (such as County Republican Men's Club or County Young Democrats) and those not recognized by NCGS §163-96
 - These committees may not accept and a contributor may not give more than four thousand dollars (\$4,000) per election. Therefore, if there is a primary and a general election, the "Committee" may receive four thousand dollars (\$4,000) through the day of the primary and four thousand dollars (\$4,000) from the day after the primary through the general election. If there is a second primary in which the "Committee" is involved (contributing), the "Committee" would be entitled to receive an additional four thousand dollars (\$4,000) from the day after the primary through the day of the second primary. If the "Committee" is not contributing to candidates involved in a second primary, the "Committee" would not be entitled to the additional four thousand dollars (\$4,000).

Prohibitions

It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to any political party committee.

Political committees not registered with North Carolina are also prohibited from contributing to political party committees.

Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association may not contribute to a political party committee.

Anonymous contributions are prohibited in North Carolina. This includes any funds raised for which contributor contact information is not obtained, such as “pass-the-hat” collections. Contributions made in the name of another are also prohibited. In addition, all checks or money orders must contain a specific designation of the intended recipient chosen by the contributor.

All contributions in excess of \$50 must be made by check, draft, money order, credit card, debit, or other noncash method.

Any such contributions received shall be turned over to the Board for deposit into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

All contributions must be reported. If the political party committee has certified to remain under the one thousand dollar (\$1,000) threshold, all contributions must be documented and maintained internally. Upon the request of the Campaign Finance Office of the State Board of Elections, these documents would be required to be produced by the committee. Committees not filing under the threshold are required to report all contributions.

If an individual exceeds the \$50 for the election, the treasurer would be required to disclose the name of that individual on the next required disclosure report and all contributions made by that individual since the date of the last election or primary election. Additionally, contributions

received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure and count toward an individual's \$50 threshold for identity reporting.

Contributions received from an individual that have not exceeded \$50 since the day after the last election or primary election does not require the reporting of the name, address or occupational information of the individual. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

In-kind contributions are reported as any other contribution. The contributor should provide the committee with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on the appropriate form (*Contributions from Individuals (CRO-1210)* or *Contributions from Political Party Committees (CRO-1220)* or *Contributions from Other Political Committees (CRO-1230)* or *Other Receipt Sources (CRO-1250)*) and also on the *In-Kind Contributions* form (CRO-1510). The reporting on the *In-Kind Contributions* form (CRO-1510) serves to balance the account. Since the in-kind contribution is not actually monetary, when it is reported as a receipt it inflates the balance of the account. The *In-Kind Contribution* form balance is recorded in the expenditure portion of the reporting. Therefore, the amount of the receipt is subtracted from the total, balancing the account and providing accurate disclosure as to the amount of money in the account.

Political party **executive** committees (not subordinate committees) are eligible to raise contributions through an Exempt Purchase Price Sale ("Exempt Sale"). An Exempt Sale is a sale of goods or services, such as t-shirts, buttons, and food items, in which:

- The price for each item is reasonably close to its market price; and
- The total purchases for each contributor is \$50 or less; and
- The treasurer submits a sales plan (form CRO-2600) to the Executive Director of the State Board of Elections for approval prior to conducting the sale; and
- The total amount raised from all sales under all plans by the committee does not exceed \$10,000 per election cycle.

Under an Exempt Sale, treasurers are not required to obtain the name, address, and employer information for each contributor. Instead, the treasurer records the total number of each item sold and the amount

raised. The proceeds from exempt sales are disclosed on form CRO-1265.

Expenditures

There are very few restrictions on how a party committee may spend its money. However, all expenditures must be reported, along with the specific purpose of the expenditure. The limitations on expenditures exist mainly in contributing to other political committees. National, State, district, and county executive committees of political parties recognized by NCGS § 163-96 have no limitations on how much they can contribute to other political committees with the exception of state judicial appellate candidate committees and the candidate committees of superior and district court judge candidates where they may only contribute \$1,000 per election. Subordinate political party committees and those not recognized under NCGS § 163-96 must adhere to the four thousand dollar (\$4,000) contribution limitation when contributing to other political committees.

Note: Subordinate political party committees may only contribute \$1,000 per election to state judicial appellate candidate committees and superior and district court judge candidate committees.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by a verifiable form of payment and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the last election must also be reported.

All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election sum-to-date totals for the payee must also be included.

Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of each expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included.

Any expenditure for postage may be paid in cash in any amount.

If a committee has something of value that is not monetary and they make an in-kind contribution to another entity, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

Political Party Committees may receive loans from individuals and other entities permitted to make contributions. Loans are contributions and are subject to the same limitations as contributions. If a Political Party Committee receives a loan there is specific paperwork that must be completed. The treasurer of the Political Party Committee must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan, if applicable. National, State, district, and county executive committees of political parties recognized by NCGS § 163-96 can receive loans in any amount from qualified contributors.

They may also make loans to political committees other than state judicial appellate candidate committees and superior and district court judge candidate committees in any amount. Subordinate political party committees and political party committees not recognized by NCGS §163-96 may only receive and make loans not to exceed four thousand dollars (\$4,000) for the election. If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed four thousand dollars (\$4,000) for that election. Any guarantor on the loan may not make any contribution that totaled with the amount of the loan they have guaranteed would exceed four thousand dollars (\$4,000).

Note: Subordinate political party committees may only loan \$1,000 per election to state judicial appellate candidate committees and superior and district court judge candidate committees.

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven*

Loan Statement (CRO-6200). If a Political Party Committee has a loan that has not been repaid or forgiven, the “Committee” may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the “Committee” and those debts and obligations owed to the “Committee”. If a “Committee” receives a good or service which they did not pay for at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A “Committee” may not close until all debts and obligations have been paid by the “Committee”. Any debt or obligation that is not paid would be considered a contribution to the “Committee”. Contributions over the limitation and from prohibited contributors would result in violations by the “Committee”.

Threshold Requirements

Political Party Committees have the option of being exempt from the reporting requirements if they certify that during the entire election cycle they will neither raise nor spend more than one thousand dollars (\$1,000). This certification is made on the *Certification of Threshold* form (**CRO-3600**). After this certification has been filed, the Political Party Committee is not required to file disclosure reports. However, the Political Party Committee is required to keep detailed records of all contributions and expenditures and to produce such records upon request of the Campaign Finance Office of the State Board of Elections.

Political Party Committees that make the certification and exceed the one thousand dollar (\$1,000) limitation during the election cycle must immediately file an amended *Certification of Threshold* form (**CRO-3600**). In addition, all contributions and expenditures from the origination date of the Committee or the beginning of the election cycle through the end of the current reporting period must be reported on the next required disclosure report. Filing under the threshold only exempts the Political

Party Committee from reporting requirements, not requirements to keep internal records of all “Committee” transactions.

Threshold status must be renewed at the beginning of every election cycle by filing a new *Certification of Threshold* form (**CRO-3600**). Otherwise, it is assumed that the party committee is not under the threshold for the new election cycle and reports will be required to be timely filed.

Notices of Reports Due

All registered Political Party Committees that have not filed under the one thousand dollar (\$1,000) threshold will receive notices for all reports due. All notices are sent to the current treasurer of record. Political Party Committees that change treasurers without notifying the appropriate Board of Elections office may not receive notices of reports being due. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. No longer are disclosure reports required to be notarized. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet* (**CRO-1000**) serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed at the State Board of Elections office. Failure to do so could result in penalties for late filings. If a report only bears a meter mark, the date the report is received in the State Board of Elections office will be the date filed. If that date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the State Board of Elections office on or before the due date will be considered late and assessed penalties for late filing. Committees that file electronically must mail their signed coversheet by the report deadline date.

Any treasurer that intentionally files a report late in order to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not

exceed three times the amount of the contributions and expenditures willfully attempted to be concealed.

The Campaign Finance Office of the State Board of Elections **strongly encourages** treasurers to send all disclosure reports by certified mail. In the event a postmark is not legible or a report is lost in the mail, the certified mail receipt will serve as proof of timely filing.

Civil Penalties

Political Party Committees may receive penalties for late-filed reports. A Political Party Committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. 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. If the Political Party Committee did file a report that affected a statewide election, the "Committee" would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in the "Committee" having their active status terminated. Once the status of the "Committee" is terminated, the "Committee" is not eligible to receive contributions or make expenditures.

Inactive Status

Political Party Committees that do not desire to disburse all funds and close their "Committee", but also do not intend to receive any contributions or make any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the "Committee" certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the "Committee" is inactive, disclosure reports are not required to be filed. If at some point the "Committee" intends to receive contributions or make expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Political Party Committees that wish to close their committee may do so at any time during the election cycle. In order to close the committee, all

funds in the bank account must be disbursed. If the Political Party Committee filed under the \$1,000 threshold, the only other documentation required would be the *Certification to Close Committee* form (**CRO-3400**). If the Political Party Committee did not file under the \$1,000 threshold, a “Final Report” will be required in addition to the *Certification to Close Committee* form (**CRO-3400**). The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or, if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the Committee with the State Board of Elections office, the treasurer will consider the Committee “closed pending” until a letter has been sent by the Campaign Finance Office of the State Board of Elections stating that a final audit has been conducted and the Committee is considered “closed”. The treasurer should maintain all records for two years after the conclusion of the election cycle.

Political Party Committee

Reporting Schedule

This schedule is for all Party Committees registered with the State Board of Elections.

Within 10 days

Organizational Report

- Statement of Organization (CRO-2100C)
- Certification of Financial Account Information (CRO-3500)

AND EITHER Certification of Threshold (CRO-3600) *OR*

- Disclosure Report Cover (CRO-1000)
- Detailed Summary (CRO-1100)
- Contributions forms as applicable (CRO-1205 thru CRO-1250)
- Disbursement forms as applicable (CRO-1310 thru CRO-1330)
- Loan forms, if applicable (CRO-1410 thru CRO-1440)
- In-kind Contributions forms, if applicable (CRO-1510)
- Debts and Obligations forms, if applicable (CRO-1610 thru CRO-1620)

January 27, 2012

2011 Year End Semi-annual Report

- Required from all registered committees and elected officials
- Covers from July 1 thru December 31, 2011

April 30, 2012

2012 First Quarter Plus Report

- The first quarter plus 17 days preceding primary elections
- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru April 21

April 22 – May 8, 2012

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

May 8, 2012

PRIMARY ELECTION

July 11, 2012

2012 Second Quarter Report

- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru June 30

July 27, 2012

2010 Mid Year Semi-Annual Report

- Required from all registered committees NOT actively participating in the 2012 elections
- Covers from last report thru June 30

- October 29, 2012** **2012 Third Quarter Plus Report**
- The third quarter plus 17 days preceding the General Election
 - Required from all registered committees actively participating in the 2012 elections
 - Covers from last report thru October 20
- October 21 – November 6, 2012** **48 Hour Reports**
- Required when contributions of \$1,000 or more are received
 - Due within 48 hours of receiving such a contribution
- November 6, 2012** **GENERAL ELECTION**
- January 10, 2013** **2012 Fourth Quarter Report**
- Required from all registered committees actively participating in the 2012 elections
 - Covers from last report thru December 31
- January 25, 2013** **2012 Year End Semi-Annual Report**
- Required from all registered committees NOT actively participating in the 2012 elections
 - Covers from July 1, 2012 thru December 31, 2012
- Final Report**
- Filed when all funds are disbursed, loans repaid or forgiven, debts paid and committee bank account closed

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 441 North Harrington Street, Raleigh, NC 27603.

The mailing address is: PO Box 27255
Raleigh, NC 27611-7255

Telephone: 919-733-7173

North Carolina Political Parties Financing Fund

Appropriations

After either the primary or nominating convention of a political party is held in a general election year or a presidential general election year, the State chair of the political party may apply to the State Board of Elections for the disbursement of all funds deposited on behalf of that party with the State Treasurer into the North Carolina Political Parties Financing Fund. These funds are the result of taxpayer contributions. In the event that a primary or nominating convention is temporarily postponed for one election year, the State chair may apply for the disbursement after the regular date set for the primary or nominating convention prior to the postponement.

Upon receipt of an application from a State party chair, the State Board of Elections has 30 days from which to disburse to that party all funds currently held by the State Treasurer on that political party's behalf. All payments from this Fund shall cease 30 days after the State Board of Elections has certified all the general election results to the Secretary of State. In addition, upon receipt of the application from the State party chair in a presidential general election year, all funds held in the "Presidential Election Year Candidates Fund" by the State Treasurer for that political party shall be paid over to the State chair. The disbursement of these funds will also cease 30 days after the State Board of Elections has certified all general election results to the Secretary of State. Any remaining funds of that political party held by the State Treasurer at that time will continue to be held by the State Treasurer until again eligible for distribution.

In a year in which there is no general election, the State party chair may apply to the State Board of Elections on or between August 1st and September 1st for payment from the North Carolina Political Parties Financing Fund in an amount not to exceed fifty percent (50%) of the available funds credited to that party's account. The State Board of Elections shall disburse this amount to the State chair and direct the State Treasurer to place fifty percent (50%) of those available funds in a separate interest bearing account to be known as the "Presidential Election Year Candidates Fund of the (name of the party) Party". These funds will be disbursed as indicated above in presidential general

election years. Any interest this account earns shall be credited to the party.

Distribution of Campaign Funds by the Party

In a general election year or presidential general election year, the State chair shall disburse fifty percent (50%) of the funds received from the NC Political Party Financing Fund and the other fifty percent (50%) of the funds shall be allocated by the “Fund Special Committee”. This committee is composed of the State Chairman, Treasurer, the Congressional District Chairmen, and a number of persons that shall not exceed the number of congressional districts in North Carolina appointed by the State Chair. The State Chairman will serve as Chairman of the “Fund Special Committee”. The “Fund Special Committee” shall have the sole responsibility of disbursing fifty percent (50%) of the funds received from the NC Political Party Financing Fund. These funds may only be disbursed for one or more purposes (legitimate campaign expenses) as specifically defined in the Article. If funds are allocated to a candidate, the candidate may decline in whole or in part any funds distributed by the party. If any funds are allocated to a candidate, the State Chairman shall disburse the funds only to the Treasurer of that candidate or committee.

Legitimate Expenses Permitted

All funds received by a party from the North Carolina Political Parties Financing Fund or the Presidential Election Year Candidates Fund may only be disbursed for legitimate campaign expenses. In addition, it shall be unlawful for any money to be spent either directly or indirectly for the support or assistance of any candidate in a primary election, selection of a candidate at a political convention or by executive committee of a party, payment or repayment of any debt or other obligation of any kind incurred by any person, candidate or political committee in a primary election, selection of a candidate at a political convention or by executive committee of a party. It is also unlawful for funds to be spent in support, promotion or opposition of a national, State or local referendum, bond election or constitutional amendment.

The following expenses are permitted and are considered legitimate campaign expenses. These are examples of legitimate expenses and are illustrations, not limitations:

- Radio, television, newspaper, and billboard advertising for and on behalf of a political party or candidate;
- Leaflets, fliers, buttons, and stickers;

- Campaign staff salaries, provided each staff member is listed by name and by the amount paid as salary and the amount paid as campaign expense reimbursement;
- Travel expenses, lodging, and food for candidate and staff;
- Expenses to ensure compliance with federal and State campaign finance and reporting laws;
- Contributions to or expenses on behalf of candidates of that political party;
- Party headquarters operations related to upcoming general elections, including the purchase, maintenance and programming of computers to provide lists of voters, party workers, officers, committee members and participants in party functions; patterns of voting and other data for use in general election campaigns and party activities and functions prior thereto; the establishment and updating of computer file systems of voter registration lists; State, district, county and precinct officers and committee member lists; party clubs or organization lists; the organizing of voter registration, fund raising and get-out-the-vote programs at the county level when conducted by State party personnel; and the preparation of reports required to be filed by State and federal laws, and systems needed to prepare the same and keep records incident thereto.

Annual Report to State Board of Elections

The State chair of a party receiving funds from either the NC Political Parties Financing Fund or the Presidential Election Year Candidates Fund must maintain full and complete records of the party's receipts and any and all expenditures and disbursements. These records should include receipts, bank statements, and any other documentation substantiating all financial transactions of the party. These records should be centrally located and shall be readily available at reasonable hours for public inspection.

An Annual Report must be submitted to the Campaign Finance Office of the State Board of Elections by December 31st of a year in which a party receives revenue from either the NC Political Parties Financing Fund or the Presidential Election Year Candidates Fund. This report should be completed on the standard campaign finance reporting forms and in the same manner as other required campaign finance disclosure submissions. In addition, the State chair shall attach a verification that all funds received were expended in accordance with Article 22B of Chapter 163 of the NC General Statutes. If a determination is made by the Executive Director of the State Board of Elections that funds were not expended in accordance with Article 22B, the Executive Director shall order the political party to reimburse the General Fund of NC for the improper amount expended. No further payments from the Fund(s) will be made to the party until such reimbursement has been made in full. A copy of the order will be sent to the State Treasurer advising them to suspend disbursements from the Fund(s) until the reimbursement has been accomplished.

Political Party Headquarters Building Funds

Allowable Contributions

Those entities prohibited from contributing to political party committees may contribute to the building fund of a political party, if a building fund has been established. The contribution may be monetary or in-kind (other things of value). Such contributions must be deposited in a separate “Building Fund” account.

Specific Use of Building Funds

All donations made to a political party’s building fund must be subject to the following rules: (G.S. 163-278.19B)

- The donations solicited and accepted are designated to the political party headquarters building fund.
- Potential donors to that fund are advised that all donations will be exclusively for the political party headquarters building fund.
- The political party establishes a separate segregated bank account into which shall be deposited only donations for the political party headquarters building fund from persons prohibited from making contributions.
- The donations deposited in the separate segregated bank account for the political party headquarters building fund will be spent only to purchase a headquarters building, to construct a headquarters building, to renovate a headquarters building, to pay a mortgage on a headquarters building, or to repay donors if a headquarters building is not purchased, constructed, or renovated. Donations deposited into that account shall not be used for headquarters rent, utilities, or equipment other than fixtures.

Reports Due

The political party executive committee shall report donations to and spending from the political party headquarters building fund on all reports required by the political party. Even if the political party committee has filed under the threshold and is exempt from reporting, all funds into and from a political party headquarters building fund must be reported on the reporting schedule for political party committees not filing under the threshold. Please refer to the **Party Committee Reporting Schedule** for specific dates. All reports will be submitted to the Campaign Finance Office of the State Board of Elections.

Political committees (PACs)

General Requirements

Appointment of Treasurer

All non-federal political committees (PACs) must have an appointed treasurer who resides in North Carolina. NCGS § 163-278.7 states that a political committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. The appointment of treasurer is made on the *Statement of Organization-Political Action Committee* form (**CRO-2100D**). Political committees (PACs) supporting candidates for statewide office, legislative, judicial offices, district attorney, or candidates in more than one county should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. PACs supporting candidates for office in a single county or municipality should file their form with the county board of elections office for which the candidates are seeking office. The *Statement of Organization-Political Action Committee* form (**CRO-2100D**) is the **only** form that can be used by a PAC to officially change the treasurer. The treasurer listed on the last filed *Statement of Organization-Political Action Committee* form will be the treasurer of record and is considered responsible for the compliance of the “Committee”. PACs often change treasurers. It is extremely important for the “Committee” to complete the amended *Statement of Organization-Political Action Committee* form within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

All money must be maintained in a separate bank account(s) used exclusively by the committee. No committee funds shall be commingled with any other funds.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the “Committee”. These records should document every transaction of the “Committee”, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the “Committee”. Further, the treasurer is responsible for the accuracy of the reports and for compliance with campaign finance laws.

Mandatory Treasurer Training

Every treasurer of a North Carolina political committee must receive treasurer training from the State Board within three months of appointment and again once every four years. This training requirement can be accomplished by attending in-person training at the office of the State Board of Elections or a regional location across the State or by completing online training available on the website of the State Board of Elections (www.sboe.state.nc.us).

Treasurers that do not complete the mandatory training requirement in a timely manner are not eligible to sign required disclosure reports. Only candidates, treasurers, or assistant treasurers that have been trained are eligible to sign disclosure reports. Reports submitted by a treasurer that has not received training are subject to penalties.

A complete listing of training session dates can be found on our website. Please call our office at 919-733-7173 to sign up for an upcoming treasurer training session.

Organizing the Committee

A group or combination of two or more individuals whose major purpose is to support or oppose one or more clearly identified candidates or candidates of a clearly identified political party is a political committee (PAC). In order for political committees (PACs) to support or oppose candidates in North Carolina, they must first register with the appropriate board of elections office. For political committees (PACs) supporting or opposing candidates within a single county or municipality, organization would take place at the county board of elections office. For political committees (PACs) supporting or opposing (1) candidates for statewide office, or (2) candidates in more than one county, or (3) a candidate in a district that has more than one county, organization would take place at the Campaign Finance Office of the State Board of Elections.

The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Political Action Committee* form (**CRO-2100D**), *Certification of Financial Account Number Information* form (**CRO-3500**) and the **Organizational Report**. Every political committee must complete these two forms and the **Organizational Report** within 10 days of organizing or of receiving or spending any money in order to support or oppose candidates. A political committee (PAC) must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name.

The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with assuring that your committee name is unique.

After completing the *Statement of Organization-Political Action Committee* and the *Certification of Financial Account Number Information* forms, an **Organizational Report** must be completed. The **Organizational Report** is the first required disclosure report for political committees (PACs). The contents of the **Organizational Report** would include any contributions received or expenditures made in order to support or oppose candidates. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even more simplified. Once these steps have been taken, the committee is ready to begin.

Reporting Forms

Disclosure reports are required from all PACs. These reports can either be filed on paper or electronically. Federal committees only file on the NC Federal Committee forms. Most committees will use less than 10 forms, but there is a form for almost all transactions, if needed. For committees desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has developed free electronic software to keep these records and complete the required disclosure reports. This software is discussed in the next section.

If you decide to use the paper forms, the following list contains the forms that could be used by your committee. These forms can be found on our website at www.sboe.state.nc.us. Some of the forms in our system are specific to certain types of committees. PACs should only submit from the list provided below and Federal Committees only from the second list below:

- CRO-2100D Statement of Organization-Political Action Committee
- CRO-2110 Statement of Organization Addendum
- CRO-2120 Additional Committee Funds
- CRO-3200 Certification of Inactive Status

CRO-3300 Certification to Return to Active Status
CRO-3400 Certification to Close Committee
CRO-3500 Certification of Financial Account Number Information
CRO-3700 Certification of Incorporated Political Committee
CRO-1000 Disclosure Report Cover
CRO-1010 Disclosure Report Cover Addendum
CRO-1100 Detailed Summary
CRO-1205 Aggregated Contributions from Individuals
CRO-1215 Contributions to be Reimbursed
CRO-1210 Contributions from Individuals
CRO-1220 Contributions from Political Party Committees
CRO-1230 Contributions from Other Political Committees
CRO-1240 Refunds and Reimbursements to the Committee
CRO-1250 Other Receipt Sources
CRO-1310 Disbursements
CRO-1315 Aggregated Non-Media Expenditures
CRO-1320 Refunds and Reimbursements from the Committee
CRO-1330 Non-Monetary Gifts Given to Other Committees
CRO-1410 Loan Proceeds
CRO-1420 Loan Repayments
CRO-1430 Outstanding Loans
CRO-1440 Forgiven Loans
CRO-1510 In-Kind Contributions
CRO-1610 Debts and Obligations Owed by the Committee
CRO-1620 Debts and Obligations Owed to the Committee
CRO-1710 Administrative Support (*only for PACs with a parent entity*)
CRO-1720 Account Transfers Within the Committee
CRO-6100 Loan Proceeds Statement
CRO-6200 Forgiven Loan Statement
CRO-6300 Contribution from a Business Account Statement
CRO-2220 48 Hour Notice

NC Federal Committee Filing Forms

CRO-4000 Federal Committee Statement of Organization
CRO-4010 Federal Committee Statement of Organization Addendum
CRO-4100 Federal Committee NC Disclosure Report Cover
CRO-4110 Federal Committee NC Disclosure Report Cover Addendum
CRO-4200 Federal Committee Report of Contributions to NC Political Committees

Independent Expenditure PACs (IE PACs)

A political committee can certify that they will not directly or indirectly make contributions to candidate committees or other committees that make contributions to candidates. If this certification is made, an IE PAC can accept unlimited contributions and make unlimited independent expenditures. Currently, the national media refers to these PACs as “SuperPACs”.

Disclosure reporting by IE PACs follows the same schedule as other PACs involved in the 2012 elections.

Electronic Filing

Electronic filing is an alternative for all political committees (PACs), including NC Federal Committees, and a requirement for some political committees (PACs), including NC Federal Committees. The Campaign Finance Office of the State Board of Elections has spent the past three years designing and upgrading the electronic filing software in an effort to provide committees with improved campaign finance management and disclosure tools. The FREE software includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available at the State Board of Elections office in Raleigh. Dates and locations for regional trainings are posted on our website at www.sboe.state.nc.us.

A political committee (PAC) that makes contributions or independent expenditures that affect contests for statewide office and that cumulatively are in excess of \$5,000 for the election cycle must file electronically with the Campaign Finance Office of the State Board of Elections. Political committees (PACs) required to file electronically but failing to do so are subject to penalties.

For more information on filing disclosure reports electronically, please contact our office at 919-733-7173 or visit our website.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates or candidates of a clearly identified political party. Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be extremely familiar with the limitations and prohibitions on contributions. The following information is for all PACs.

Limitations

A PAC may not accept and a contributor may not give more than four thousand dollars (\$4,000) per election. Therefore, if there is a primary and a general election, the PAC may receive four thousand dollars (\$4,000) through the day of the primary and four thousand dollars (\$4,000) from the day after the primary through the general election. If the PAC is involved (contributing) in a second primary, the PAC would be entitled to receive an additional four thousand dollars (\$4,000) from the day after the primary through the day of the second primary. If the PAC is not involved (contributing) in the second primary, they would not be entitled to the additional four thousand dollars (\$4,000).

Prohibitions

It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a PAC.

Political committees not registered with North Carolina are also prohibited from contributing.

Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association or received contributions in excess of the contribution limits for a PAC may not contribute to a PAC.

Anonymous contributions are prohibited in North Carolina. This includes any funds raised for which contributor contact information is not obtained, such as “pass-the-hat” collections. Contributions made in the name of another are also prohibited. In addition, all checks or money orders must contain a specific designation of the intended recipient chosen by the contributor.

All contributions in excess of \$50 must be made by check, draft, money order, credit card, debit, or other noncash method.

Any such contributions received shall be turned over to the Board for deposit into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

PACs are required to report all contributions. All contributors contributing over \$50 for the election must be reported with the contributor’s name, address and occupational information.

Contributions received from an individual that have not exceeded \$50 since the day after the last election or primary election does not require the reporting of the name, address or occupational information of the individual. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

If an individual exceeds \$50 for the election, the treasurer would be required to disclose the name of that individual on the next required disclosure report and all contributions made by that individual since the date of the last election or primary election. Additionally, contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure and count toward an individual’s \$50 threshold for identity reporting.

In-kind contributions are reported as any other contribution. The contributor should provide the committee with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on the appropriate form (*Contributions from Individuals (CRO-1210)* or *Contributions from Political Party Committees (CRO-1220)* or *Contributions from Other Political Committees (CRO-1230)* or *Other*

Receipt Sources (CRO-1250)) and also on the In-Kind Contributions form (CRO-1510). The reporting on the In-Kind Contributions form (CRO-1510) serves to balance the account. Since the in-kind contribution is not actually monetary, when it is reported as a receipt it inflates the balance of the account. The In-Kind Contribution form balance is recorded in the expenditure portion of the reporting. Therefore, the amount of the receipt is subtracted from the total, balancing the account and providing accurate disclosure as to the amount of money in the account.

Limitations on Fund-raising during Legislative Sessions

Since there is a complete ban on lobbyist contributions to members of the General Assembly and members of the Council of State, the fundraising limitations during regular sessions of the General Assembly are practically only relevant to candidates for the General Assembly and Council of State and political committees that employ a lobbyist. Specifically, a political committee that employs or contracts with or whose parent entity employs or contracts with a NC registered lobbyist (“limited contributor”) may not contribute to a member or candidate for the General Assembly or member or candidate for the Council of State (“limited contributee”) while the General Assembly is in “regular session.” A “regular session” of the General Assembly is defined as the date set by law or resolution that the General Assembly convenes until the General Assembly adjourns sine die or recesses or adjourns for more than 10 days.

- A “limited contributee” may not solicit from a “limited contributor” any contribution to be made to a “limited contributee” or any other candidate, officeholder, or political committee.
- A “limited contributee” may not solicit a third party to directly or indirectly solicit a contribution from a “limited contributor” **or** have the third party relay to the “limited contributor” the solicitation of the “limited contributee”.
- No “limited contributor” shall make or offer to make a contribution to a “limited contributee”.
- No “limited contributor” shall make a contribution to any candidate, officeholder, or political committee and direct or request that contribution to be made to a “limited contributee.”
- No “limited contributor” shall transfer anything of value to any entity and direct that entity to use what was transferred as a contribution to a “limited contributee.”
- No “limited contributee” or the real or purported agent of a “limited contributee” prohibited from solicitation shall accept a contribution from a “limited contributor.”
- No “limited contributor” shall solicit a contribution from any individual or political committee on behalf of a “limited contributee.” This does not apply to a

“limited contributor” soliciting a contribution on behalf of a political party executive committee if the solicitation is solely for a separate segregated fund kept by the political party limited to use for activities that are not candidate-specific, including generic voter registration and get-out-the-vote efforts, pollings, mailings, and other general activities and advertising that do not refer to a specific individual candidate.

- ❖ A contribution is **“made”** during regular session if the check or other instrument is dated during the session, or if the check or other instrument is delivered to the “limited contributee” during session, or if the “limited contributor” pledges during the session to deliver the check or other instrument at a later time.
- ❖ A contribution is **“accepted”** during regular session if the check or other instrument is dated during the session, or if the “limited contributee” receives the check or other instrument during session and does not return it within 10 days.
- ❖ A violation of these limitations is a Class 2 misdemeanor.
- ❖ The exception to these limitations is that the limitations on fund-raising do not apply to a “limited contributee” during the three weeks prior to a second primary where the “limited contributee” will be a candidate on the ballot.

Expenditures

There are very few restrictions on how a PAC may spend its money. However, all expenditures must be reported, along with the specific purpose of the expenditure. The limitations on expenditures exist mainly in contributing to other political committees. Unless the political committee is a political party committee exempt from the contribution limitations, a PAC would be limited to contributing four thousand dollars (\$4,000) per election.

Note: PACs may only contribute \$1,000 per election to state judicial appellate candidate committees and superior and district court judge candidate committees.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by a verifiable form of payment and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the last election must also be reported.

All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election sum-to-date totals for the payee must also be included.

Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included. Any expenditure for postage may be paid in cash in any amount.

If a committee has something of value that is not monetary and they make an in-kind contribution to another entity, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

PACs may receive loans from individuals and other entities allowed to make contributions. Loans are contributions and are subject to the same limitations as contributions. If a PAC receives a loan there is specific paperwork that must be completed. The treasurer of the PAC must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan. The loan amount must not exceed four thousand dollars (\$4,000). If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed four thousand dollars (\$4,000) for that election. Any guarantor on the loan may not make any contribution that totaled with the amount of the loan they have guaranteed would exceed four thousand dollars (\$4,000).

Note: PACs may only loan \$1,000 per election to state judicial appellate candidate committees and superior and district court judge candidate committees.

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a PAC has a loan that has not been repaid or forgiven, the “Committee” may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the “Committee” and those debts and obligations owed to the “Committee”. If a “Committee” receives a good or service which they did not pay for at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A “Committee” may not close until all debts and obligations have been paid by the “Committee”. Any debt or obligation that is not paid would be considered a contribution to the “Committee”. Contributions over the limitation and from prohibited contributors would result in violations by the “Committee”.

Administrative Support

PACs that are registered in North Carolina may receive reasonable administrative support from the parent entity designated on the *Statement of Organization-Political Action Committee* (**CRO-2100D**) if the parent entity is a corporation, business entity, labor union, professional association, or insurance company. Such reasonable support may include, but is not specifically limited to, record keeping, computer services, billings, mailings to members of the committee, membership development, fund-raising activities, office supplies, office space, and such other support that is necessary for the administration of the “Committee”. Additionally, the allocable portion of the compensation of any officer or employee of the parent entity that devoted more than 35% of their time during normal business hours of the parent entity must be reported. Administrative support **would not** include contributions or expenditures made in support of or opposition to candidates.

The parent entity shall provide in writing the approximate cost of all administrative support given to the PAC. The PAC is required to report administrative support on its disclosure reports using the *Administrative Support* form (**CRO-1710**). The PAC is required to attach a copy of the written approximate cost received from the parent entity.

Notices of Reports Due

All PACs that are registered in North Carolina will receive notices for all reports due. All notices are sent to the current treasurer of record. PACs that change treasurers without notifying the appropriate Board of Elections office may not receive notices of reports being due. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. No longer are disclosure reports required to be notarized. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet (CRO-1000)* serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed at the appropriate Board of Elections office. Failure to do so could result in penalties for late filings. If a report only bears a meter mark, the date the report is received in the appropriate Board of Elections office will be the date filed. If that date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the appropriate Board of Elections office on or before the due date will be considered late and assessed penalties for late filing. Committees filing electronically must mail their signed cover sheet by the date the report is due.

Any treasurer that intentionally files a report late in order to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not exceed three times the amount of the contributions and expenditures willfully attempted to be concealed.

The Campaign Finance Office of the State Board of Elections **strongly encourages** treasurers to send all disclosure reports by certified mail. In the event a postmark is not legible or a report is lost in the mail, the certified mail receipt will serve as proof of timely filing.

Civil Penalties

PACs may receive penalties for late-filed reports. A report that does not affect a statewide election would be penalized at \$50 per day not to

exceed \$500. 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. If the PAC did file a report that affected a statewide election, the “Committee” would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in the “Committee” having their active status terminated. Once the status of the “Committee” is terminated, the “Committee” is not eligible to receive contributions or make expenditures.

Inactive Status

PACs that do not desire to disburse all funds and close their “Committee”, but also do not intend to receive any contributions or make any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the “Committee” certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the “Committee” is Inactive, disclosure reports are not required to be filed. If at some point the “Committee” intends to receive contributions or make expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Political Committees (PACs) that wish to close their committee may do so at any time during the election cycle. In order to close the committee, all funds in the bank account must be disbursed and a “Final Report” will be required to be filed in addition to the *Certification to Close Committee* form (**CRO-3400**). The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or, if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the Committee with the appropriate board of elections office, the treasurer will consider the Committee “tentatively closed” until a letter has been sent by the Campaign Finance Office of the State Board of Elections stating that a final audit has been conducted and the Committee is considered

“closed”. The treasurer should maintain all records for two years after the conclusion of the election cycle.

NC State PACs

Reporting Schedule

This schedule is for all PACs registered with the State Board of Elections.

Within 10 days

Organizational Report

- Statement of Organization (CRO-2100D)
- Certification of Financial Account Information (CRO-3500)
- Disclosure Report Cover (CRO-1000)
- Detailed Summary (CRO-1100)
- Contributions forms as applicable (CRO-1205 thru CRO-1250)
- Disbursement forms as applicable (CRO-1310 thru CRO-1330)
- Loan forms, if applicable (CRO-1410 thru CRO-1440)
- In-kind Contributions forms, if applicable (CRO-1510)
- Debts and Obligations forms, if applicable (CRO-1610 thru CRO-1620)
- Administrative Support form, if applicable (CRO-1710)

January 27, 2012

2011 Year End Semi-annual Report

- Required from all registered committees and elected officials
- Covers from July 1 thru December 31, 2011

April 30, 2012

2012 First Quarter Plus Report

- The first quarter plus 17 days preceding primary elections
- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru April 21

April 22 – May 8, 2012

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

May 8, 2012

PRIMARY ELECTION

July 11, 2012

2012 Second Quarter Report

- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru June 30

July 27, 2012

2010 Mid Year Semi-Annual Report

- Required from all registered committees NOT actively participating in the 2012 elections
- Covers from last report thru June 30

October 29, 2012

2012 Third Quarter Plus Report

- The third quarter plus 17 days preceding the General Election
- Required from all registered committees actively participating in the 2012 elections

- Covers from last report thru October 20

**October 21 –
November 6, 2012**

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

November 6, 2012

GENERAL ELECTION

January 10, 2013

2012 Fourth Quarter Report

- Required from all registered committees actively participating in the 2012 elections
- Covers from last report thru December 31

January 25, 2013

2012 Year End Semi-Annual Report

- Required from all registered committees NOT actively participating in the 2012 elections
- Covers from July 1, 2012 thru December 31, 2012

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 441 North Harrington Street, Raleigh, NC 27603.

The mailing address is: PO Box 27255
Raleigh, NC 27611-7255

Telephone: 919-733-7173

County PACs

Reporting Schedule

This schedule is for all PACs registered with a county board of elections office.

Within 10 days	Organizational Report <ul style="list-style-type: none">• Statement of Organization (CRO-2100D)• Certification of Financial Account Information (CRO-3500)• Disclosure Report Cover (CRO-1000)• Detailed Summary (CRO-1100)• Contributions forms as applicable (CRO-1205 thru CRO-1250)• Disbursement forms as applicable (CRO-1310 thru CRO-1330)• Loan forms, if applicable (CRO-1410 thru CRO-1440)• In-kind Contributions forms, if applicable (CRO-1510)• Debts and Obligations forms, if applicable (CRO-1610 thru CRO-1620)• Administrative Support form, if applicable (CRO-1710)
January 27, 2012	2011 Year End Semi-annual Report <ul style="list-style-type: none">• Required from all registered committees and elected officials• Covers from July 1 thru December 31, 2011
April 30, 2012	2012 First Quarter Plus Report <ul style="list-style-type: none">• The first quarter plus 17 days preceding primary elections• Required from all registered committees actively participating in 2012 elections• Covers from last report thru April 21
April 22 – May 8, 2012	48 Hour Reports <ul style="list-style-type: none">• Required when contributions of \$1,000 or more are received• Due within 48 hours of receiving such a contribution
May 8, 2012	PRIMARY ELECTION
July 11, 2012	2012 Second Quarter Report <ul style="list-style-type: none">• Required from all registered committees actively participating in 2012 elections• Covers from last report thru June 30
July 27, 2012	2010 Mid Year Semi-Annual Report <ul style="list-style-type: none">• Required from all registered committees NOT actively participating in the 2012 elections• Covers from last report thru June 30
October 29, 2012	2012 Third Quarter Plus Report <ul style="list-style-type: none">• The third quarter plus 17 days preceding the General Election• Required from all registered committees actively participating in the 2012 elections

- Covers from last report thru October 20

**October 21 –
November 6, 2012**

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

November 6, 2012

GENERAL ELECTION

January 10, 2013

2012 Fourth Quarter Report

- Required from all registered committees actively participating in the 2012 elections
- Covers from last report thru December 31

Where do I file these reports?

All reports should be filed with the PAC's local board of elections office.

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

Municipal PACs

Reporting Schedule

This schedule is for all municipal PACs which are not participating in 2010 county or state elections. **If a municipal PAC makes contributions or expenditures concerning state or county offices in 2010, then that PAC must file reports on the schedule for State or County PACs as listed on the previous pages.**

- | | |
|-------------------------|--|
| January 27, 2012 | 2011 Year End Semi-annual Report <ul style="list-style-type: none">• Required from all registered committees and elected officials• Covers from July 1 thru December 31, 2011 |
| July 27, 2012 | 2012 Mid Year Semi-Annual Report <ul style="list-style-type: none">• Required from all registered committees NOT actively participating in the 2012 elections• Covers from last report thru June 30 |
| January 25, 2013 | 2012 Year End Semi-Annual Report <ul style="list-style-type: none">• Required from all registered committees NOT actively participating in the 2012 elections• Covers from July 1, 2012 thru December 31, 2012 |
| | Final Report <ul style="list-style-type: none">• Filed when all funds are disbursed, loans repaid or forgiven, debts paid and committee bank account closed |

Where do I file these reports?

All reports should be filed with the PAC's local board of elections office.

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

Federal PACs

Reporting Schedule

This schedule is for all federal PACs registered with the State Board of Elections.

Within 10 days

Organizational Report

- Statement of Organization (CRO-4000)
- Certification of Financial Account Information (CRO-3500)
- Federal Committee NC Disclosure Report Cover form (CRO-4100)
- Federal Committee Report of Contributions to NC Political Committees form (CRO-4200)

January 27, 2012

2011 Year End Semi-annual Report

- Required from all registered committees and elected officials
- Covers from July 1 thru December 31, 2011

April 30, 2012

2012 First Quarter Plus Report

- The first quarter plus 17 days preceding primary elections
- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru April 21

April 22 – May 8, 2012

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

May 8, 2012

PRIMARY ELECTION

July 11, 2012

2012 Second Quarter Report

- Required from all registered committees actively participating in 2012 elections
- Covers from last report thru June 30

July 27, 2012

2010 Mid Year Semi-Annual Report

- Required from all registered committees NOT actively participating in the 2012 elections
- Covers from last report thru June 30

October 29, 2012

2012 Third Quarter Plus Report

- The third quarter plus 17 days preceding the General Election
- Required from all registered committees actively participating in the 2012 elections
- Covers from last report thru October 20

October 21 – November 6, 2012

48 Hour Reports

- Required when contributions of \$1,000 or more are received
- Due within 48 hours of receiving such a contribution

November 6, 2012

GENERAL ELECTION

January 10, 2013

2012 Fourth Quarter Report

- Required from all registered committees actively participating in the 2012 elections
- Covers from last report thru December 31

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 441 North Harrington Street, Raleigh, NC 27603.

The mailing address is: PO Box 27255
Raleigh, NC 27611-7255

Telephone: 919-733-7173

Referendum committees

General Requirements

Appointment of Treasurer

All referendum committees must have an appointed treasurer who resides in North Carolina. NCGS § 163-278.7 states that a referendum committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. The appointment of treasurer is made on the *Statement of Organization-Referendum Committee* form (**CRO-2100E**). Referendum committees established in support of or opposition to a statewide ballot issue or a ballot issue for multiple counties should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. Referendum committees established in support of or opposition to a single county or municipality ballot issue should file their form with the county board of elections office conducting the referendum. The *Statement of Organization-Referendum Committee* form (**CRO-2100E**) is the **only** form that can be used by a referendum committee to officially change the treasurer. The treasurer listed on the last filed *Statement of Organization-Referendum Committee* form will be the treasurer of record and is considered responsible for the compliance of the “Committee. If at any time the referendum committee changes treasurers it is extremely important for the “Committee” to complete the amended *Statement of Organization-Referendum Committee* form within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the “Committee”. These records should document every transaction of the “Committee”, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the “Committee”. Further, the treasurer is responsible for the accuracy of the reports and compliance with campaign finance laws.

Mandatory Treasurer Training

Every treasurer of a referendum committee shall receive, prior to every election in which the referendum committee is involved, training from the State Board of Elections as to the duties of the office. The treasurer may designate an employee or volunteer of the committee to receive the training.

Organizing the Committee

A group or combination of two or more individuals that has the primary purpose to support or oppose the passage of any referendum on the ballot is a referendum committee. In order for referendum committees to support or oppose the passage of a ballot issue in North Carolina, they must first register with the appropriate board of elections office. For referendum committees supporting or opposing the passage of a ballot issue within a single county or municipality, organization would take place at the county board of elections office. For referendum committees supporting or opposing the passage of a statewide or multiple county ballot issue, organization would take place at the Campaign Finance Office of the State Board of Elections.

The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Referendum Committee* form (**CRO-2100E**), *Certification of Financial Account Number Information* form (**CRO-3500**) and the **Organizational Report**. Every referendum committee must complete these two forms and the **Organizational Report** within 10 days of receiving or spending any money in order to support or oppose a ballot issue.

All money must be maintained in a separate bank account(s) used exclusively by the committee. No committee funds shall be commingled with any other funds.

A referendum committee must have a unique name, meaning there are no other active, inactive or closed committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with assuring that your committee name is unique.

After completing the *Statement of Organization-Referendum Committee* and the *Certification of Financial Account Number Information* forms, an **Organizational Report** must be completed. The contents of the **Organizational Report** would include any contributions received or expenditures made in order to support or oppose the passage of a ballot issue. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even more simplified. Once these steps have been taken, the committee is ready to begin.

Reporting Forms

Disclosure reports are required from all referendum committees. These reports can either be filed on paper or electronically. There are numerous forms in our paper disclosure filing system. Most committees will use less than 10 of these forms, but there is a form for almost all transactions, if needed. For committees desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has developed free electronic software to keep these records and complete the required disclosure reports. This software is discussed in the next section.

If you decide to use the paper forms, the following list contains the forms that could be used by your committee. These forms may be found on our website at www.sboe.state.nc.us. Some of the forms in our system are specific to certain types of committees. Referendum Committees should only submit from the list provided below:

- CRO-2100E Statement of Organization-Referendum Committee
- CRO-2110 Statement of Organization Addendum
- CRO-2120 Additional Committee Funds
- CRO-3200 Certification of Inactive Status
- CRO-3300 Certification to Return to Active Status
- CRO-3400 Certification to Close Committee
- CRO-3500 Certification of Financial Account Number Information
- CRO-1000 Disclosure Report Cover
- CRO-1010 Disclosure Report Cover Addendum
- CRO-1100 Detailed Summary
- CRO-1205 Aggregated Contributions from Individuals
- CRO-1215 Contributions to be Reimbursed
- CRO-1210 Contributions from Individuals
- CRO-1220 Contributions from Political Party Committees
- CRO-1230 Contributions from Other Political Committees
- CRO-1240 Refunds and Reimbursements to the Committee
- CRO-1250 Other Receipt Sources
- CRO-1310 Disbursements
- CRO-1315 Aggregated Non-Media Expenditures
- CRO-1320 Refunds and Reimbursements from the Committee

CRO-1330 Non-Monetary Gifts Given to Other Committees
CRO-1410 Loan Proceeds
CRO-1420 Loan Repayments
CRO-1430 Outstanding Loans
CRO-1440 Forgiven Loans
CRO-1510 In-Kind Contributions
CRO-1610 Debts and Obligations Owed by the Committee
CRO-1620 Debts and Obligations Owed to the Committee
CRO-1720 Account Transfers Within the Committee
CRO-6100 Loan Proceeds Statement
CRO-6200 Forgiven Loan Statement
CRO-2220 48 Hour Notice

Electronic Filing

Electronic filing is an alternative for all referendum committees. The Campaign Finance Office of the State Board of Elections has spent the past several years re-designing and upgrading the electronic filing software in an effort to provide committees with improved campaign finance management and disclosure tools. The FREE software includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available at the State Board of Elections office in Raleigh. Regional training dates and locations are posted on our website at www.sboe.state.nc.us.

For more information on filing disclosure reports electronically, please contact our office at 919-733-7173 or visit our website.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates or support or oppose the passage of any referendum on the ballot. Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be extremely familiar with the limitations and prohibitions on contributions. The following information is for all referendum committees.

Limitations

There are no contribution limitations on referendum committees. Individuals and other entities may contribute in any amount and the referendum committee may receive contributions in any amount.

Prohibitions

It is **lawful** for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a referendum committee. Registered referendum committees that receive any contribution from a corporation, labor union, insurance company, business entity, or professional association **cannot** contribute to any other political committee.

Anonymous contributions are prohibited in North Carolina. This includes any funds raised for which contributor contact information is not obtained, such as “pass-the-hat” collections. Contributions made in the name of another are also prohibited. In addition, all checks or money orders must contain a specific designation of the intended recipient chosen by the contributor.

All contributions in excess of \$50 must be made by check, draft, money order, credit card, debit, or other noncash method.

Any such contributions received shall be turned over to the Board for deposit into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

Referendum committees are required to report all contributions. All contributors contributing over \$50 for the election must be reported with the contributor’s name, address and occupational information.

Contributions received from an individual that have not exceeded \$50 since the day after the last election or primary election do not require the reporting of the name, address or occupational information of the individual. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

If an individual exceeds \$50 for the election, the treasurer must disclose the name of that individual on the next required disclosure report and all contributions made by that individual since the date of the last election or primary election. Additionally, contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure and count toward an individual's \$50 threshold for identity reporting.

In-kind contributions are reported as any other contribution. The contributor should provide the committee with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on the appropriate form (*Contributions from Individuals (CRO-1210)* or *Contributions from Political Party Committees (CRO-1220)* or *Contributions from Other Political Committees (CRO-1230)* or *Other Receipt Sources (CRO-1250)*) and also on the *In-Kind Contributions* form (CRO-1510). The reporting on the *In-Kind Contributions* form (CRO-1510) serves to balance the account. Since the in-kind contribution is not actually monetary, when it is reported as a receipt it inflates the balance of the account. The *In-Kind Contribution* form balance is recorded in the expenditure portion of the reporting. Therefore, the amount of the receipt is subtracted from the total, balancing the account and providing accurate disclosure of the amount of money in the account.

Expenditures

There are very few restrictions on how a referendum committee may spend its money. However, all expenditures must be reported, along with the specific purpose of the expenditure. If a referendum committee has received contributions from any corporation, business entity, labor union, professional association or insurance company or contributions in excess of the limitations for a PAC they may not make a contribution to any other political committee.

Any expenditure that is made for media purposes must be paid with a verifiable form of payment and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the last election must also be reported.

All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election sum-to-date totals for the payee must also be included.

Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included.

If a committee has something of value that is not monetary and they make an in-kind contribution to another entity, the committee must reflect this expenditure on the Non-Monetary Gifts Given to Other Committees form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the Detailed Summary form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

Referendum Committees may receive loans from individuals and other entities. Political committees may not make a loan to a referendum committee if that referendum committee accepts contributions from sources that cannot contribute to the political committee. The reason for this restriction is due to the fact that when the referendum committee repays the loan, it would be using funds from sources not permitted to make contributions to the political committee.

Loans are contributions and are subject to the same disclosure requirements as contributions. If a Referendum Committee receives a loan there is specific paperwork that must be completed. The treasurer of the Referendum Committee must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan, if applicable.

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a Referendum Committee has a loan that has not been repaid or forgiven, the “Committee” may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the “Committee” and those debts and obligations owed to the “Committee”. If a

“Committee” receives a good or service which they did not pay for at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A “Committee” may not close until all debts and obligations have been paid by the “Committee”. Any debt or obligation that is not paid would be considered a contribution to the “Committee”. Contributions over the limitation and from prohibited contributors would result in violations by the “Committee”.

Notices of Reports Due

All Referendum Committees that are registered in North Carolina will receive notices for all reports due. All notices are sent to the current treasurer of record. Referendum Committees that change treasurers without notifying the appropriate Board of Elections office may not receive notices of reports being due. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. No longer are disclosure reports required to be notarized. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet* (**CRO-1000**) serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed at the appropriate Board of Elections office. Failure to do so could result in penalties for late filings. If a report only bears a meter mark, the date the report is received in the appropriate Board of Elections office will be the date filed. If that date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the appropriate Board of Elections office on or before the due date will be considered late and assessed penalties for late filing.

Any treasurer that intentionally files a report late in order to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not exceed three times

the amount of the contributions and expenditures willfully attempted to be concealed.

The Campaign Finance Office of the State Board of Elections **strongly encourages** treasurers to send all disclosure reports by certified mail. In the event a postmark is not legible or a report is lost in the mail, the certified mail receipt will serve as proof of timely filing.

Civil Penalties

Referendum Committees may receive penalties for late filed reports. A Referendum Committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the "Committee" made any contributions to or in support of a statewide ballot issue or received any contributions from a statewide candidate or other political committee. If the Referendum Committee did file a report that affected a statewide election, the "Committee" would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in the "Committee" having their active status terminated. Once the status of the "Committee" is terminated, the "Committee" is not eligible to receive contributions or make expenditures.

Inactive Status

Referendum Committees that do not desire to disburse all funds and close their "Committee", but also do not intend to receive any contributions or make any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the "Committee" certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the "Committee" is Inactive, disclosure reports are not required to be filed. If at some point the "Committee" intends to receive contributions or make expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Referendum Committees that wish to close their committee may do so at any time. In order to close the committee, all funds in the bank account must be disbursed and a "Final Report" will be required to be filed in addition to the *Certification to Close Committee* form (**CRO-3400**). If the Referendum Committee has funds they need to distribute in order to close the account and

Committee and they wish to disburse such funds to another organization, the Treasurer of the Referendum Committee must request in writing from the Executive Director of the State Board of Elections permission to disburse the funds to the desired organization. If the Referendum Committee received any funds from entities not allowed to contribute to other political committees (such as business or corporate entities), or in amounts not allowed by other PACs, a disbursement may not be made to another political committee. The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made, or if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the Committee with the appropriate board of elections office, the treasurer will consider the Committee “closed pending” until a letter has been sent by the Campaign Finance Office of the State Board of Elections stating that a final audit has been conducted and the Committee is considered “closed”. The treasurer should maintain all records for the next two years.

State Referendum Committees

Reporting Schedule

This schedule is for all referendum committees registered with the State Board of Elections:

- **Within 10 days**
 - **January 7, 2012**
 - **April 30, 2012 (10 days preceding the Referendum)**
 - **Due within 48 hours**
 - **10 days after the Referendum**
 - **January 7th after the Referendum**
 - **January 7th**
- **Organizational Report**
 - **Annual Report**
 - *If referendum committee organized in 2011, the report should cover from the day after the last day covered by the Organizational Report through December 31, 2011.*
 - **Pre-Referendum Report**
 - *Required from all registered referendum committees participating in the current referendum.*
 - *Covers last report through seven days prior to the report due date (April 23, 2012).*
 - **48-Hour Reports**
 - *Required from all registered referendum committees participating in the current referendum that receive a contribution of \$1,000 or more after the Pre-Referendum Report.*
 - *Covers the date(s) of the contributions.*
 - **Final Report**
 - *Required from all registered referendum committees participating in the current referendum.*
 - **Supplemental Final Report**
 - *Required if the Final Report did not disclose a balance of zero.*
 - *Report should cover through December 31 after the Referendum.*
 - **Annual Reports**
 - *Due on this day if a zero balance has not been reported on a prior report.*

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 441 North Harrington Street, Raleigh, NC 27603.

Mailing address: PO Box 27255, Raleigh, NC 27611-7255

Phone: 919-733-7173

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

Media Requirements

Basic Disclosure Print, Radio, TV

- ❖ Every advertisement appearing in the print media, on television or on radio that constitutes a contribution or expenditure under the Campaign Reporting Act must state who paid for the ad. TV ads require a visual legend.
- ❖ The name that is used in saying who paid for an ad must be the formal name. The formal name appears on the statement of organization filed with the Board of Elections when the committee was formed.
- ❖ A sponsor must state whether or not an advertisement is authorized by a candidate if the ad is not paid for by the candidate or the candidate's committee and the ad supports or opposes a candidate. If the advertisement is not authorized by the candidate or the candidate's committee, the sponsor must indicate such.
- ❖ If the sponsor of the advertisement is the candidate the ad supports or that candidate's campaign committee, an authorization statement is not required.
- ❖ If an advertisement identifies a candidate the sponsor is opposing, the sponsor must also disclose in the advertisement the name of the candidate who is intended to benefit from the advertisement. This only applies if the sponsor of the advertisement coordinated or consulted with the candidate who is intended to benefit.
- ❖ If an advertisement is jointly sponsored, the disclosure statement must name all the sponsors.
- ❖ If a print media advertisement that is an independent expenditure made by an entity not registered as a political committee or referendum committee with a county board of elections or the State Board of Elections, then the sponsor must disclose the names of the individuals or persons making the five largest donations to the sponsor within the six-month period prior to the purchase of the advertisement if those donations were given for the purpose of making the independent expenditure.
- ❖ If a print media advertisement is an electioneering communication, then the sponsor must disclose the names of the individuals or persons making the five largest donations to the sponsor within the six-month period prior to the purchase of the advertisement if those donations were given for the purpose of making the electioneering communication.

- ❖ In a print media advertisement, the height of all disclosure statements must constitute at least 5% of the height of the printed space on the advertisement, provided that the type shall be at least 12 points in size. (This is 12 points in size.) Print advertisements appearing in the newspaper can satisfy this requirement if the disclosure is 28-point type. If the advertisement has more than one page, fold, or face, the statement only has to be on one of them.
- ❖ In a television ad the visual disclosure legend must constitute 4% vertical picture height in size.
- ❖ In a radio advertisement the disclosure statement shall last at least two seconds.
- ❖ In television and radio advertisements the candidate must speak the disclosure statement.
- ❖ The candidate must speak the disclosure statement only when the advertisement mentions the name of, shows the picture of, transmits the voice of, or otherwise refers to an opposing candidate for the same office as the sponsoring candidate.
- ❖ Political party advertisements must include a disclosure statement spoken by the chair, executive director, or treasurer of the party organization. The same disclosure must be included when the sponsor is a political action committee, individual, or any sponsor.
- ❖ Electioneering communications that are sponsored by an entity that is a corporation that has the purpose of promoting social, educational, or political ideas, the advertisement shall also include a legible listing on the screen indicating that the viewer may obtain additional information on the sponsor and the sponsor's donors from the State Board of Elections.
- ❖ Misrepresentation of sponsorship or authorization is a Class 1 misdemeanor.

No declared candidate for Council of State offices effective January 1 in the election year for those offices shall use or permit the use of State funds for any advertisement or public service announcement in a newspaper, on radio, or on television that contains that declared candidate's name, picture, or voice, except in case of State or national emergency and only if the announcement is reasonably necessary to that candidate's official function. "Declared" means a public announcement of an intention to run.

Simplified lists of the specific items that both require and do not require a legend and other disclosure are below.

Legend required:

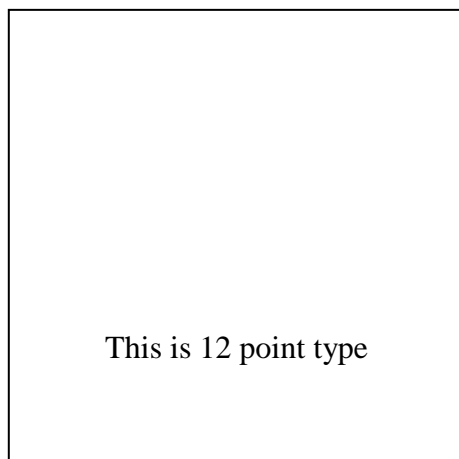
- √ Newspaper ads
- √ Newspaper Inserts
- √ Airplane streamers
- √ Pamphlets
- √ Billboards
- √ Sound-truck advertising
- √ Portable signs (lighted or non-lighted; some on wheels to be pulled around)
- √ Periodicals
- √ TV ads
- √ Radio ads
- √ Outdoor advertising facilities
- √ Magazines
- √ Cards*
- √ Fliers*
- √ Mass mailings

*These types of media advertisements are added to those requiring a legend and other additional disclosure for the first time in the 2000 Elections. In these media advertisements, the legend and other disclosure is required if the item, the pamphlet, flier, mailing, or card includes support or opposition to clearly identified candidates or the candidates of a clearly identified political party. A card, regardless of the size, that expressly advocates the election or defeat of a candidate must have a legend that is 5% of the height of the card, but no smaller than 12 point type. (This is 12-point type) Refer to N.C.G.S. 163-278.14A to determine advocacy.

Legend not required:

x Buttons and bumper stickers
x Yard signs and window posters (approximately 14 x 22 inches and posters used in stores, on states in yards, etc.)
x Barn posters (3 x 5 feet, or similarly sized, used on the sides of buildings, on walls, etc., generally at no cost)
x Campaign paraphernalia such as balloons, shopping bags, nail files, etc., imprinted with a campaign message

Media Examples



Basic Requirement Examples for Print Media or Radio or TV Ads

Print Media

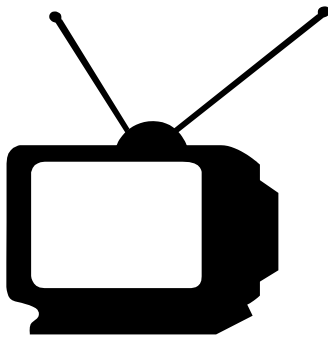
Disclosure must appear only once if more than one page, fold, or face in the ad.

The size of the disclosure statement must be either

- 5% of the height of the ad, or
- at least 12 point type;
- whichever is greater.

If print ads appear in the newspaper the Disclosure requirement can be satisfied with 28 point type.

Television



Disclosure statement must be 4% vertical picture height in size.

Radio



Disclosure statement must last 2 seconds.

ADVERTISEMENTS THAT SUPPORT CANDIDATES

Ads must clearly state whether the ad supports or opposes the candidate named.

<p>Vote for John Smith For Governor</p> <p>Paid for by Smith for Gov Campaign</p>	<p><i>Campaign Sponsored Ad</i></p> <p>Candidate sponsored ads must have as part of their disclosure statement that they are paid for by the candidate or the candidate’s campaign committee as it appears on the Statement of Organization.</p>
<p>Vote for John Smith For Governor</p> <p>Paid for by ABC Corp. Good Govt Committee</p>	<p><i>PAC or Party Sponsored Ad</i></p> <p>PAC or party sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the political committee or party as the committee’s name appears on the Statement of Organization, and • the ad was or was not authorized by the candidate that ad supports (“Authorized by [name of candidate], candidate for [name of office]” or “Not authorized by a candidate”).

<p>Vote for John Smith For Governor</p> <p>Paid for by Jack Jones. Not authorized by a candidate</p>	<p>Individual Sponsored Ad</p> <p>Individual sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the name of the individual sponsor, and • the ad was or was not authorized by the candidate that ad supports (“Authorized by [name of candidate], candidate for [name of office]” or “Not authorized by a candidate”).
<p>Vote for John Smith For Governor</p> <p>Paid for by Jack Jones and James Brown. Authorized by John Smith, candidate for Governor</p>	<p>Joint Sponsored Ad</p> <p>Joint sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the names of all the individuals sponsoring the ad, and • the ad was or was not authorized by the candidate that ad supports (“Authorized by [name of candidate], candidate for [name of office]” or “Not authorized by a candidate”).

OPPOSING ADVERTISEMENTS NOT COORDINATED WITH CANDIDATE

Ads must clearly state whether the ad supports or opposes the candidate named.

<p>Don't Vote for John Smith For Governor</p> <p>Paid for by May Jones for House Campaign. Authorized by Mary Jones, candidate for House District 0</p>	<p>Campaign Sponsored Ad</p> <p>Candidate sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the candidate or the candidate’s campaign committee as it appears on the Statement of Organization, and • the ad was or was not authorized by the candidate that ad supports (“Authorized by [name of candidate], candidate for [name of office]” or “Not authorized by a candidate”).
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<p>Don't Vote for John Smith For Governor</p> <p>Paid for by ABC Corp. Good Govt Committee. Not authorized by a candidate</p>	<p><i>PAC or Party Sponsored Ad</i></p> <p>PAC or party sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the political committee or party as the committee's name appears on the Statement of Organization, and • the ad was not authorized by the candidate that ad supports ("Not authorized by a candidate").
<p>Don't Vote for John Smith For Governor</p> <p>Paid for by Jack Jones. Not authorized by a candidate</p>	<p><i>Individual Sponsored Ad</i></p> <p>Individual sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the name of the individual sponsor, and • the ad was not authorized by the candidate that ad supports ("Not authorized by a candidate").
<p>Vote for John Smith For Governor</p> <p>Paid for by Jack Jones and James Brown. Not authorized by a candidate</p>	<p><i>Joint Sponsored Ad</i></p> <p>Joint sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the names of all the individuals sponsoring the ad, and • the ad was not authorized by the candidate that ad supports ("Not authorized by a candidate").

OPPOSING ADVERTISEMENTS COORDINATED WITH CANDIDATE

Ads must clearly state whether the ad supports or opposes the candidate named. If the ad is coordinated with the candidate the ad supports, the ad must identify by name the candidate the ad is intended to support.

<p>Don't Vote for John Smith For Governor Support Jane Doe</p> <p>Paid for by Jones for House Campaign. Authorized by Jane Doe, candidate for Governor</p>	<p><i>Campaign Sponsored Ad</i></p> <p>Candidate sponsored ads must have as part of their disclosure statement that they are paid for by the candidate or the candidate's campaign committee as it appears on the Statement of Organization.</p>
<p>Don't Vote for John Smith For Governor Support Jane Doe</p> <p>Paid for by ABC Corp. Good Govt Committee. Authorized by Jane Doe, candidate for Governor</p>	<p><i>PAC or Party Sponsored Ad</i></p> <p>PAC or party sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the political committee or party as the committee's name appears on the Statement of Organization, and • the ad was authorized by the candidate that ad supports ("Authorized by [name of candidate], candidate for [name of office]").
<p>Don't Vote for John Smith For Governor Support Jane Doe</p> <p>Paid for by Jack Jones. Authorized by Jane Doe, candidate for Governor</p>	<p><i>Individual Sponsored Ad</i></p> <p>Individual sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the name of the individual sponsor, and • the ad was authorized by the candidate that ad supports ("Authorized by [name of candidate], candidate for [name of office]").

<p>Don't Vote for John Smith For Governor Support Jane Doe</p> <p>Paid for by Jack Jones and James Brown. Authorized by Jane Doe, candidate for Governor</p>	<p>Joint Sponsored Ad</p> <p>Joint sponsored ads must have as part of their disclosure statement that:</p> <ul style="list-style-type: none"> • they are paid for by the names of all the individuals sponsoring the ad, and • the ad was authorized by the candidate that ad supports (“Authorized by [name of candidate], candidate for [name of office]”).
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EXPANDED DISCLOSURE FOR RADIO AND TELEVISION

In addition to the basic disclosure requirements, RADIO/TV advertisements must abide by the following requirements.

The candidate must speak the disclosure statement, “I am candidate for _____ office, and I (or my campaign) sponsored this ad.” This is required only when the advertisement mentions the name of, shows the picture of, transmits the voice of, or otherwise refers to an opposing candidate for the same office as the sponsoring candidate.

Political party advertisements must include a disclosure statement spoken by the chair, executive director, or treasurer of the party organization. “The _____ Party organization sponsored this ad opposing/supporting _____ candidate for _____ office.” The party name shall be as it appears on the ballot.

Political action committee advertisements must include a disclosure statement spoken by the chief executive officer or treasurer of the political action committee. “The (name of political action committee) political action committee sponsored this ad opposing/supporting (name of candidate) for (name of office).” The name of the political action committee used in the advertisement shall be the name that appears on the statement of organization.

Advertisements on television purchased by an individual supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the individual and containing at least the following words: “I am (individual’s name) and I sponsored this advertisement opposing/supporting (name of candidate) for (name of office).”

Advertisements on television by another sponsor.

Television advertisements purchased by a sponsor other than a candidate, a candidate campaign committee, a political party organization, a political action committee, or an individual which supports or opposes the nomination of one or more clearly identified candidates shall include a disclosure statement spoken by the chief executive or principal decision maker of the sponsor and containing at least the following words: (Name of sponsor) sponsored this ad.

The television advertisements described above require an unobscured, full-screen picture containing the disclosing individual, either in photographic form or through the actual appearance of the disclosing individual on camera, that is featured throughout the duration of the disclosure statement.

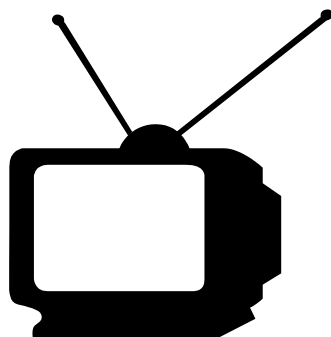
Placement of Disclosure Statement in Television and Radio Advertisements

The disclosure may be at any point during a TV advertisement, except if the duration of the advertisement is more than five minutes, the disclosure statement shall be made both at the beginning and end of the advertisement. The oral disclosure may be provided at the same time that the visual disclosure required by the FCC is shown, provided that the visual disclosure legend must be at least 4% of vertical picture height in size. For radio ads, the placement of the oral disclosure statement shall comply with FCC requirements.

MEDIA EXAMPLES

Expanded Requirement Examples for TV or Radio

Television

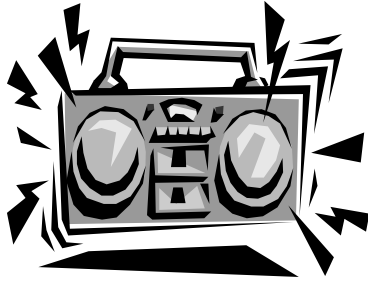


The disclosure statement must be 4% vertical picture height in size. The person making the disclosure statement must appear in a full-screen image, using either a photograph or actual appearance. This picture must be seen throughout the disclosure.

A sponsoring candidate must disclose her/his name and office for which she/he is running in any ad paid by the candidate or the candidate's committee in which an opposing candidate for the same office is mentioned, heard, seen, or otherwise referred to.

A sponsor may place the disclosure statement at any time during the ad, except that if the duration of the ad is more than 5 minutes, the statement shall be made both at the beginning and end of the advertisement. Placement of the visual disclosure must comply with the Communications Act of 1934, 47 U.S.C. §§ 315 and 317.

Radio



Disclosure is verbal and must last at least 2 seconds.

A sponsoring candidate must disclose her/his name and office for which she/he is running in any ad paid by the candidate or the candidate's committee in which an opposing candidate for the same office is mentioned, heard, seen, or otherwise referred to.

A sponsor may place the disclosure statement at any time during the ad, except that if the duration of the ad is more than 5 minutes, the statement shall be made both at the beginning and end of the advertisement. Placement of the oral disclosure must comply with the Communications Act of 1934, 47 U.S.C. §§ 315 and 317.

Responsibilities of the Media

Article 22A of Chapter 163 of the General Statutes, specifically GS § 163-278.17, states that it shall be the responsibility of the media outlet to require written authority for each expenditure from each candidate, treasurer, or other individual authorizing an expenditure. Refer to the definition of “communications media or media” in the Definition section of this manual for those outlets that would be required to obtain this written authority.

Media authorizations obtained by media outlets are considered public records and must be made available to the public for inspection during normal business hours. Failure to comply with this statute is a class 2 misdemeanor.

A sample “Media Authorization Form” is included for use by media outlets. Questions concerning media responsibilities should be directed to the Campaign Finance Office of the State Board of Elections.

NEWSPAPER NAME: _____ DATE: _____

AUTHORIZATION FOR POLITICAL ADVERTISING IN ABOVE NEWSPAPER

I, _____, hereby authorize the publication of advertisement(s) on behalf of the candidacy of _____, who is seeking the office of _____. I further certify that I am authorized to place this advertisement in accordance with the Campaign Reporting Act of the General Statutes of North Carolina.

The advertising is for publication on the following date(s): _____.

Amount paid for advertising in this certification and/or authorization: \$ _____.

Check Number _____. Account listed as: _____.

SIGNED _____
(Candidate, treasurer or individual authorizing expenditure)

Title _____

Address _____

City _____ State _____ Zip _____

If agency/public relation firm, please complete the following:

Name of Agency _____

Address _____

City _____ State _____ Zip _____

Independent Expenditures

What is an independent expenditure?

An independent expenditure is an expenditure made to support or oppose the nomination of one or more clearly identified candidates and it is not coordinated with any of the candidates or agents of the candidates.

Who can make independent expenditures?

Any individual or any other entity can make independent expenditures. This includes business entities, corporations, labor unions, insurance companies and professional associations.

Are there disclosure reporting responsibilities for individuals or entities making independent expenditures?

Yes. If an individual or other entity makes independent expenditures in excess of \$100, the individual or other entity will report those independent expenditures to the appropriate board of elections. If the candidates or ballot issues supported or opposed are contained within one county, then the report will be filed with the county board of elections. If the candidates or ballot issues supported or opposed are in more than one county or are statewide, then the report will be filed at the State Board of Elections. Please note that if a candidate is a legislative or judicial candidate, the report will be filed with the State Board of Elections.

What information must be reported?

Any expenditures made to make the independent expenditures and any donations made to the entity making the independent expenditures that were given for the purpose of making the independent expenditures.

What is the schedule for reporting the independent expenditures?

Independent expenditures should be reported within 30 days after they exceed \$100 or 10 days before an election the independent expenditures affect, whichever occurs earlier. After the initial report of independent expenditures, an individual or entity making independent expenditures

must comply with the reporting schedule of political committees active in the 2012 elections.

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	
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	
GENERAL ELECTION	11/6/2012	
2012 Fourth Quarter Report	10/21/2012 – 12/31/2012	1/10/2013

Electioneering Communications

What is an electioneering communication?

An electioneering communication is any broadcast, cable, satellite communication, mass mailing or phone bank that has all of the following characteristics:

1. Refers to a clearly identified candidate for elected office. It does not expressly advocate for the election or defeat of the candidate.
2. Is aired or transmitted within 60 days of the time set for absentee voting to begin pursuant to G.S. 163-227.2 in an election for that office.
3. May be received by either:
 1. 50,000 or more individuals in the State in an election for statewide office or 7,500 or more individuals in any other election if the form of broadcast, cable, or satellite communication.
 2. 20,000 or more households, cumulative per election, in a statewide election or 2,500 households, cumulative per election, in any other election in the form of mass mailing or telephone bank.

What communications are not considered electioneering communications?

1. A communication appearing in a news story, commentary, or editorial distributed through the facilities of any broadcasting station, unless those facilities are owned or controlled by any political party, political committee, or candidate.
2. A communication that constitutes an expenditure or independent expenditure under Article 22A.
3. A communication that constitutes a candidate debate or forum conducted pursuant to rules adopted by the Board, or that solely promotes the debate or forum, and is made by or on behalf of the person sponsoring the debate or forum.
4. A communication made while the General Assembly is in session which, incidental to advocacy for or against a specific piece of legislation pending before

- the General Assembly, urges the audience to communicate with a member or members of the General Assembly concerning that piece of legislation.
5. A communication that meets all of the following criteria:
 - a. Does not mention any election, candidacy, political party, opposing candidate, or voting by the general public
 - b. Does not take a position on the candidate's character or qualifications and fitness for office
 - c. Proposes a commercial transaction
 6. A public opinion poll conducted by a news medium, as defined in G.S. 8-53.11(a)(3), conducted by an organization whose primary purpose is to conduct or publish public opinion polls, or contracted for by a person to be conducted by an organization whose primary purpose is to conduct or publish public opinion polls. This section shall not apply to a "push poll". For purposes of this subdivision, "push poll" shall mean the political campaign technique in which individual or organization attempts to influence or alter the view of respondents under the guise of conducting a public opinion poll.
 7. A communication made by a news medium, as defined in G.S. 8-53.11(a)(3), if the communication is in print.

Disclosure Requirements for Electioneering Communications

Every entity that incurs an expense for the direct costs of producing or airing electioneering communications in an aggregate amount in excess of \$5,000 shall file with the Board a statement that provides the following information:

1. The identification of the entity incurring the expense, any entity that shares or exercises direction or control over the activities of that entity, the custodian of the books, and the accounts of the entity incurring the expense.
2. The principal place of business of the entity incurring the expense if the entity is not an individual.
3. The amount of each expense incurred during the period covered by the statement, and the identification of the entity to whom the expense was incurred.
4. The elections to which the electioneering communications pertain and the names, if known, of the candidates identified or to be identified.
5. The names and addresses of all entities that provided funds or anything of value whatsoever in an aggregate amount of more than one thousand dollars (\$1,000), during the reporting period. If the donor is an individual, the statement shall also contain the principal occupation of the donor. (Names of individuals or entities are only provided if one of the following four circumstances occur:
 - a. Donor designates, requests or suggests that the donation be used for an electioneering communication and the filer agrees.
 - b. The filer expressly solicited the donor for the donation for making the electioneering communication.
 - c. The donor and the filer engaged in substantial written or oral discussion regarding the donor's making, donating, or paying for an electioneering communication.
 - d. The donor or the filer knew or had reason to know the filer's intent to make the electioneering communication with the donation.

If the expense incurred for the electioneering communication was greater than \$5,000, then the reports should be filed electronically.

The initial report shall be filed no later than the 10th day following the day the entity incurs and expense for the direct costs of producing or airing an electioneering communication. After this initial report, the entity shall following the same reporting schedule as other committees participating in the 2012 elections.

If the expense incurred for the electioneering communication was greater than \$5,000, then the reports should be filed electronically.

Assistance identifying an electioneering communication

Yes. An entity that produces a communication to be distributed to the relevant electorate within the time periods listed above may, but is not required to, ask the State Board of Elections for a determination as to whether or not that communication is an electioneering communication prior to the airing of that communication.

Are there prohibitions on the funds that can be used for electioneering communications?

There are no prohibitions on the source or amount of funds used to make disbursements for electioneering communications.

Are there penalties for non-compliance?

Yes. Failure to comply with the disclosure requirements and restrictions placed on electioneering communications could result in criminal and civil penalties.

Candidate-Specific Communications

What is a candidate-specific communication?

A candidate-specific communication is any broadcast, cable, satellite communication, mass mailing or phone bank that has all of the following characteristics:

1. Refers to a clearly identified candidate for a statewide office or the General Assembly. It does not expressly advocate for the election or defeat of the candidate.
2. Is transmitted in an even-numbered year after the final date on which a Notice of Candidacy can be filed for the office and through the day on which the general election is conducted, excluding the time period 30 days prior to a primary election and 60 days prior to a general election.
3. Is targeted to the relevant electorate.
 1. With respect to any broadcast, cable or satellite communication, this means the communication can be received by 50,000 or more individuals in the State in the case of the candidacy for statewide office and 7,500 or more individuals in the district in the case of the candidacy for General Assembly.
 2. With respect to mass mailings and telephone banks, it is a bit more involved:
 - Statewide races
 - Transmitted by mail or facsimile to a cumulative total of 50,000 or more addresses in the State, items identifying one or more candidates in the same race within any 30-day period; or
 - Making a cumulative total of 50,000 or more telephone calls in the State identifying one or more candidates in the same race within any 30-day period.
 - General Assembly races
 - Transmitted by mail or facsimile to a cumulative total of 2,500 or more addresses in the district, items identifying one or more candidates in the same race within any 30-day period.
 - Making a cumulative total of 2,500 or more telephone calls in the district identifying one or more candidates in the same race within any 30-day period.

What communications are not considered candidate-specific communications?

1. A communication appearing in a news story, commentary, or editorial distributed through the facilities of any broadcasting station, unless those facilities are owned or controlled by any political party, political committee, or candidate.

2. A communication that constitutes an expenditure or independent expenditure under Article 22A.
3. A communication that constitutes a candidate debate or forum conducted pursuant to rules adopted by the Board or that solely promotes the debate or forum and is made by or on behalf of the person sponsoring the debate or forum.
4. A communication made while the General Assembly is in session which, incidental to advocacy for or against a specific piece of legislation pending before the General Assembly, urges the audience to communicate with a member or members of the General Assembly concerning that piece of legislation.
5. An electioneering communication as defined in Articles 22E and 22F of Chapter 163 of the North Carolina General Statutes.
6. A communication that does not mention any election, candidacy, political party, opposing candidate, or voting by the general public; does not take a position on the candidate's character or qualifications and fitness for office; and proposes a commercial transaction.

Disclosure requirements for candidate-specific communications

Every entity that incurs an expense for the direct costs of producing or airing candidate-specific communications in an aggregate amount in excess of \$10,000 during any calendar year shall, within 24 hours of each disclosure date¹, file with the Board a statement that provides the following information:

1. The identification of the entity incurring the expense, any entity that shares or exercises direction or control over the activities of that entity, the custodian of the books, and the accounts of the entity incurring the expense.
2. The principal place of business of the entity incurring the expense if the entity is not an individual.
3. The amount of each expense incurred of more than one thousand dollars (\$1,000) during the period covered by the statement and the identification of the entity to which the expense was incurred.
4. The candidates in the candidate-specific communications that are identified or are to be identified.
5. The names and addresses of all entities that provided funds or anything of value whatsoever in an aggregate amount of more than one thousand dollars (\$1,000) during the period beginning the first day of the preceding calendar year and ending on the disclosure date to a segregated bank account that consists of funds provided solely by entities other than prohibited sources. If the provider is an individual, occupational information must be provided.

¹ The disclosure date means either of the following: (a) The first date during any calendar year when a candidate-specific communication is aired after an entity has incurred expenses for the direct costs of producing or airing candidate-specific communications aggregating in excess of ten thousand dollars (\$10,000). (b) Any other date during that calendar year by which an entity has incurred expenses for the direct costs of producing or airing candidate-specific communications aggregating in excess of ten thousand dollars (\$10,000) since the most recent disclosure date for that calendar year.

Is my communication a candidate-specific communication?

An entity that produces a communication to be distributed to the relevant electorate within the time periods listed above may, but is not required to, ask the State Board of Elections for a determination as to whether or not that communication is a candidate-specific communication prior to the airing of that communication.

Are there prohibitions on the funds that can be used for candidate-specific communications?

There are no prohibitions on the source or amount of funds that can be used to make disbursements for a candidate-specific communication.

Are there penalties for non-compliance?

Yes. Failure to comply with the disclosure requirements placed on candidate-specific communications could result in criminal and civil penalties.

NORTH CAROLINA PUBLIC FUNDING PROGRAMS

Alternative Campaign Financing

North Carolina State Board of Elections

Campaign Finance Office

***North Carolina State Board of Elections
Campaign Finance Office
506 North Harrington Street
Raleigh, NC 27603
919-733-7173
FAX 919-715-8047***

***Gary O. Bartlett
Executive Director***

***Kim Westbrook Strach
Deputy Director***

The following manual provides detailed information about public funding programs currently available in North Carolina. Public funding is limited to offices identified in the two current Programs. Both Funds are administered by the State Board of Elections with the advice of the Advisory Council.

***A CANDIDATE’S GUIDE to the
North Carolina Public
Campaign Fund Program***

*Public Funding for
Statewide Appellate Candidates*

Overview of the North Carolina Public Campaign Fund Program

The North Carolina General Assembly passed legislation in 2002 to establish a public financing fund for candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court. According to NCGS 163-278.61, the purpose of the Fund “is to ensure the fairness of democratic elections in North Carolina and to protect the constitutional rights of voters and candidates from the detrimental effects of increasingly large amounts of money being raised and spent to influence the outcome of elections, those effects being especially problematic in elections of the judiciary, since impartiality is uniquely important to the integrity and credibility of the courts.” The North Carolina Public Campaign Fund is “an alternative source of campaign financing for candidates who demonstrate public support and voluntarily accept strict fund-raising and spending limits.”

The North Carolina Public Campaign Fund Program is completely voluntary. Therefore, participating candidates may have opponents that are not participating in the Program and are not subject to the same restrictions on fundraising and spending as those candidates participating in the Program. However, the Program does have mechanisms in place to assist participating candidates who have opponents that are “outspending” them.

In order to participate in the Program, a candidate for an eligible office must abide by certain regulations prior to qualifying for the Program. In addition, certain criteria must be met during an established “qualifying period” by participating candidates and after a candidate has been “certified.” Additional regulations must be followed throughout the duration of the campaign. All of these regulations are set forth in this guide.

All candidates for seats on the North Carolina Court of Appeals and the North Carolina Supreme Court are subject to lower contribution limitations than other candidates. Those candidates participating in the Program are subject to more limitations on both their campaign spending and fundraising.

Another facet of this Program is the distribution of a Voter Guide to every household in North Carolina; this sets forth the purpose of the Public Campaign Fund along with an explanation of the functions of the appellate courts, the method and laws for the election of appellate

judges, and information on all candidates for the North Carolina Court of Appeals and North Carolina Supreme Court.

The following pages will provide specific information about the mechanics of the Program, answers to potential questions about various aspects of the Program, and other information about campaign finance laws.

How is the Program funded?

The North Carolina Public Campaign Fund is not funded by the General Fund of North Carolina. In addition to distributions to qualified candidates, all expenses for the program's implementation, including staff and voter guide production and distribution, are paid by the Public Campaign Fund. There are six sources that provide revenue to the Fund:

- The *first source* deposited into the Fund was the balance of the North Carolina Candidates Fund. This fund is no longer operational.
- The *second source* deposited into the Fund is designations to the Public Campaign Fund by taxpayers. This is achieved through a positive check-off of three dollars on an individual's income tax form.
- The *third source* is from attorneys paying a \$50 surcharge at the time of payment for their privilege license to practice law in North Carolina. This surcharge is mandatory.
- The *fourth source* is from Fund revenues that were distributed to candidates but were not spent or committed at the time a candidate is no longer considered a certified candidate. These funds are required to be returned by the candidate.
- The *fifth source* is from any funds ordered to be returned to the Fund as a result of a violation by a "participating candidate" in the Program.
- The *sixth source* is from any voluntary donation made directly to the Public Campaign Financing Fund. Any corporation, business entity, labor union, or professional association may voluntarily make a donation of any amount to this Fund.

How is the Fund and Program managed?

In order to provide necessary oversight, the State Board of Elections, with the advice of a five-member Advisory Council, administers the provisions of the North Carolina Public Campaign Fund Program. The Advisory Council consists of the following:

- *Two members* appointed by the Governor from a list provided by the State Chair of the political party with which the greatest number of registered voters in North Carolina are affiliated;

- *Two members* appointed by the Governor from a list provided by the State Chair of the political party with which the second greatest number of registered voters are affiliated;
- The *fifth member* is chosen by the State Board of Elections through a unanimous vote. If the State Board of Elections cannot select the fifth member by unanimous vote, then the Advisory Council shall consist of only four members.

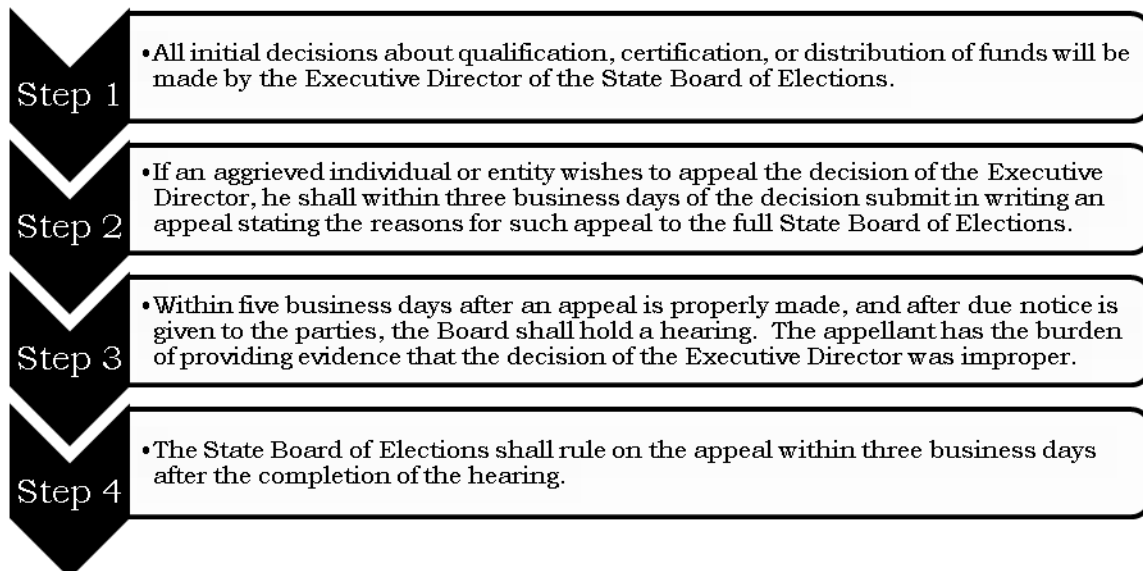
All members are appointed to serve a four-year term, with no member serving more than two full terms.

The Advisory Council shall elect a Chair to serve at all meetings. If a vacancy should occur during an unexpired term of a member, it shall be filled in the same manner as the original appointment of that member. The term of the vacancy appointment would only be for the unexpired portion of the term.

The Advisory Council’s primary function is to advise the State Board of Elections on the rules, procedures and opinions adopted for administration and enforcement of the Program. The State Board of Elections will also be advised of funding needs of the Program by the Advisory Council.

The Appeals Process

The Executive Director for the State Board of Elections and the State Board of Elections both play roles in the appeals process with matters concerning the Program. The following illustrates the process by which each appeal will be addressed:



Duties of the State Board of Elections and Advisory Council

State Board of Elections

- Adopt rules and issue opinions to ensure effective administration of the Program. Examples of rules and opinions may include, but are not limited to, procedures for:
 1. Obtaining qualifying contributions
 2. Certification of candidates
 3. Addressing circumstances involving special elections
 4. Vacancies
 5. Recounts
 6. Withdrawals
 7. Replacements
 8. Collection of revenues for the Fund
 9. Distribution of Fund revenue to certified candidates
 10. Return of unspent Fund disbursements
 11. Other compliance issues with Article 22D of Chapter 163 of the North Carolina General Statutes
 12. Distribution of matching funds

Each of these duties must be fulfilled in consultation with the Advisory Council.

Advisory Council

- Shall issue a report on March 1 and every two years evaluating the implementation of the Article and making recommendations about expanding the provisions to other candidates for State office. These recommendations should be based upon the experiences of the Fund and the experiences of other states implementing similar programs.
- Evaluate and make recommendations on how to address activities that may undermine the purpose of the Program and Article 22D.

Treasurer and Candidate Training Opportunities

North Carolina law provides that every treasurer of a North Carolina political committee must receive training within three months of appointment. Further, the treasurer may not sign a disclosure report until that treasurer has received the required training. Candidates who wish to sign disclosure reports must also take the required training. Treasurer training can be completed in person at the State Board of Elections, at regional locations across the State, and through an on-line interactive session.

The current training does not include specific information about the North Carolina Public Campaign Fund. However, candidates can make appointments to receive individualized guidance on the administration of the Fund and training sessions will be scheduled at the State Board of Elections specifically to address the administration of the North Carolina Public Campaign Fund. This training is open to all candidates, their treasurers and any other interested parties that may wish to know more about the Fund and its implementation. In order to register for the training sessions, please go to our website at www.sboe.state.nc.us and click on Campaign Finance. Information about the training and instructions for registration are provided.

Mechanics of the Program

Definitions of Key Terms (as taken from GS 163-278.62)

- *Board*- The State Board of Elections.
- *Candidate*- Any individual who, with respect to a public office ..., has taken positive action for the purpose of bringing about that individual's nomination or election to public office. Examples of positive action include:
 - filing a notice of candidacy or a petition requesting to be a candidate,
 - being certified as a nominee of a political party for a vacancy,
 - otherwise qualifying as a candidate in a manner authorized by law,
 - making a public announcement of a definite intent to run for public office in a particular election,
 - or receiving funds or making payments or giving the consent for anyone else to receive funds or transfer anything of value for the purpose of bringing about that individual's nomination or election to office. Transferring anything of value includes incurring an obligation to transfer anything of value. The term includes a political committee authorized by the candidate for that candidate's election.
- *Certified Candidate*- A candidate running for office who chooses to receive campaign funds from the Fund who is certified under GS 163-278.64(c). (see Certification of Candidate section)
- *Contested primary and contested general election*- An election in which there are more candidates than the number to be elected. A distribution from the Fund pursuant to Article 22D is not a "contribution" and is not subject to the limitations of GS 163-278.13 or the prohibitions of GS 163-278.15 or GS 163-278.19.

- *Electioneering communication*- Any broadcast, cable, satellite communication, mass mailing or telephone bank that has all of the following characteristics:
 - Refers to a clearly identified candidate.
 - Is aired or transmitted within 60 days before absentee voting begins in an election for that office.
 - May be received by either 50,000 individuals in the State in an election for statewide office or 7,500 or more individuals in any other election if in the form of broadcast, cable, or satellite communication or 20,000 or more households, cumulative per election, in a statewide election or 2,500 households, cumulative per election, in any other election if in the form of mass mailing or telephone bank.
- *Expenditure*- Any purchase, advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, whether or not made in an election year, and any contract, agreement, or other obligation to make an expenditure, to support or oppose the nomination, election, or passage of one or more clearly identified candidates, or ballot measure. An expenditure forgiven by a person or entity to whom it is owed shall be reported as a contribution from that person or entity. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. The term “expenditure” also includes any payment or other transfer made by a candidate, political committee, or referendum committee.
- *Fund*-The North Carolina Public Campaign Fund as established in GS 163-278.63.
- *Independent Expenditure*- An expenditure to support or oppose the nomination or election of one or more clearly identified candidates that is made without consultation or coordination with a candidate or agent of a candidate whose nomination or election the expenditure supports or whose opponent’s nomination or election the expenditure opposes. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. A contribution is not an independent expenditure.
- *Maximum qualifying contributions*- An amount of qualifying contributions equal to 60 times the filing fee for candidacy for the office.
- *Minimum qualifying contributions*- An amount of qualifying contributions equal to 30 times the filing fee for candidacy for the office.
- *Nonparticipating candidate*- A candidate running for office who is not seeking to be certified. (see Certification of Candidate section)

- *Office*- A position on the North Carolina Court of Appeals or North Carolina Supreme Court.
- *Participating candidate*- A candidate for office who has filed a declaration of intent to participate under GS 163-278.64.
- *Political committee*- The term "political committee" means a combination of two or more individuals, such as any person, committee, association, organization, or other entity that makes, or accepts anything of value to make, contributions or expenditures and has one or more of the following characteristics:
 - a. Is controlled by a candidate;
 - b. Is a political party or executive committee of a political party or is controlled by a political party or executive committee of a political party;
 - c. Is created by a corporation, business entity, insurance company, labor union, or professional association pursuant to G.S. 163-278.19(b); or
 - d. Has the major purpose to support or oppose the nomination or election of one or more clearly identified candidates. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party.

Contributions to referendum committees and expenditures to support or oppose ballot issues shall not be facts considered to give rise to the presumption or otherwise be used in determining whether an entity is a political committee. If the entity qualifies as a "political committee" under sub-subdivision a., b., c., or d. of this subdivision, it continues to be a political committee if it receives contributions or makes expenditures or maintains assets or liabilities. A political committee ceases to exist when it winds up its operations, disposes of its assets, and files its final report.

- *Qualifying contribution*- A contribution of not less than ten dollars (\$10.00) and not more than five hundred dollars (\$500.00) in the form prescribed for noncash monetary contributions in G.S. 163-278.14(b) to the candidate or the candidate's committee that meets both of the following conditions:
 - a. Made by an individual who is a registered voter in this State at the time of the submittal of the report specified in G.S. 163-278.64(c).
 - b. Made during the qualifying period and obtained with the approval of the candidate or candidate's committee.
- *Qualifying period*- The period beginning September 1 in the year before the election and ending the day of the primary of the election year.
- *Referendum committee*- A combination of two or more individuals such as a committee, association, organization, or other entity or a

combination of two or more business entities, corporations, insurance companies, labor unions, or professional associations such as a committee, association, organization, or other entity the primary purpose of which is to support or oppose the passage of any referendum on the ballot. If the entity qualifies as a “referendum committee” under this subsection, it continues to be a referendum committee if it receives contributions or makes expenditures or maintains assets or liabilities. A referendum committee ceases to exist when it winds up its operations, disposes of its assets, and files its final report.

Who may participate in the Program?

- A candidate for North Carolina Court of Appeals or North Carolina Supreme Court who desires to participate in the North Carolina Public Campaign Fund Program.
- The candidate must be eligible to receive funds from this Program.
- Upon making the determination to participate in the Program, a candidate must be able to certify that since January 1st of the year before the election he or she has received no more than ten thousand dollars (\$10,000) from sources and in amounts permitted by law and has not expended more than ten thousand dollars (\$10,000) for any campaign purpose. For elections taking place in 2012, January 1, 2011 would be the relevant date. If either of these limits have been exceeded, a candidate would be ineligible to receive funds from the Program.

How do I participate in the Program?

- If the above criteria have been met, a candidate must first file a **Declaration of Intent** during the qualifying period and before collecting any qualifying contributions. The qualifying period begins on September 1 of the year before the election. For an election taking place in 2012, the qualifying period would begin on September 1, 2011. The qualifying period ends on the day of the primary in 2012. The **Declaration of Intent** may be filed at any time during this qualifying period, but absolutely no qualifying contributions may be received prior to the filing of the **Declaration of Intent**.

Contents of the Declaration of Intent

The candidate will swear or affirm that:

- Only one political committee, identified with a treasurer, will handle all contributions, expenditures, and obligations for the participating candidate;
- No qualifying contributions have been collected prior to the filing of the statement;
- No contributions have been collected in excess of \$10,000 and no expenditures have been made in excess of \$10,000;
- All contributions received since January 1, 2011 were from permitted sources and in permitted amounts;
- The candidate will comply with the contribution and expenditure limits and other requirements set forth in Article 22D or adopted by the Board. Failure to comply would be a violation of Article 22D.

- After the **Declaration of Intent** has been filed, the candidate is now defined as a “participating candidate.” The participating candidate must obtain qualifying contributions during the qualifying period in order to become a “certified candidate.”

Requirements for Qualifying Contributions

- Must obtain separate contributions from at least 350 registered voters of North Carolina. Each contributor must provide his or her full name, mailing address, phone number, and county of residence.
- Each qualifying contribution may be no less than ten dollars (\$10) nor more than five hundred dollars (\$500). Multiple contributions from the same contributor to the same candidate shall not exceed \$500, unless the contributor is the candidate or their spouse, parent, child, brother or sister. Up to \$500 of a contribution from a candidate's family member may be treated as a qualifying contribution if it otherwise meets the requirements for qualifying contributions.
- Each qualifying contribution must be made with a noncash form of payment. No cash may be accepted.
- All qualifying contributions must be made during the qualifying period and must be obtained with the approval of the candidate or candidate's committee.
- The aggregate sum of the qualifying contributions may be no less than the minimum qualifying contribution sum, which is 30 times the filing fee for the office.
 - A candidate for the North Carolina Court of Appeals minimum qualifying contribution sum is \$39,450.00.
 - A candidate for an Associate Justice seat on the North Carolina Supreme Court has a minimum qualifying contribution sum of \$41,160.00.
- The aggregate sum of the qualifying contributions may be no more than the maximum qualifying contribution sum, which is 60 times the filing fee for the office.
 - A candidate for the North Carolina Court of Appeals maximum qualifying contribution sum is \$78,900.00.
 - A candidate for Associate Justice of the North Carolina Supreme Court has a maximum qualifying contribution sum of \$82,320.00.
- No payment, gift, anything of value, or the opportunity to win anything of value shall be given in exchange for a qualifying contribution.
- All qualifying contributions will be disclosed in a Qualifying Report filed electronically with the State Board of Elections.
- Participating candidates may receive contributions less than ten dollars (\$10). These contributions are not qualifying contributions and are not considered in meeting the minimum contribution sum. However, the total contributions of amounts under ten dollars (\$10) and all qualifying contributions may not exceed the maximum qualifying sum.

- From the filing of the **Declaration of Intent** through the end of the qualifying period, a candidate shall expend no more than an amount equal to the maximum qualifying contributions for that candidate (\$78,900.00 for North Carolina Court of Appeals candidates and \$82,320.00 for candidates for Associate Justice of the North Carolina Supreme Court), not including possible matching funds or any remaining “seed” money raised during the period from January 1st through the filing of the **Declaration of Intent**.
- During the qualifying period, the candidate may contribute up to one thousand dollars (\$1,000) of that candidate’s own money to the campaign. Debt incurred by a candidate or payments for campaign expenses by a candidate count toward the \$1,000 limit. The candidate may accept in contributions one thousand dollars (\$1,000) from each member of that candidate’s family including the candidate’s spouse, parent, child, brother and sister. Up to \$500 of a contribution from the candidate’s family member may be treated as a qualifying contribution if it otherwise meets the requirements for a qualifying contribution.
 - *Any contribution received by a participating or certified candidate that does not meet the criteria outlined in this process must be returned to the donor as soon as practicable. This has been defined as within five days of receipt of the contribution. Contributions intentionally made, solicited, or accepted in violation of Article 22D are subject to civil penalties.*
- After the qualifying contributions have been received and recorded, a Qualifying Report must be submitted electronically to the Campaign Finance Office of the State Board of Elections for certification evaluation. This report must contain the required information for all qualifying contributors. Required information includes the name, address, phone number, county of residence, and birth date or voter registration number of each contributor, the amount of the contribution and the method of payment. A copy of the form of payment of each qualifying contribution should be submitted with the qualifying report.
- Upon receipt of the Qualifying Report the certification evaluation will begin. The Board shall certify candidates complying with the program’s requirements no later than five business days after receipt of a satisfactory record of demonstrated support. The following are the requirements for certification:

Certification Requirements

- Signed and filed **Declaration of Intent**.
- Submitted Qualifying Report listing the appropriate number of qualifying contributions in the appropriate amounts from registered voters of North Carolina. This information will be verified by State Board staff. A copy of the form of payment of each qualifying contribution should be submitted with the qualifying report.
- Filed a valid Notice of Candidacy for the seat sought as provided in Article 25 of Chapter 163 of the North Carolina General Statutes.
- Complied with all other campaign finance laws.

- After the qualifying period and through the date of the general election, the candidate may expend only the funds the candidate receives from the Fund plus any funds remaining from the qualifying period and any matching funds.

Other Restrictions on Expenditures by Participating and Certified Candidates

Article 22A of Chapter 163 of the North Carolina General Statutes contains the regulations concerning contributions and expenditures in political campaigns. Specifically, N.C. Gen. Stat. 163-278.16B provides the permitted purposes for which a candidate or candidate campaign committee may spend funds. It was not until October 1, 2006, that North Carolina placed restrictions on how candidates and their campaign committees spent their funds. Candidates participating in public funding must limit their expenditures to the purposes provided in N.C. Gen. Stat. 163-278.16B and additional restrictions made by the Board.

The State Board has provided guidelines for determining permissible expenditures. If a participating or certified candidate is unsure if an intended expenditure falls within these guidelines, a request for an opinion should be made to the State Board of Elections.

The designated treasurer for the participating or certified candidate should maintain receipts documenting every disbursement from the campaign account. These receipts may be needed if a complaint is filed or the State Board of Elections has any questions about the expenditures of a committee.

Nonparticipating candidates are not limited to the expenditure guidelines below. However, these candidates must comply with the expenditure guidelines set forth in N.C. Gen. Stat. 163-278.16B and must continue to fully disclose all expenditures with the full name and address of the payee, date of disbursement, amount of disbursement and specific purpose of the disbursement. Participating and certified candidates will also be required to provide this information on all campaign finance reports filed.

The Expenditure Guidelines chart addresses specific expenditures and their permissibility. As stated above, if a candidate or committee has a question as to whether it would be permissible to make a specific expenditure, a written request for guidance is recommended. Please contact the Campaign Finance Office of the State Board of Elections with any questions.

Campaign-Related Expenditure Guidelines

<i>Allowed</i>	<i>Prohibited</i>
Advertisement expenditures including all “print media”	Expenditures to any political party or political committee, except as provided by these guidelines
Campaign headquarters expenses including lease and utilities	Independent Expenditures
Office supplies for administration of current campaign	Loans not associated with the current candidacy
Campaign staff expenses including salaries and food for staff and/or volunteers	Any gift to another that is not given for a campaign-related purpose
Travel expenses for candidate and staff including mileage, lodging and reimbursement for campaign events and appearances	A capital asset that is not used to promote the current candidacy
Consulting services, accounting services, clerical services, polling and other campaign advisory services	Any civil penalty or costs incurred as a result of civil penalties assessed against the candidate or committee
Candidate may jointly pay for media expenses as long as each candidate pays an equal amount so that no candidate receives an in-kind contribution.	
Purchase of tickets to attend events for the purpose of campaigning, the cost of which are reasonably related to the benefits received. (<i>An expense of \$200 or less is presumed reasonable.</i>)	

Any expenses incurred by the candidate for fundraising activities for the current campaign.	
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Limitations on Contributions for Candidates NOT participating in the Program

With the creation of Article 22D came a significant change to Article 22A concerning contribution limitations for judicial candidates. Previously, all candidates, political committees, and individuals could contribute \$4,000 per election to any candidate or other political committee. The candidate, the candidate's spouse, parents or siblings could contribute unlimited amounts to the candidate's political committee. The change in the law applies to candidates for the North Carolina Supreme Court and the North Carolina Court of Appeals. Candidates for these offices are now limited to accepting contributions up to \$1,000 for any election, except that a candidate may accept a contribution of \$2,000 in an election from the candidate's parent, child, brother or sister. The candidate and the candidate's spouse are not limited in the amount that they can contribute to the candidate's campaign.

How do I receive funds from the Program?

- The State Board of Elections will distribute revenue from the Fund within five business days after the certified candidate's name is approved to appear on the ballot in a contested general election.
 - North Carolina Court of Appeals candidates will receive **\$164,400.00** (125 times the filing fee) for the 2012 general election;
 - North Carolina Supreme Court Associate Justice candidates will receive **\$240,100.00** (175 times the filing fee) for the 2012 general election.

*If the revenue in the Fund is insufficient to fully fund all certified candidates, then the available money shall be distributed proportionately, according to each candidate's eligible funding. Additionally, the candidate will be permitted to raise funds up to the total amount her or she would have received if adequate funding had been available.

What are my Campaign Finance Reporting requirements?

- Participating and Certified candidates will comply with the standard campaign finance reporting schedule, in addition to filing the required reports for certification. *(See “How do I participate in the Program?”)*
- A certified candidate who ceases to be certified or ceases to be a candidate or who loses an election shall file a final report with the Board and return any unspent revenues received from the Fund.

Will matching funds be available?

No. Due to a recent US Supreme Court decision deeming matching funds unconstitutional, the State Board has directed that no matching funds be released for the 2012 election.

Judicial Voter Guide

The State Board of Elections will publish a Judicial Voter Guide that will be available no earlier than 28 days nor later than seven days before the one-stop voting period prior to the primary and general election. The Guide will include information about the functions of the appellate courts, the laws involved in electing appellate judges, the purpose and function of the North Carolina Public Campaign Fund Program and the laws regulating voter registration.

Included in the Guide will be information on each candidate for the North Carolina Court of Appeals and the North Carolina Supreme Court. This information will be submitted by the candidate on the form and in the format provided by the State Board of Elections. The candidate will be asked to provide information on the following:

- Place of residence
- Education
- Occupation
- Employer
- Date admitted to the Bar
- Legal/Judicial experience
- Candidate statement

The State Board of Elections will have the authority to reject any portion of the candidate statement that is determined to contain obscene, profane or defamatory language. If the State Board rejects a portion of

the statement, the candidate will have three days to resubmit the candidate statement portion of the Voter Guide Information packet.

The entire entry for a candidate shall be limited to 250 words.

Civil Penalties

The State Board of Elections will make determinations regarding violations of the Article. Any individual, political committee or other entity that violates any provision of Article 22D will be subject to a civil penalty of up to ten thousand dollars (\$10,000) per violation or three times the amount of any financial transactions involved in the violation, whichever is greater. The State Board of Elections may also, “for good cause shown,” require a candidate to return to the Fund all amounts distributed to the candidate from the Fund. When making determinations concerning violations of Article 22D, the State Board of Elections may consider as circumstances out of the candidate’s control a mitigating factor when assessing a civil penalty.

A CANDIDATE’S GUIDE to the North Carolina Voter-Owned Elections Fund Program

*Public Funding for Candidates for
State Auditor,
Superintendent of Public Instruction, and
Commissioner of Insurance*

Overview of the North Carolina Voter-Owned Elections Fund Program

On August 31, 2007, Governor Easley signed legislation to establish a pilot public financing fund for candidates seeking the offices of State Auditor, Superintendent of Public Instruction, and Commissioner of Insurance. The legislative purpose of the Act “is to ensure the vitality and fairness of democratic elections in North Carolina to the end that any eligible citizen of this State can realistically choose to seek and run for public office.”

The 2008 election was the first time public funding was provided to candidates seeking these Council of State offices. Participation in the program is completely voluntary for candidates.

The following pages will provide specific information about the mechanics of the Voter-Owned Elections Fund Program, answers to potential questions about various aspects of the Program, and information about other campaign finance laws.

How is the Program funded?

There are five sources of revenue for the North Carolina Voter-Owned Elections Fund. In addition to distributions to qualified candidates, all expenses for implementation, including staff, administrative, and enforcement costs, are paid for by the North Carolina Voter-Owned Elections Fund. Revenue for the Fund is provided through the following means:

- The *first source* is from any voluntary donation made directly to the Voter-Owned Elections Fund.
- The *second source* is from appropriations from the General Fund.
- The *third source* is from Fund revenues that were distributed to candidates but were not spent or committed at the time a candidate is no longer considered a certified candidate for that election.
- The *fourth source* is any funds ordered to be returned to the Fund as a result of a violation by a participating or certified candidate in the Program.
- The *fifth source* is from money paid to the Fund as a result of a candidate forfeiting funds in excess of the \$20,000 cap on contributions and expenditures between August 1st of the year before the election and the date of declaring a candidate’s intent to participate in the Program.

How is the Fund and Program managed?

The State Board of Elections is responsible for administering the Fund, including the development of procedures for the proper administration of the Program. The Board will make determinations regarding whether electioneering communications will trigger matching funds and will be responsible for making determinations of violations of Article 22J of Chapter 163 of The General Statutes, the provisions creating the Program.

A Voter Guide will be developed at the direction of the Board and distributed to as many voting-age individuals in the State as practical. This Voter Guide will provide information on all candidates who have filed for State Auditor, Superintendent of Public Instruction, and Commissioner of Insurance. It will explain the functions of these offices and the laws concerning the election of the Council of State. Additionally, the purpose and function of the Fund will be included and information on voter registration provided.

The Board has delegated the daily administration of the Fund to the Campaign Finance Division of the State Board of Elections. Under the direction of the Board, the Campaign Finance Division will audit all reports of both non-participating and participating candidates to ensure compliance with the provisions of the Program. Certification requirements will be verified by Campaign Finance staff prior to the Board certifying a candidate. Reports required by the Program and the campaign finance regulations should be filed with the Campaign Finance Division. Questions concerning the administration of the Fund should be directed to the Campaign Finance Division.

Treasurer and Candidate Training Opportunities

North Carolina law provides that every treasurer of a North Carolina political committee must receive training within three months of appointment. Further, the treasurer may not sign a disclosure report until that treasurer has received the required training. Candidates who wish to sign disclosure reports must also take the required training. Treasurer training can be completed in person at the State Board of Elections, at regional locations across the State, and through an on-line interactive session.

The current training does not include specific information about the North Carolina Voter-Owned Elections Campaign Fund. However, candidates can make appointments to receive individualized guidance on the administration of the Fund and training sessions will be scheduled at

the State Board of Elections specifically to address the administration of the North Carolina Voter-Owned Elections Fund. This training is open to all candidates, their treasurers and any other interested parties that may wish to know more about the Fund and its implementation. In order to register for either of the two training sessions, please go to our website at www.ncsbe.gov and click on Campaign Finance. Information about the training and instructions for registration are provided.

Mechanics of the Program

Definitions of Key Terms (as taken from GS 163-278.96)

- *Board*- The State Board of Elections
- *Campaign-related expenditure*- An expenditure for the candidate's current campaign made in accordance with guidelines established by the Board.
- *Candidate*- Any individual who, with respect to a public office ..., has taken positive action for the purpose of bringing about that individual's nomination or election to public office. Examples of positive action include:
 - filing a notice of candidacy or a petition requesting to be a candidate,
 - being certified as a nominee of a political party for a vacancy,
 - otherwise qualifying as a candidate in a manner authorized by law,
 - making a public announcement of a definite intent to run for public office in a particular election,
 - or receiving funds or making payments or giving the consent for anyone else to receive funds or transfer anything of value for the purpose of bringing about that individual's nomination or election to office. Transferring anything of value includes incurring an obligation to transfer anything of value. The term includes a political committee authorized by the candidate for that candidate's election.
- *Certified Candidate*- A candidate running for office who chooses to receive campaign funds from the Fund who is certified under GS 163-278.98(c). (see Certification of Candidate section)
- *Contested primary and contested general election*- An election in which there are more candidates than the number to be elected. A distribution from the Fund pursuant to Article 22J is not a "contribution" and is not subject to the limitations of GS 163-278.13 or the prohibitions of GS 163-278.15 or GS 163-278.19.

- *Electioneering communication*- Any broadcast, cable, satellite communication, mass mailing or telephone bank that has all of the following characteristics:
 - Refers to a clearly identified candidate.
 - Is aired or transmitted within 60 days before absentee voting begins in an election for that office.
 - May be received by either 50,000 individuals in the State in an election for statewide office or 7,500 or more individuals in any other election if in the form of broadcast, cable, or satellite communication or 20,000 or more households, cumulative per election, in a statewide election or 2,500 households, cumulative per election, in any other election if in the form of mass mailing or telephone bank.
- *Expenditure*- Any purchase, advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, whether or not made in an election year, and any contract, agreement, or other obligation to make an expenditure, to support or oppose the nomination, election, or passage of one or more clearly identified candidates, or ballot measure. An expenditure forgiven by a person or entity to whom it is owed shall be reported as a contribution from that person or entity. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. The term “expenditure” also includes any payment or other transfer made by a candidate, political committee, or referendum committee.
- *Fund*- The North Carolina Voter-Owned Elections Fund as established in GS 163-278.97.
- *Independent Expenditure*- An expenditure to support or oppose the nomination or election of one or more clearly identified candidates that is made without consultation or coordination with a candidate or agent of a candidate whose nomination or election the expenditure supports or whose opponent’s nomination or election the expenditure opposes. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. A contribution is not an independent expenditure.
- *Maximum qualifying contributions*- If the candidate has an uncontested primary, an amount equal to 100 times the filing fee for the office sought. If the candidate has a contested primary, 200 times the filing fee for the office sought.
- *Minimum qualifying contributions*- An amount of qualifying contributions equal to 25 times the filing fee for candidacy for the office. These contributions must be from at least 750 North Carolina registered voters in amounts of \$10 to \$200.

- *Nonparticipating candidate*- A candidate running for office who is not seeking to be certified. (see Certification of Candidate section)
- *Office*- The Council of State offices of Auditor, Superintendent of Public Instruction, and Commissioner of Insurance.
- *Participating candidate*- A candidate for office who has filed a declaration of intent to participate under GS 163-278.98(a).
- *Political committee*- The term "political committee" means a combination of two or more individuals, such as any person, committee, association, organization, or other entity that makes, or accepts anything of value to make, contributions or expenditures and has one or more of the following characteristics:
 - a. Is controlled by a candidate;
 - b. Is a political party or executive committee of a political party or is controlled by a political party or executive committee of a political party;
 - c. Is created by a corporation, business entity, insurance company, labor union, or professional association pursuant to G.S. 163-278.19(b); or
 - d. Has the major purpose to support or oppose the nomination or election of one or more clearly identified candidates. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party.

Contributions to referendum committees and expenditures to support or oppose ballot issues shall not be facts considered to give rise to the presumption or otherwise be used in determining whether an entity is a political committee. If the entity qualifies as a "political committee" under sub-subdivision a., b., c., or d. of this subdivision, it continues to be a political committee if it receives contributions or makes expenditures or maintains assets or liabilities. A political committee ceases to exist when it winds up its operations, disposes of its assets, and files its final report.

- *Qualifying contribution*- A contribution of not less than ten dollars (\$10.00) and not more than two hundred dollars (\$200.00) in the form of a check or money order to the candidate or the candidate's committee that meets both of the following conditions:
 - a. Made by a registered voter in this State
 - b. Made during the qualifying period and obtained with the approval of the candidate or candidate's committee.
- *Qualifying period*- The period beginning September 1 in the year before the election and ending the day of the primary of the election year.

Who may participate in the Program?

- A candidate for State Auditor, Superintendent of Public Instruction, and Commissioner of Insurance who desires to participate in the North Carolina Voter-Owned Elections Fund Program.
- The candidate must be eligible to receive funds from this Program.
- Upon making the determination to participate in the Program, a candidate must be able to certify that, since August 1st of the year before the election, he or she has received no more than twenty thousand dollars (\$20,000) from sources and in amounts permitted by law and has not expended more than twenty thousand dollars (\$20,000) for campaign-related expenditures. For example, for elections taking place in 2012, August 1, 2011 is the relevant date. If either of these limits has been exceeded, a candidate is ineligible to receive funds from the Program, unless the candidate pays to the Board an amount equal to the contributions accepted by the candidate in excess of that limit and the amount already expended for campaign-related expenditures has not exceeded the limit.

How do I participate in the Program?

- If the above criteria have been met, a candidate must first file a **Declaration of Intent** during the qualifying period and before collecting any qualifying contributions. The qualifying period begins on September 1 of the year before the election. For an election taking place in 2012, the qualifying period begins on September 1, 2011. The qualifying period ends on the day of the primary of the election year. The **Declaration of Intent** may be filed at any time during this qualifying period, but absolutely no qualifying contributions may be received prior to the filing of the **Declaration of Intent**.

Contents of the Declaration of Intent

The candidate will swear or affirm that:

- Only one political committee, identified with a treasurer, will handle all contributions, campaign-related expenditures, and obligations for the participating candidate;
- No qualifying contributions have been collected prior to the filing of the statement;
- No contributions have been collected in excess of \$20,000 and no campaign-related expenditures have been made in excess of \$20,000 since August 1, 2011;
- All contributions received since August 1, 2011 were from permitted sources and in permitted amounts;
- The candidate will comply with the contribution and expenditure limits and other requirements set forth in Article 22J or adopted by the Board. Failure to comply would be a violation of Article 22J.

- After the **Declaration of Intent** has been filed, the candidate is now defined as a “participating candidate.” The participating candidate must obtain qualifying contributions during the qualifying period in order to become a “certified candidate.”

Requirements for Qualifying Contributions

- Must obtain separate contributions from at least 750 registered voters of North Carolina. Each contributor must provide his or her full name, mailing address, phone number, and county of residence.
- Each qualifying contribution may be no less than ten dollars (\$10) and no more than two hundred dollars (\$200).
- Each qualifying contribution must be in the form of a check or money order. No cash may be accepted.
- All qualifying contributions must be made during the qualifying period and must be obtained with the approval of the candidate or candidate's committee.
- The aggregate sum of the qualifying contributions may be no less than the minimum qualifying contribution sum, which is 25 times the filing fee for the office.
 - The minimum qualifying contribution amount for each of the three Council of State offices in 2012 has not yet been determined.
- The sum of the qualifying contributions may be no more than 100 times the filing fee for the office if the participating candidate is in an uncontested primary and 200 times the filing fee if the participating candidate is in a contested primary.
 - The maximum qualifying contribution amount for participating candidates in 2012 has not yet been determined.
- No payment, gift, or anything of value shall be given in exchange for a qualifying contribution.
- All qualifying contributions will be reported on a Qualifying Report filed electronically with the State Board of Elections.
- Participating candidates may receive contributions less than ten dollars (\$10). These contributions are not qualifying contributions and are not considered in meeting the minimum contribution sum. However, the total contributions of amounts under ten dollars (\$10) and all qualifying contributions may not exceed the maximum qualifying sum.

- From the filing of the **Declaration of Intent** through the end of the qualifying period, a candidate shall expend no more than an amount equal to the maximum qualifying contributions for that candidate, not including possible matching funds or any remaining "seed" money raised during the period from August 1st until the filing of the **Declaration of Intent**.

- During the qualifying period, the candidate may contribute up to one thousand dollars (\$1,000) of that candidate's own money to the campaign and may accept in contributions one thousand dollars (\$1,000) from each member of that candidate's family including the candidate's spouse, parent, child, brother and sister. Debt incurred by a candidate or payments for campaign expenses by a candidate count toward the \$1,000 limit.

*Any contribution received by a participating or certified candidate that does not meet the criteria outlined in this process must be returned to the donor as soon as practicable. This has been defined as within five days of receipt of the contribution. Contributions intentionally made, solicited, or accepted in violation of Article 22J are subject to civil penalties.

- After the qualifying contributions have been received and recorded, a Qualifying Report must be submitted electronically to the Campaign Finance Office of the State Board of Elections for certification evaluation. This report will contain the required information for all qualifying contributors. Required information includes the contributor's name, address, phone number, county of residence, birth date or voter registration number, the amount of the contribution and the method of payment (check or money order).
- Upon receipt of the Qualifying Report, the certification evaluation will begin. The Board shall certify candidates complying with the requirements no later than five business days after receipt of a satisfactory record of demonstrated support. The following are the requirements for certification:

Certification Requirements

- Signed and filed **Declaration of Intent**.
- Submitted Qualifying Report listing the appropriate number of qualifying contributions in the appropriate amounts from registered voters of North Carolina. This information will be verified by State Board staff.
- Filed a valid Notice of Candidacy for the office sought during the filing period established by the North Carolina General Statutes.
- Complied with all other campaign finance laws.

- After the qualifying period and through the date of the general election, the candidate shall cease campaign-related fund-raising activities and shall expend only the funds the candidate receives from the Fund plus any funds remaining from the qualifying period and any matching funds.

Other Restrictions on Expenditures by Participating and Certified Candidates

Article 22A of Chapter 163 of the North Carolina General Statutes contains the regulations concerning contributions and expenditures in political campaigns. Specifically, N.C. Gen. Stat. 163-278.16B provides the permitted purposes for which a candidate or candidate campaign committee may spend their funds. It was not until October 1, 2006, that North Carolina placed restrictions on how candidates and their campaign committees spent their funds. Candidates participating in public funding must limit their expenditures for the purposes provided in N.C. Gen. Stat. 163-278.16B plus any additional restrictions made by the Board.

The State Board has provided guidelines for determining whether an expenditure is campaign related, as required by statute. If a participating or certified candidate is unsure if an intended expenditure falls within these guidelines, a request for an opinion should be made to the State Board of Elections Campaign Finance Division.

The designated treasurer for the participating or certified candidate should maintain receipts documenting every disbursement from the campaign account. These receipts may be needed if a complaint is filed or the State Board of Elections has any questions about the expenditures of a committee.

Nonparticipating candidates are not limited to the campaign-related expenditure guidelines below. However, these candidates must comply with the expenditure guidelines set forth in N.C. Gen. Stat. 163-278.16B and must continue to fully disclose all expenditures with the full name and address of the payee, date of disbursement, amount of disbursement and specific purpose of the disbursement. Participating and certified candidates will also be required to provide this information on all campaign finance reports filed.

As stated above, if a candidate or committee has a question as to whether it would be permissible to make a specific expenditure, a written request for guidance is recommended. Please contact the Campaign Finance Office of the State Board of Elections with any questions. The [Campaign-Related Expenditure Guidelines](#) chart addresses specific expenditures and their permissibility. This chart is not a conclusive list of allowable expenditures, but does provide guidelines to assist with compliance.

Campaign-Related Expenditure Guidelines

<i>Allowed</i>	<i>Prohibited</i>
Advertisement expenditures including all “print media”	Expenditures to any political party or political committee, except as provided by these guidelines
Campaign headquarters expenses including lease and utilities	Independent Expenditures
Office supplies	Loans not associated with the current candidacy
Campaign staff expenses including salaries and food for staff and/or volunteers	Any gift to another that is not given for a campaign-related purpose
Travel expenses for candidate and staff including mileage, lodging and reimbursement for campaign events and appearances	A capital asset that is not used to promote the current candidacy
Consulting services, accounting services, clerical services, polling and other campaign advisory services	Any costs incurred as a result of civil penalties assessed against the candidate or committee
Candidate may jointly pay for media expenses as long as each candidate pays a proportional amount so that no candidate receives an in-kind contribution.	
Purchase of tickets to attend events for the purpose of campaigning, the cost of which are reasonably related to the benefits received. <i>(An expense of \$200 or less is presumed reasonable.)</i>	
Any expenses incurred by the candidate for fundraising activities	

How do I receive funds from the Program?

The State Board of Elections will distribute revenue from the Fund within five business days after the certified candidate’s name is approved to appear on the ballot in a contested general election. The amount of the Fund distribution is based on the average amount of campaign-related

expenditures made by all candidates that won the immediately preceding three general elections for that office, but not less than \$300,000.00.

The manner of Fund distribution will be as follows:

1. Within five business days after the certified candidate's name is approved to appear on the ballot in a contested general election, but no earlier than five business days after the primary, one-third of the revenue (as provided above) for that certified candidate will be directly deposited into that candidate's campaign account.
2. The remainder of the amount will be directly deposited on August 1st before the general election.

*If the revenue in the Fund is insufficient to fully fund all certified candidates, then the available money shall be distributed proportionately, according to each candidate's eligible funding. Additionally, the candidate will be permitted to raise funds in the same manner as a nonparticipating candidate up to the total amount he or she would have received if adequate funding had been available.

What are my Campaign Finance Reporting requirements?

Participating and Certified candidates will comply with the standard campaign finance reporting schedule, in addition to filing the required reports for certification. *(See "How do I participate in the Program?")*

Will Matching Funds be available?

No. Due to a recent US Supreme Court decision deeming matching funds unconstitutional, they will not be released for the 2012 election.

Voter Guide

The State Board of Elections will publish a Voter Guide that will be available no earlier than 28 days or later than seven days before the one-stop voting period prior to the primary and general election. The Guide will include information about the functions of the State Auditor, Superintendent of Public Instruction and Commissioner of Insurance, the laws involved in electing the Council of State, the purpose and function of the North Carolina Voter-Owned Elections Program and the laws regulating voter registration.

Included in the Guide will be information on each candidate for State Auditor, Superintendent of Public Instruction and Commissioner of

Insurance. This information will be submitted by the candidate on the form and in the format provided by the State Board of Elections. The candidate will be asked to provide information on the following:

- Place of residence
- Education
- Occupation
- Employer
- Previous elective offices held
- Endorsements, limited to 50 words. The candidate must have written confirmation from the endorsing person or organization of the endorsement. This confirmation must be submitted to the Board.
- Candidate statement, limited to 150 words

The State Board of Elections will have the authority to reject any portion of the candidate statement that is determined to contain obscene, profane or defamatory language. If the State Board rejects a portion of the statement, the candidate will have three days to resubmit the candidate statement portion of the Voter Guide Information packet.

The Voter Guide may be published in conjunction with the Judicial Voter Guide provided by the North Carolina Public Campaign Fund.

Civil Penalties

The State Board of Elections will make determinations regarding violations of the Article. Any individual, political committee or other entity that violates any provision of Article 22J will be subject to a civil penalty of up to ten thousand dollars (\$10,000) per violation or three times the amount of any financial transactions involved in the violation, whichever is greater. The State Board of Elections may also, “for good cause shown,” require a candidate to return to the Fund all amounts distributed to the candidate from the Fund. When making determinations concerning violations of Article 22J, the State Board of Elections may consider circumstances out of the candidate’s control as a mitigating factor when assessing a civil penalty.

