



NORTH CAROLINA
State Board of Elections

2014 Campaign Finance Manual

A guide for ensuring compliance

Table of Contents

| | |
|--|-----------|
| SUMMARY OF 2013 LAW CHANGES | 6 |
| DEFINITIONS | 9 |
| <i>Advertisement</i> | <i>9</i> |
| <i>Aggregated Non-Media Expenditures</i> | <i>9</i> |
| <i>Board</i> | <i>9</i> |
| <i>Broadcasting Station</i> | <i>9</i> |
| <i>Business Entity.....</i> | <i>9</i> |
| <i>Candidate</i> | <i>9</i> |
| <i>Candidate Campaign Committee.....</i> | <i>10</i> |
| <i>Communications media or Media.....</i> | <i>10</i> |
| <i>Contribute or Contribution</i> | <i>10</i> |
| <i>Coordinated Expenditure.....</i> | <i>10</i> |
| <i>Corporation.....</i> | <i>11</i> |
| <i>Day.....</i> | <i>11</i> |
| <i>Election Cycle.....</i> | <i>11</i> |
| <i>Election</i> | <i>11</i> |
| <i>Electioneering Communication.....</i> | <i>11</i> |
| <i>Expend or Expenditure.....</i> | <i>11</i> |
| <i>Express Advocacy.....</i> | <i>12</i> |
| <i>Independent Expenditure</i> | <i>12</i> |
| <i>In-Kind Contribution.....</i> | <i>12</i> |
| <i>Issue Advocacy.....</i> | <i>12</i> |
| <i>Legal Expense Fund</i> | <i>12</i> |
| <i>Legend</i> | <i>13</i> |
| <i>Mass Mailing</i> | <i>13</i> |
| <i>Non-monetary gift.....</i> | <i>13</i> |
| <i>Political Committee</i> | <i>13</i> |
| <i>Political Party.....</i> | <i>13</i> |
| <i>Print Media</i> | <i>13</i> |
| <i>Radio.....</i> | <i>13</i> |
| <i>Referendum</i> | <i>14</i> |
| <i>Referendum committee.....</i> | <i>14</i> |
| <i>Sponsor</i> | <i>14</i> |
| <i>Television</i> | <i>14</i> |
| <i>Treasurer</i> | <i>14</i> |
| <i>Unobscured.....</i> | <i>14</i> |
| CAMPAIGN FINANCE OFFICE PUBLICATIONS AND TRAININGS..... | 15 |
| CANDIDATE COMMITTEES..... | 16 |
| GENERAL REQUIREMENTS..... | 17 |
| APPOINTMENT OF TREASURER | 17 |
| MANDATORY TREASURER TRAINING..... | 17 |
| ORGANIZING THE COMMITTEE | 18 |
| REPORTING FORMS..... | 19 |
| ELECTRONIC FILING | 20 |
| FEDERAL CANDIDATE COMMITTEES..... | 20 |
| CONTRIBUTIONS..... | 21 |
| CAMPAIGN FINANCE RESTRICTIONS ON LOBBYIST ACTIVITIES..... | 23 |
| LIMITATIONS ON FUND-RAISING DURING LEGISLATIVE SESSIONS | 24 |

| | |
|---|-----------|
| EXPENDITURES | 25 |
| DESIGNATION OF COMMITTEE FUNDS..... | 26 |
| LOANS..... | 26 |
| DEBTS AND OBLIGATIONS..... | 27 |
| THRESHOLD REQUIREMENTS..... | 27 |
| LEGAL EXPENSE FUNDS..... | 28 |
| NOTICES OF REPORTS DUE | 31 |
| REPORTS TO BE CERTIFIED/FILED TIMELY..... | 32 |
| CIVIL PENALTIES | 32 |
| INACTIVE STATUS..... | 33 |
| CLOSING THE COMMITTEE..... | 33 |
| CANDIDATE COMMITTEE..... | 34 |
| REPORTS FROM ELECTED OFFICIALS | 36 |
| JOINT CANDIDATE FUNDRAISERS..... | 36 |
| POLITICAL PARTY COMMITTEES | 39 |
| GENERAL REQUIREMENTS..... | 40 |
| APPOINTMENT OF TREASURER | 40 |
| MANDATORY TREASURER TRAINING..... | 40 |
| ORGANIZING THE COMMITTEE | 41 |
| REPORTING FORMS..... | 42 |
| ELECTRONIC FILING | 42 |
| CONTRIBUTIONS..... | 43 |
| EXPENDITURES..... | 45 |
| LOANS..... | 46 |
| DEBTS AND OBLIGATIONS..... | 47 |
| THRESHOLD REQUIREMENTS..... | 47 |
| NOTICES OF REPORTS DUE | 48 |
| REPORTS TO BE CERTIFIED/FILED TIMELY..... | 48 |
| CIVIL PENALTIES | 49 |
| INACTIVE STATUS..... | 49 |
| CLOSING THE COMMITTEE..... | 50 |
| POLITICAL PARTY COMMITTEE..... | 51 |
| POLITICAL PARTY HEADQUARTERS BUILDING FUNDS | 53 |
| ALLOWABLE CONTRIBUTIONS..... | 53 |
| SPECIFIC USE OF BUILDING FUNDS..... | 53 |
| REPORTS DUE..... | 53 |
| POLITICAL PARTY HEADQUARTERS BUILDING FUNDS..... | 54 |
| POLITICAL COMMITTEES (PACS)..... | 57 |
| GENERAL REQUIREMENTS..... | 58 |
| APPOINTMENT OF TREASURER | 58 |
| MANDATORY TREASURER TRAINING..... | 59 |
| ORGANIZING THE COMMITTEE | 59 |
| REPORTING FORMS..... | 60 |
| INDEPENDENT EXPENDITURE PACS (IE PACS) | 60 |
| ELECTRONIC FILING | 61 |
| CONTRIBUTIONS..... | 61 |
| LIMITATIONS ON FUND-RAISING DURING LEGISLATIVE SESSIONS | 63 |
| EXPENDITURES | 64 |
| LOANS..... | 65 |

| | |
|--|-----------|
| DEBTS AND OBLIGATIONS..... | 65 |
| ADMINISTRATIVE SUPPORT..... | 66 |
| NOTICES OF REPORTS DUE..... | 66 |
| REPORTS TO BE CERTIFIED/FILED TIMELY..... | 67 |
| CIVIL PENALTIES..... | 67 |
| INACTIVE STATUS..... | 68 |
| CLOSING THE COMMITTEE..... | 68 |
| STATE PACS, COUNTY PACS & INDEPENDENT EXPENDITURE PACS..... | 69 |
| MUNICIPAL PACS..... | 71 |
| FEDERAL PACS..... | 72 |
| REFERENDUM COMMITTEES..... | 73 |
| GENERAL REQUIREMENTS..... | 74 |
| APPOINTMENT OF TREASURER..... | 74 |
| MANDATORY TREASURER TRAINING..... | 74 |
| ORGANIZING THE COMMITTEE..... | 75 |
| REPORTING FORMS..... | 76 |
| ELECTRONIC FILING..... | 76 |
| CONTRIBUTIONS..... | 76 |
| EXPENDITURES..... | 78 |
| LOANS..... | 79 |
| DEBTS AND OBLIGATIONS..... | 79 |
| NOTICES OF REPORTS DUE..... | 80 |
| REPORTS TO BE CERTIFIED/FILED TIMELY..... | 80 |
| CIVIL PENALTIES..... | 81 |
| INACTIVE STATUS..... | 81 |
| CLOSING THE COMMITTEE..... | 81 |
| STATE REFERENDUM COMMITTEES..... | 82 |
| COUNTY/MUNICIPAL REFERENDUM COMMITTEES..... | 82 |
| MEDIA REQUIREMENTS..... | 85 |
| BASIC DISCLOSURE STATEMENTS FOR PRINT, RADIO, TV..... | 86 |
| LEGEND REQUIRED:..... | 87 |
| LEGEND NOT REQUIRED:..... | 88 |
| MEDIA EXAMPLES..... | 88 |
| ADVERTISEMENTS THAT SUPPORT CANDIDATES..... | 89 |
| <i>Vote for John Smith For Governor</i> | 89 |
| <i>Vote for John Smith For Governor</i> | 89 |
| <i>Vote for John Smith For Governor</i> | 90 |
| <i>Vote for John Smith For Governor</i> | 90 |
| OPPOSING ADVERTISEMENTS NOT COORDINATED WITH CANDIDATE..... | 90 |
| <i>Don't Vote for John Smith For Governor</i> | 90 |
| <i>Don't Vote for John Smith For Governor</i> | 91 |
| <i>Don't Vote for John Smith For Governor</i> | 91 |
| <i>Vote for John Smith For Governor</i> | 91 |
| OPPOSING ADVERTISEMENTS COORDINATED WITH CANDIDATE..... | 92 |
| <i>Don't Vote for John Smith For Governor</i> | 92 |
| <i>Support Jane Doe</i> | 92 |
| <i>Don't Vote for John Smith For Governor</i> | 92 |
| <i>Support Jane Doe</i> | 92 |
| <i>Don't Vote for John Smith For Governor</i> | 92 |
| <i>Support Jane Doe</i> | 92 |

| | |
|---|------------|
| <i>Don't Vote for John Smith For Governor</i> | 93 |
| <i>Support Jane Doe</i> | 93 |
| RESPONSIBILITIES OF THE MEDIA | 94 |
| INDEPENDENT EXPENDITURES | 96 |
| WHAT IS AN INDEPENDENT EXPENDITURE? | 96 |
| WHO CAN MAKE INDEPENDENT EXPENDITURES? | 96 |
| ARE THERE DISCLOSURE REPORTING RESPONSIBILITIES FOR INDIVIDUALS OR ENTITIES MAKING INDEPENDENT EXPENDITURES? | 96 |
| WHAT INFORMATION MUST BE REPORTED? | 96 |
| WHAT IS THE SCHEDULE FOR REPORTING THE INDEPENDENT EXPENDITURES? | 96 |
| ELECTIONEERING COMMUNICATIONS | 97 |
| WHAT IS AN ELECTIONEERING COMMUNICATION?..... | 97 |
| WHAT COMMUNICATIONS ARE NOT CONSIDERED ELECTIONEERING COMMUNICATIONS?..... | 98 |
| DISCLOSURE REQUIREMENTS FOR ELECTIONEERING COMMUNICATIONS | 98 |
| ASSISTANCE IDENTIFYING AN ELECTIONEERING COMMUNICATION | 99 |
| ARE THERE PROHIBITIONS ON THE FUNDS THAT CAN BE USED FOR ELECTIONEERING COMMUNICATIONS?..... | 99 |
| ARE THERE PENALTIES FOR NON-COMPLIANCE? | 99 |
| JUDICIAL VOTER GUIDE | 100 |

Summary of 2013 Law Changes

The North Carolina General Assembly enacted legislation in 2013 changing several campaign finance laws. A summary of those changes is presented below. A copy of the full legislation, Session Law 2013-381, can be found online at <http://www.ncga.state.nc.us/Sessions/2013/Bills/House/PDF/H589v9.pdf>.

Repeal of Public Funding Programs

Effective date: July 1, 2013

- Public funding program for candidates running for the Supreme Court and Court of Appeals is repealed. A portion of the fund balance is transferred to the State's General Fund; the remaining balance will be used to publish judicial voter guides until funds are exhausted. [S.L. 2013-381, §38.1(a)]
- Public funding program for candidates running for the State Auditor, Commissioner of Insurance and Superintendent of Public Instruction is repealed. [S.L. 2013-381, §38.1(b)]
- Public funding program for political parties is repealed. The final disbursements to parties occurred in August 2013. [S.L. 2013-381, §38.1(c)]
- Contribution limitations for candidates for Supreme Court and Court of Appeals changes to \$4,000 per election through December 31, 2013. [S.L. 2013-381, §38.1(i)]

Change to Lobbyist Bundling Prohibition

Effective date: October 1, 2013

- Lobbyists cannot collect, take possession of, or transfer *one or more* contributions intended for candidates or candidate campaign committees for legislative and council of state offices. Previously, lobbyists were prohibited from collecting, taking possession of or transferring *multiple* contributions. [S.L. 2013-381, §47]

Changes to Contributions and Expenditures Restrictions

Effective date: January 1, 2014

- The contribution limitation for all candidates, including judicial candidates, changes to \$5,000 per election. This amount will change again effective January 1 of every odd-numbered year. [S.L. 2013-381, §42]

- Candidate’s parents and siblings are no longer eligible to give unlimited contributions to the candidate; they are limited to \$5,000 per election. [S.L. 2013-381, §42]
- Candidates and political committees in good standing with their elections board can accept contributions via the sale of raffle tickets. Contributor information must still be collected in most cases and disclosure requirements still apply. [S.L. 2013-381, §59]
- The end date for collecting contributions for an even-numbered year general election changes from the election date to December 31 of that year. [S.L. 2013-381, §53]

Changes to Political Party Headquarters Building Fund Expenditure Restrictions

Effective date: January 1, 2014

- Money raised by political party headquarters building funds can now be spent on:
 - Building rent for a principal headquarters building;
 - Utility expenses for a principal headquarters building;
 - Personnel compensation and in-kind benefits to up to three personnel whose functions are primarily administrative in nature, such as providing accounting, payroll or campaign finance reporting services if no more than 10% of their work time is spent on political advocacy in each calendar year.
- Money cannot be spent for travel or fundraising expenses or requirements of any kind. [S.L. 2013-381, §43]

Changes to Media Disclosure Requirements

Effective date: January 1, 2014

- In a television advertisement paid for by a candidate or candidate campaign committee, a photograph of the candidate must appear onscreen for at least two seconds simultaneously with the visual legend statement. [S.L. 2013-381, §44]
- Repeals requirements for certain individuals to provide spoken disclosure statements during their radio and television advertisements supporting or opposing candidates. [S.L. 2013-381, §44]
- Repeals the regulation of candidate-specific communications and associated phone banks and mass mailings. . [S.L. 2013-381, §48]
- Changes the start date of the electioneering communication period for even-numbered year general elections. [S.L. 2013-381, §50]
- Advertising legends no longer have to state a position for or against a ballot measure, or identify the names of the five largest donors to entities sponsoring electioneering communications and independent expenditures that support or oppose candidates. [S.L. 2013-381, §56]

If you have any questions about these changes, please do not hesitate to contact the Campaign Finance Office at (919) 733-7173 or at campaign.reporting@ncsbe.gov.

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.

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| 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. The treasurer may 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 statewide, 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 board of elections. The term would, in addition, refer to county boards 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 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 |

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| | <p>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> |
| Candidate Campaign Committee | <p>Any political committee organized by or under the direction of a candidate.</p> |
| Communications media or Media | <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 voter behavior or voter preferences.</p> |
| Contribute or Contribution | <p>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".</p> |
| Coordinated Expenditure | <p>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</p> |

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| | 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, except in the case of the general election in November of the even-numbered year, in which case it refers to one made after September 7 of that year, 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 |

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| | 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. |

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| 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 | <p>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:</p> <p>Is controlled by a candidate;</p> <p>Is a political party or executive committee of a political party or is controlled by a political party;</p> <p>Created by a corporation, business entity, insurance company, labor union, or professional association;</p> <p>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.</p> |
| 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. |

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| 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 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. |
| Unobscured | 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. |

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.ncsbe.gov/ncsbe/Campaign-Finance/training).

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 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 either: (1) receiving contributions or making expenditures in support of the candidate's candidacy, or (2) within 10 days of filing for office, or (3) within 10 days of making a public announcement of a definite intent to run for public office in a particular election, 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 contributions received from individuals other than the candidate 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 total. 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**) should 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 \$1,000 disclosure 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 or of making a public announcement of an intent to run or of receiving a contribution or making an expenditure or of filing for office, whichever occurs first.

Reporting Forms

If your committee has not filed under the \$1,000 disclosure threshold, disclosure reports will be required. If the committee spends over \$5,000 to affect a statewide contest, then reports must be filed electronically. Otherwise, reports can either be filed on paper or electronically. For

committees required to file electronically, and for those desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has electronic software available at no charge. This software is discussed in the next section.

If you decide to use paper forms, a complete list of current forms can be found on our website at www.ncsbe.gov/ncsbe/Campaign-Finance/reporting-forms. Some of our forms are specific to certain types of committees. Please contact our office for assistance if you have questions about which form to use to disclose a specific transaction type.

Electronic Filing

Electronic filing is an alternative for all candidate committees and a requirement for some candidate committees. FREE software is available from our website and 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 are also offered, and dates and locations are 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.

Federal Candidate Committees

Candidates for federal offices (U.S. House of Representative, U.S. Senate, U.S. President) file their primary disclosure reports with the Federal Election Commission. Federal candidates who wish to use funds from their federal campaign to make contributions to North Carolina state or local committees must register the federal committee with the State

Board of Elections within 10 days of making the first such expenditure to a North Carolina committee. Forms for registering a federal candidate committee and providing disclosure of local expenditures are available on the State Board of Elections website at www.ncsbe.gov/ncsbe/Campaign-Finance/reporting-forms.

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 (“in-kind”). 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 is 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.

Contribution Limitations for State and Local Candidates

A candidate may not accept and a contributor may not give more than five thousand dollars (\$5,000) per election. Therefore, if there is a primary for the office of the candidate and a general election, the candidate may receive five thousand dollars (\$5,000) through the day of the primary and five thousand dollars (\$5,000) from the day after the primary through the end of the election year. If the candidate is on the ballot in a second primary, the candidate would be entitled to receive an additional five thousand dollars (\$5,000) 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 five thousand dollars (\$5,000). A candidate and candidate’s spouse 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 five thousand dollars (\$5,000) per election to 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 State Board of Elections 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) reporting threshold, then all contributions must be documented and maintained in the committee’s internal records. 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 certified to remain under the \$1,000 reporting threshold are required to report all contributions. All contributors whose cumulative total of contributions exceeds \$50 for the election must be

reported with the contributor's name, address, occupational and employer information.

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 who has not exceeded \$50 since the last election are not required to be reported by name, address, occupational and employer information. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

In-kind contributions (contributions of goods or services) must also be reported. 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 a receipt form (CRO-1205, -1210, -1220, -1230 as appropriate) and also on the *In-Kind Contributions* form (**CRO-1510**). Reporting on both forms serves to balance the account by adding the value to the total receipts and total expenditures, with a net impact of \$0 to the committee's cash on hand.

Campaign Finance Restrictions on Lobbyist Activities

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 any contributions from one or more contributors, take possession of such contributions, or transfer or deliver contributions to the intended recipient.

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 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

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 of or candidate for the General Assembly or member of 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.
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- ❖ 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 must restrict their campaign fund expenditures to specific purposes. 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 non-media expenditures, except for postage, may not be made with cash if they exceed \$50. All expenditures that are over \$50 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 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 disclosed.

If a committee makes an in-kind contribution to another committee, 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 that the candidate dies or becomes incapacitated. 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 disclosure forms 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 or the candidate’s spouse, must not exceed five thousand dollars (\$5,000) for that election. If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution cannot exceed five thousand dollars (\$5,000) for that election. Any guarantor on the loan cannot make any contribution that, totaled with

the amount of the loan they have guaranteed, would exceed five thousand dollars (\$5,000) for each candidate.

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 must complete the *Forgiven Loan Statement* (**CRO-6200**). If a candidate committee has a loan that has not been repaid or forgiven, the committee cannot 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 cannot close until all debts and obligations have been paid. 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 to be exempt from the reporting requirements if, during the entire election cycle, they intend neither to raise nor to spend more than one thousand dollars (\$1,000) to further the candidate’s campaign and they certify this intent to the Board. This certification is made on the *Certification of Threshold* form (**CRO-3600**). After this certification has been filed, and if the committee does not exceed \$1,000 in contributions or expenditures, then the committee is not required to file disclosure reports for the duration of that election cycle. The candidate committee is, however, 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 file this certification but exceed the one thousand dollar (\$1,000) threshold during the election cycle must immediately file an amended *Certification of Threshold* form (**CRO-3600**). In addition, all contributions and expenditures from 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 does not carry forward into the next election cycle unless the candidate or treasurer files a new *Certification of Threshold* form (**CRO-3600**) at the beginning of the next election cycle. A candidate's election cycle begins on January 1 of the year following the year in which they ran for office. If the candidate does not file a new threshold certification at the start of the new election cycle, it is assumed that the candidate committee no longer intends raise or spend \$1,000 or less, and the candidate committee will be required to file disclosure reports.

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 and provide verification of the treasurer's name and address to the State Board of Elections. 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 State Board of Elections. All legal expense funds must be registered with the State Board of Elections.

Detailed Accounts

Just as with other types of committees, legal expense fund shall keep detailed accounts 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. All records must be kept current within seven days after the date of receiving a donation or making an expenditure.

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.

Disclosure Reports

Legal expense fund treasurers 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 State Board of Elections.

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)**

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.

There are a few differences in the disclosure requirements for legal expense funds as compared to candidate committees.

- 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 and shall reflect the amount of the loan, the source, the loan 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, then 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 for a candidate for or member of the General Assembly or Council of State shall accept a donation during a legislative session from a lobbyist, that lobbyist's agent, that lobbyist's principal or a political committee that employs or contracts with or whose parent entity employs or contracts with a lobbyist.
 - 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

All candidate committees that have not certified their intent to remain under the (\$1,000) reporting threshold will receive official notices for all reports due. All notices are sent to the current treasurer of record. Failure to notify the elections board of a change in treasurer address will affect the committee's timely receipt of its official notice.

Candidates that have established a separate Legal Expense Fund will receive a separate official notice for reports due. The reporting schedule for Legal Expense Funds is different from the candidate committee 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. An original signature below the certification statement contained on the *Disclosure Report Cover (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 with the elections board office where they are due. Misdirecting a report to a different elections board could result in penalties for late filings. Meter marks are not permissible as postmarks since the dates on postage meters can be manually adjusted forward or backward. If a report only bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing 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 elections board office where they are due 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 or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the certified mail receipt or delivery service receipt will serve as proof of timely filing.

Civil Penalties

Candidate committees are assessed penalties for late-filed reports. A candidate committee's report that does not affect a statewide election is 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 during that reporting period. If the candidate committee files a late report that affects a statewide election, the committee is penalized at a rate of \$250 per day not to exceed

\$10,000. In calculating penalties, only days during which the elections board 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 active status is terminated, the committee is not eligible to receive contributions or make expenditures until all disclosure is complete and penalties are paid.

Inactive Status

Candidate committees that do not desire to disburse all funds nor intend to receive any contributions or make expenditures for a period of time may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the committee certifies that it will remain inactive (not receiving contributions or making 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. When the committee's intent changes, 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 as long as they are not on an upcoming ballot. In order to close the committee, all penalties and outstanding debts must be paid, outstanding loans must be paid or forgiven, and remaining funds in the bank account must be disbursed. If the candidate committee filed a certification to remain under the \$1,000 threshold, the only other documentation required to be filed with the elections board is the *Certification to Close Committee* form (**CRO-3400**). If the candidate committee did not file a certification to remain 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 campaign finance activity starting with the first day not covered on the last report and ending on the day the last disbursement is made or the decision to close the committee is made, whichever occurs last.

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 received from the elections board stating that a final audit has been conducted and the committee is "closed." The treasurer should maintain all records for two years after the conclusion of the election cycle.

Candidate Committee

Reporting schedule for committees making contributions, expenditures or independent expenditures to affect 2014 election contests

This schedule is for all candidate committees making contributions, expenditures or independent expenditures to affect contests on the ballot in 2014.

| Due Date | Item Due |
|-------------------------------|--|
| Within 10 days | Organizational Report <ul style="list-style-type: none">• 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 and CRO-6100)• In-kind Contributions forms, if applicable (CRO-1510)• Debts and Obligations forms, if applicable (CRO-1610 thru CRO-1620) |
| April 28, 2014 | 2014 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 2014 elections• Covers from last report filed thru April 19 |
| April 20 – May 6, 2014 | 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 6, 2014 | PRIMARY ELECTION |
| July 10, 2014 | 2014 Second Quarter Report <ul style="list-style-type: none">• Required from all registered committees actively participating in 2014 elections• Covers from last report filed thru June 30 |
| October 27, 2014 | 2014 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 2014 elections• Covers from last report filed thru October 18 |

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|--|---|
| October 19 – November 4, 2014 | 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 |
| November 4, 2014 | GENERAL ELECTION |
| January 12, 2015 | 2014 Fourth Quarter Report <ul style="list-style-type: none"> • Required from all registered committees actively participating in the 2014 elections • Covers from last report filed thru December 31 Final Report <ul style="list-style-type: none"> • Filed when all penalties and debts owed are paid, loans are repaid or forgiven, and remaining funds are disbursed |

Reporting schedule for committees NOT participating in 2014 election contests

This schedule is for all candidate committees NOT making contributions, expenditures or independent expenditures to affect contests on the ballot in 2014.

| Due Date | Item Due |
|-------------------------|---|
| July 25, 2014 | Mid Year Semi-annual Report <ul style="list-style-type: none"> • Required from all registered committees NOT actively participating in the 2014 elections • Covers from last report filed thru June 30 |
| January 30, 2015 | 2014 Year End Semi-annual Report <ul style="list-style-type: none"> • Required from all registered committees NOT actively participating in the 2014 elections • Covers from July 1, 2014 thru December 31, 2014 |

Where do I file these reports?

Reports for candidates for all judicial offices, district attorney offices and legislative offices are 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.

Reports for candidates for all county, municipal and school board offices are filed with the county elections board where the candidate resides. Refer to our website (www.ncsbe.gov/ncsbe/cbe-offices) for the address of all county boards 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 a 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 guidelines 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 and filed. 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 \$5,000 per contributor per election. 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 \$3,000 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 proceeds from 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 compliance with contributions limitations.

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 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. To notify the Board of a change in treasurer, the committee should file an amended *Statement of Organization-Party Committee* form (**CRO-2100C**). 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 or by completing online training available on from the State Board of Elections (www.ncsbe.gov/ncsbe/Campaign-Finance/training).

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, the committee 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 organizing or accepting contributions or making expenditures, whichever occurs first. 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 can assist you with ensuring that your committee name is unique.

All contributions 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 it intends to receive or spend over \$1,000 during the election cycle. If the committee will NOT raise or spend over \$1,000 cumulatively during the election cycle (refer to the definition of election cycle in the GLOSSARY), a *Certification of Threshold* form (**CRO-3600**) can be submitted. This Certification states that the party committee will not receive or spend over \$1,000 cumulatively during 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 the committee spends over \$5,000 to affect a statewide contest, then reports must be filed electronically. Otherwise, reports can either be filed on paper or electronically. For committees required to file electronically, and for those desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has electronic software available at no charge. This software is discussed in the next section.

If you decide to use paper forms, a complete list of current forms can be found on our website at www.ncsbe.gov/ncsbe/Campaign-Finance/reporting-forms. Some of our forms are specific to certain types of committees. Please contact our office for assistance if you have questions about which form to use to disclose a specific transaction type.

Electronic Filing

Electronic filing is an alternative for all committees and a requirement for committees that spend over \$5,000 to affect statewide contests. FREE software is available from our website and 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. To register for training contact the Campaign Finance Office at (919) 733-7173.

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 familiar with the limitations and prohibitions on contributions. The following limitations affect political party committees.

Limitations

- National, State, district and county executive committees of NC recognized parties
 - These political party committees are not subject to the five thousand dollar (\$5,000) 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.
 - Subordinate political party committees (county auxiliary groups such as men's and women's clubs, precinct committees, etc.) and those not recognized by NCGS §163-96 can only accept and a contributor can only give up to five thousand dollars (\$5,000) per election. Therefore, if there is a primary and a general election, the committee can only receive five thousand dollars (\$5,000) through the day of the primary and five thousand dollars (\$5,000) from the day after the primary through the December 31 of the general election year.

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 State Board of Elections for deposit into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

Committees not certified to remain under the \$1,000 reporting threshold are required to report all contributions. All contributors whose cumulative total of contributions exceeds \$50 for the election must be reported with the contributor’s name, address, occupational and employer information.

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 who has not exceeded \$50 since the last election are not required to be reported by name, address, occupational and employer information. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

In-kind contributions (contributions of goods or services) must also be reported. 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 a receipt form (CRO-1205, -1210, -1220, -1230 as appropriate) and also on the In-Kind Contributions form (CRO-1510). Reporting on both forms serves to balance the account by adding

the value to the total receipts and total expenditures, with a net impact of \$0 to the committee's cash on hand.

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. Subordinate political party committees and those not recognized under NCGS § 163-96 must adhere to the five thousand dollar (\$5,000) contribution limitation when contributing to other political 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 committee, 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 in any amount.

Subordinate political party committees and political party committees not recognized by NCGS §163-96 may only receive and make loans up to five thousand dollars (\$5,000) for each election. If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed five thousand dollars (\$5,000) 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 five thousand dollars (\$5,000).

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 for which it 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. 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) cumulatively. 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 unless it exceeds \$1,000 in contributions or expenditures. 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) threshold during the election cycle must

immediately file an amended *Certification of Threshold* form (**CRO-3600**). In addition, all contributions and expenditures from 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 official notices for all reports due. All official notices are sent to the current treasurer of record. Political party committees that change treasurers without notifying the State Board of Elections might experience a delay when receiving official notices.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. 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 with the elections board office where they are due. Misdirecting a report to a different elections board could result in penalties for late filings. Meter marks are not permissible as postmarks since the dates on postage meters can be manually adjusted forward or backward. If a report only bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing 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 elections board office where they are due 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 or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the certified mail receipt or delivery service 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 during the reporting period. 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 until all reports are filed and penalties are paid.

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. When the committee intends to resume receiving contributions or making expenditures, the treasurer should complete and file a *Certification to Return to Active Status* form 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 penalties and outstanding debts must be paid, outstanding loans must be resolved, and all remaining 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, the treasurer will consider the committee “closed pending” until a letter has been received from the elections board stating that a final audit has been conducted and the committee is “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.

| Due Date | Item Due |
|-------------------------------|---|
| Within 10 days | Organizational Report <ul style="list-style-type: none">• Statement of Organization (CRO-2100C)• Certification of Financial Account Information (CRO-3500) <p><i>AND EITHER</i> Certification of Threshold (CRO-3600) <i>OR</i></p> <ul style="list-style-type: none">• 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 and CRO-6100)• In-kind Contributions forms, if applicable (CRO-1510)• Debts and Obligations forms, if applicable (CRO-1610 thru CRO-1620) |
| April 28, 2014 | 2014 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 2014 elections• Covers from last report thru April 19 |
| April 20 – May 6, 2014 | 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 6, 2014 | PRIMARY ELECTION |
| July 10, 2014 | 2014 Second Quarter Report <ul style="list-style-type: none">• Required from all registered committees actively participating in 2014 elections• Covers from last report thru June 30 |

October 27, 2014

2014 Third Quarter Plus Report

- The third quarter plus 17 days preceding the General Election
- Required from all registered committees actively participating in the 2014 elections
- Covers from last report thru October 18

**October 19 –
November 4, 2014**

48 Hour Reports

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

November 4, 2014

GENERAL ELECTION

January 12, 2015

2014 Fourth Quarter Report

- Required from all registered committees actively participating in the 2014 elections
- Covers from last report thru December 31

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.

Political Party Headquarters Building Funds

Allowable Contributions

Those entities prohibited from contributing to political party committees may contribute to the headquarters building fund of a political party, if a building fund has been established. The contribution may be monetary or in-kind (goods or services). Such contributions must be deposited in a separate, segregated “building fund” account. Funds CANNOT be transferred from the building fund account to other committee accounts.

Specific Use of Building Funds

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

- The donations solicited and accepted are designated to the political party headquarters building fund, which must be for a “principal” headquarters.
- 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.
- 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, pay rent for a headquarters building, to pay utilities for a headquarters building, or to repay donors if a headquarters building is not purchased, constructed, or renovated. Donations can also be spent on personnel compensation and in-kind benefits to up to three personnel whose functions are primarily administrative in nature, such as providing accounting, payroll or campaign finance reporting services if no more than 10% of their work time is spent on political advocacy in each calendar year.
- Donations deposited into that account shall not be used for travel or fundraising expenses or requirements of any kind, or for any 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 the schedule described below. 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 below. 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 Party Headquarters Building Funds

Reporting Schedule

This schedule is for all political party headquarters building funds.

| Due Date | Item Due |
|-------------------------------|--|
| Within 10 days | Organizational Report <ul style="list-style-type: none"> • Statement of Organization (CRO-2100C) • 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 and CRO-6100) • In-kind Contributions forms, if applicable (CRO-1510) • Debts and Obligations forms, if applicable (CRO-1610 thru CRO-1620) |
| April 28, 2014 | 2014 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 2014 elections • Covers from last report thru April 19 |
| April 20 – May 6, 2014 | 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 6, 2014 | PRIMARY ELECTION |
| July 10, 2014 | 2014 Second Quarter Report <ul style="list-style-type: none"> • Required from all registered committees actively participating in 2014 elections • Covers from last report thru June 30 |

- October 27, 2014** **2014 Third Quarter Plus Report**
- The third quarter plus 17 days preceding the General Election
 - Required from all registered committees actively participating in the 2014 elections
 - Covers from last report thru October 18
- October 19 – November 4, 2014** **48 Hour Reports**
- Required when contributions of \$1,000 or more are received
 - Due within 48 hours of receiving such a contribution
- November 4, 2014** **GENERAL ELECTION**
- January 12, 2015** **2014 Fourth Quarter Report**
- Required from all registered committees actively participating in the 2014 elections
 - Covers from last report thru December 31
- 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.

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 where the affected candidates file their disclosure reports. The *Statement of Organization-Political Action Committee* form (**CRO-2100D**) should be used by a PAC to officially notify the Board of a change in 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. It is 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 electronic training available from the State Board of Elections (www.ncsbe.gov/ncsbe/Campaign-Finance/training).

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 register 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, organization would take place at the county board of elections office. For political committees (PACs) supporting or opposing candidates for statewide office, judicial candidates, district attorney candidates, legislative candidates, candidates for offices that cross county boundaries, or candidates in 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 accepting contributions or making expenditures 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 ensuring 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. Federal committees only file on the NC Federal Committee forms.

If the committee spends over \$5,000 to affect a statewide contest, then reports must be filed electronically. Otherwise, reports can either be filed on paper or electronically. For committees required to file electronically, and for those desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has electronic software available at no charge. This software is discussed in the next section.

If you decide to use paper forms, a complete list of current forms can be found on our website at www.ncsbe.gov/ncsbe/Campaign-Finance/reporting-forms. Some of our forms are specific to certain types of committees. Please contact our office for assistance if you have questions about which form to use to disclose a specific transaction type.

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 2014 elections.

Electronic Filing

Electronic filing is an alternative for all committees and a requirement for committees that spend over \$5,000 to affect statewide contests. FREE software is available from our website and 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. To register for training contact the Campaign Finance Office at (919) 733-7173.

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 (“in-kind”). 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 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 five thousand dollars (\$5,000) per election. Therefore, if there is a primary and a general election, the PAC may receive five thousand dollars (\$5,000) through the day of the primary and five thousand dollars (\$5,000) from the day after the primary through the next election.

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 cumulatively for the election must be reported with the contributor’s name, address and occupational information.

Contributions received from an individual that has not exceeded \$50 since the day after the last election are not required to be reported with the contributor’s name, address or occupational information. 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 in cumulative contributions for the election, the treasurer is 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. 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 (contributions of goods or services) must also be reported. 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 a receipt form (CRO-1205, -1210, -1220, -1230 as appropriate) and also on the In-Kind Contributions form (CRO-1510). Reporting on both forms serves to balance the account by adding the value to the total receipts and total expenditures, with a net impact of \$0 to the committee's cash on hand.

Limitations on Fund-raising during Legislative Sessions

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 of or candidate for the General Assembly or member of 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 executive committee exempt from the contribution limitations, a PAC would be limited to contributing five thousand dollars (\$5,000) per election to other North Carolina political 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 committee, 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 five thousand dollars (\$5,000). If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed five thousand dollars (\$5,000) 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 five thousand dollars (\$5,000).

A loan can 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 cannot 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 it did not pay at the time, then 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 cannot close until all penalties have been paid, debts and obligations have been paid, and outstanding loans have been paid or forgiven. 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 and that identified a parent entity at the time of organization can 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 **does 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 official 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 might experience a delay in receiving official notices. 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. 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 with the elections board office where they are due. Misdirecting a report to a different elections board could result in penalties for late filings. Meter marks are not permissible as postmarks since the dates on postage meters can be manually adjusted forward or backward. If a report only bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing 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 elections board office where they are due 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 or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the certified mail receipt or delivery service receipt will serve as proof of timely filing.

Civil Penalties

PACs can incur 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 during the reporting period. 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 until all overdue reports are filed and penalties are paid.

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 it 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 resume 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

Political committees (PACs) that wish to close may do so at any time during the election cycle. In order to close the committee, all penalties and outstanding debts must be paid, all outstanding loans must be forgiven or repaid, and all funds in the bank account must be disbursed. A “Final Report” must 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 “closed pending” until a letter has been received from the elections board stating that a final audit has been conducted and the committee is “closed.” The treasurer should maintain all records for two years after the conclusion of the election cycle.

State PACs, County PACs & Independent Expenditure PACs

Reporting Schedule

This schedule is for all PACs registered with the State Board of Elections and county boards of elections.

| Due Date | Item Due |
|--------------------------------------|--|
| 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, CRO-6100) • 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) |
| April 28, 2014 | 2014 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 2014 elections • Covers from last report thru April 19 |
| April 20 – May 6, 2014 | 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 6, 2014 | PRIMARY ELECTION |
| July 10, 2014 | 2014 Second Quarter Report <ul style="list-style-type: none"> • Required from all registered committees actively participating in 2014 elections • Covers from last report thru June 30 |
| October 27, 2014 | 2014 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 2014 elections • Covers from last report thru October 18 |
| October 19 – November 4, 2014 | 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 |

November 4, 2014

GENERAL ELECTION

January 12, 2015

2014 Fourth Quarter Report

- Required from all registered committees actively participating in the 2014 elections
- Covers from last report thru December 31

Where do I file these reports?

PACs registered with the State Board of Elections file reports 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.

PACs registered with a county elections board file reports with the same county elections board. Refer to our website (www.ncsbe.gov/ncsbe/cbe-offices) for the address of all county boards of elections offices.

Municipal PACs

Reporting Schedule

This schedule is for all municipal PACs which are not participating in 2014 county or state elections. **If a municipal PAC makes contributions or expenditures concerning state or county offices in 2014, then that PAC must file reports on the schedule for State and County PACs as listed on the previous pages.**

| Due Date | Item Due |
|-------------------------|---|
| July 25, 2014 | 2014 Mid Year Semi-annual Report <ul style="list-style-type: none">• Required from all registered committees NOT actively participating in the 2014 elections• Covers from last report thru June 30 |
| January 30, 2015 | 2014 Year End Semi-annual Report <ul style="list-style-type: none">• Required from all registered committees NOT actively participating in the 2014 elections• Covers from July 1, 2014 thru December 31, 2014 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.ncsbe.gov/ncsbe/cbe-offices) 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.

| Due Date | Item Due |
|-------------------------|---|
| Within 10 days | Organizational Report <ul style="list-style-type: none">• 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) |
| April 28, 2014 | 2014 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 2014 elections• Covers from last report thru April 19 |
| May 6, 2014 | PRIMARY ELECTION |
| July 10, 2014 | 2014 Second Quarter Report <ul style="list-style-type: none">• Required from all registered committees actively participating in 2014 elections• Covers from last report thru June 30 |
| October 27, 2014 | 2014 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 2014 elections• Covers from last report thru October 18 |
| November 4, 2014 | GENERAL ELECTION |
| January 12, 2015 | 2014 Fourth Quarter Report <ul style="list-style-type: none">• Required from all registered committees actively participating in the 2014 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.

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**) should be used by a referendum committee to officially notify the elections board of a change in treasurer. The treasurer listed on the last filed *Statement of Organization-Referendum Committee* form is 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 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 accepting contributions or making expenditures 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 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 ensuring 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** should 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 should 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. For committees desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections provides 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, these forms may be found on our website at www.ncsbe.gov/ncsbe/Campaign-Finance/reporting-forms. Some of the forms in our system are specific to certain types of committees.

Electronic Filing

Electronic filing is an alternative for all referendum committees. FREE software is available on the State Board of Elections website and 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. Training dates are listed on our website at www.ncsbe.gov/ncsbe/Campaign-Finance/training.

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 passage of any referendum on the ballot. Contributions may be monetary or non-monetary (“in-kind”). 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 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 prohibited contributions received shall be turned over to the State Board of Elections 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 cumulatively for the election must be reported with the contributor’s name, address and occupational information.

Contributions received from an individual that has not exceeded \$50 cumulatively since the day after the last election are not required to be reported with the contributor’s name, address or occupational information. 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 in cumulative contributions 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 (contributions of goods or services) must also be reported. 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 a receipt form (CRO-1205, -1210, -1220, -1230 as appropriate) and also on the In-Kind Contributions form (CRO-1510). Reporting on both forms serves to balance the account by adding the value to the total receipts and total expenditures, with a net impact of \$0 to the committee's cash on hand.

Expenditures

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, then the committee cannot make a contribution to any other political committee. Otherwise, there are very few restrictions on how a referendum committee can spend its money. However, all expenditures must be reported, along with the specific purpose of the expenditure.

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 it makes 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 can receive loans from individuals and other entities, but not from candidate committees. 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 cannot 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 it did not pay at the time, then 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 cannot close until all debts and obligations have been paid.

Notices of Reports Due

All referendum committees that are registered in North Carolina will receive official notices for all reports due. All notices are sent to the current treasurer of record. Referendum committees that change treasurers without notifying the appropriate elections board will experience a delay in receiving official notices. 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. 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 with the elections board office where they are due. Misdirecting a report to a different elections board could result in penalties for late filings. Meter marks are not permissible as postmarks since the dates on postage meters can be manually adjusted forward or backward. If a report only bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing 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 elections board office where they are due 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 or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the certified mail receipt or delivery service receipt will serve as proof of timely filing.

Civil Penalties

Referendum committees will incur 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 or expenditures to affect a statewide ballot issue. 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 until overdue reports are filed and penalties are paid.

Inactive Status

Referendum committees that do not desire to close, 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 it 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 resume 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

Referendum committees that wish to close can do so at any time. In order to close, all penalties and outstanding debts must be paid, all loans must be repaid or forgiven, all funds must be disbursed and a "Final Report" must 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 desires 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 cannot 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 elections board, the treasurer will consider the committee “closed pending” until a letter has been received from the elections board stating that a final audit has been conducted and the committee is “closed.” The treasurer should maintain all records for two years after the conclusion of the election cycle.

State Referendum Committees

Reporting Schedule

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

- **Within 10 days** **Organizational Report**
- **January 7, 2014** **Annual Report**
 - *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. The mailing address is PO Box 27255, Raleigh, NC 27611-7255.

County/Municipal Referendum Committees

Reporting Schedule

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

- **Within 10 days** **Organizational Report**
- **January 7, 2014** **Annual Report**
 - *If referendum committee organized in 2013, the report should cover from the day after the last day covered by the Organizational Report through December 31, 2011.*

- **10 days preceding the Referendum**

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.*

- **Due within 48 hours**

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.*

- **10 days after the Referendum**

Final Report

- *Required from all registered referendum committees participating in the current referendum.*

- **January 7th after the 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.*

- **January 7th**

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 local board of elections office.

Refer to our website (www.ncsbe.gov/ncsbe/cbe-offices) for the address of all county board of elections offices.

Media Requirements

Basic Disclosure Statements for 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. If a TV ad is sponsored by a candidate or candidate committee, then a photo of the candidate must appear concurrent with the 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.
- ❖ 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.
- ❖ 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 | √ Periodicals | √ Magazines |
| √ Newspaper Inserts | √ TV ads | √ Cards* |
| √ Airplane streamers | √ Radio ads | √ Fliers* |
| √ Pamphlets | √ Outdoor advertising facilities | √ Mass mailings |
| √ Billboards | | |
| √ Sound-truck advertising | | |
| √ Portable signs (lighted or non-lighted; some on wheels to be pulled around) | | |

*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.

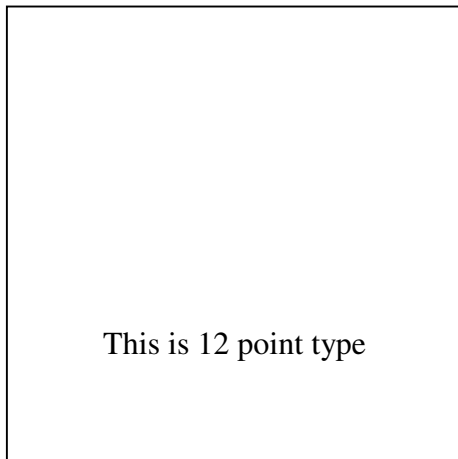
Legend not required:

| |
|---|
| 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



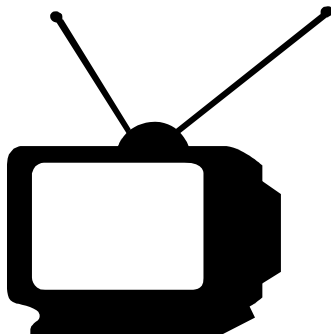
Disclosure must appear only once if more than one page, fold, or face in the ad.

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.

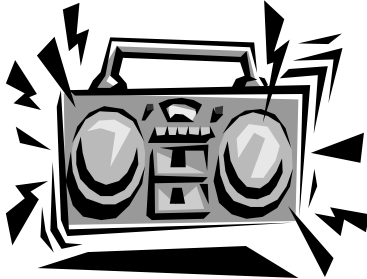
If print ads appear in the newspaper the Disclosure requirement can be satisfied with 28 point type.

Television



Disclosure statement must be 4% vertical picture height in size. A television ad that is paid for by a candidate or candidate campaign committee must show an easily identifiable photograph of the candidate for at least two seconds simultaneously with the visual legend.

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”). |
|--|---|

| | |
|--|--|
| <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]"). |

**Don't Vote for John
Smith For Governor
Support Jane Doe**

Paid for by Jack
Jones and James
Brown. Authorized
by Jane Doe,
candidate for
Governor

Joint Sponsored Ad

Joint sponsored ads must have as part of their disclosure statement that:

- 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]”).

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, and the candidate is not running for a legislative or judicial or district attorney office, 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 legislative, judicial or district attorney candidates, or are statewide candidates, then the report will be filed at the State Board of Elections.

What information must be reported?

Any expenditures made to further 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 2014 elections.

| REPORT NAME | COVERAGE DATES | DUE DATE |
|--------------------------------|-------------------------|-----------------|
| 2014 First Quarter Plus Report | 1/1/2014 – 4/19/2014 | 4/28/2014 |
| 48 Hour Notices – Primary | 4/20/2014 – 5/6/2014 | |
| PRIMARY ELECTION | 5/6/2014 | |
| 2014 Second Quarter Report | 4/20/2014 – 6/30/2014 | 7/10/2014 |
| 2014 Third Quarter Plus Report | 7/1/2014 – 10/18/2014 | 10/27/2014 |
| 48 Hour Notices – General | 10/18/2014 – 11/4/2014 | |
| GENERAL ELECTION | 11/4/2014 | |
| 2014 Fourth Quarter Report | 10/19/2014 – 12/31/2014 | 1/12/2015 |

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, or after September 7 pertaining to a general election in an even-numbered year.
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 sub-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 2014 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

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.

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, voter registration and voting in North Carolina.

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 in the format required by the State Board of Elections. Candidates are 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.