

May 9, 2006

**H 1845. PERMITTED USE OF CAMPAIGN FUNDS.** Filed 5/9/06. *TO PROHIBIT THE USE OF CANDIDATES' CAMPAIGN FUNDS FOR PERSONAL PURPOSES UNRELATED TO CAMPAIGNS AND OFFICE-HOLDING DUTIES; AND TO STRENGTHEN REPORTING REQUIREMENTS TO PREVENT VIOLATIONS, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON ETHICS AND GOVERNMENTAL REFORM.* With the exception of restrictions placed on candidates and political parties that receive funding from certain public sources, NC law does not restrict the use of campaign funds for the candidate's personal use. Section 1 of this act enacts new GS 163-278.16B to specifically permit the use of campaign funds for the following campaign purposes: (1) ordinary expenditures made in connection with the candidate's campaign or with fulfilling the duties of elected office; (2) donations to certain charitable organizations, to a political party, or to another candidate for NC office; (3) to return contributions to a contributor; or (4) payment of penalties assessed against the candidate's campaign committee by a board of election or court. The new section prohibits the use of campaign contributions for a candidate's personal use, including living expenses (mortgage, rent, food, and auto expenses), country club or health club memberships, tuition, vacations, entertainment expenses, and contributions to retirement accounts.

Section 2 of the act amends GS 163-278.11(a)(2) to require that campaign reports provide additional detail as to the following campaign expenditures: (1) when one lump sum payment is made for several different goods or services, the statement must specify the amount paid for each; (2) when the report denotes a payment made to a credit card company, the report must itemize the bills the credit card was used to pay; and (3) when payments are made to a service provider, the report must itemize all media advertising purchases and other payments the provider made on behalf of the campaign. Requires that the State Board of Elections adopt rules to implement act.

Section 3 of the act amends GS 163-278.27(a) (making it a Class 2 misdemeanor for certain individuals and entities to intentionally violate various campaign finance provisions) to add a reference to new GS 163-278.16B. Applies to all campaign accounts of candidates, officeholders, and political committees that are active on or after January 1, 2007.

**Intro. by Hackney, Howard, Eddins, Ross.** GS 163

June 20, 2006

**H 1845. PERMITTED USE OF CAMPAIGN FUNDS.** Filed 5/9/06. House committee substitute makes the following changes to 1st edition. Modifies proposed GS 163-278.16B(a)(3) to prohibit a candidate or candidate's campaign committee from contributing campaign funds to charitable organizations described in Section 170(c) of the Internal Revenue Code if the candidate's spouse, children, parents, brothers, or sisters are employed by the organization. Also revises GS 163-278.16B(a)(5) to authorize the use of campaign contributions to make contributions to another candidate (was, to another candidate for office in NC) and to make stylistic changes. Deletes proposed GS 163-278.16B(b), which specified prohibited uses of campaign funds, and proposed GS 163-278.16B(c), which required that the State Board of Elections (SBE) adopt rules for the implementation of section. Adopts new GS 163-278.16B(b) to define "candidate campaign committee." Amends GS 163-278.8(e) and GS 163-278.8(f) to require that campaign finance reports include specific descriptions of expenditures for media and nonmedia expenses. Modifies

amendment to GS 163-278.11(a)(2) to require that in reporting expenditures, (1) the individual or person to whom the candidate, political committee, or referendum committee is obligated to make the expenditure be designated as the payee, and (2) for expenditures to a financial institution for revolving credit, the statement include a specific itemization of the goods and services purchased with revolving credit. Also deletes requirement that the SBE adopt rules to implement subdivision. Makes new GS 163-278.16B and amendment to GS 163-278.27(a) effective October 1, 2006 (was, January 1, 2007). Conforms title.

June 21, 2006

**H 1845. PERMITTED USE OF CAMPAIGN FUNDS.** Filed 5/9/06. House amendment makes the following changes to 2nd edition. Revises proposed GS 163-278.16B(a)(7) to clarify that campaign contributions may be used to pay penalties imposed for violations of Article 22A of GS Chapter 163 (was, penalties).

July 10, 2006

**H 1845. PERMITTED USE OF CAMPAIGN FUNDS.** Filed 5/9/06. Senate committee substitute makes the following changes to 3rd edition. Enacts new GS 163-278.16B(c) to provide that contributions made to a candidate or a candidate campaign committee do not become part of the personal estate of the candidate, to authorize a candidate to file a written designation that specifies permitted uses of those contributions (after campaign debts are satisfied) upon the death or incapacity of the candidate, and, if no designation is filed, to direct the distribution of remaining contributions to the Escheat Fund under GS Chapter 116B. Enacts new GS 163-278.16B(a)(8) to add payments to the Escheat Fund to the list of permitted uses of campaign contributions. Changes GS 163-278.16B reference to "candidate's campaign committee" to "candidate campaign committee."

July 24, 2006

**SL 2006-161 (H 1845). PERMITTED USE OF CAMPAIGN FUNDS. AN ACT TO RESTRICT THE USE OF CONTRIBUTIONS TO CANDIDATES AND CANDIDATES' CAMPAIGN FUNDS TO THOSE RELATED TO CAMPAIGNS AND OFFICE-HOLDING DUTIES; TO PROHIBIT PERSONAL USE OF CONTRIBUTIONS BY CANDIDATES AND CANDIDATE CAMPAIGN COMMITTEES; AND TO STRENGTHEN REPORTING REQUIREMENTS TO PREVENT VIOLATIONS.** Summarized in *Daily Bulletin* 5/9/06, 6/20/06, 6/21/06, and 7/10/06. Enacted July 23, 2006. Sections 1 and 5 are effective October 1, 2006. The remainder is effective January 1, 2007.