

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 1002 (First Edition) REVISED

**SHORT TITLE:** Campaign Finance Enforcement

**SPONSOR(S):** Sen. Gulley

<b>FISCAL IMPACT</b>					
	<b>Yes (X )</b>	<b>No (X)</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>
<b>REVENUES</b>					
<b>EXPENDITURES</b>					
State Board of Elections	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$7,000</b>
Department of Correction – No fiscal impact					
Judicial Branch – No fiscal impact					
County Jails – No fiscal impact					
<b>POSITIONS:</b>	0	0	0	0	0
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	State Board of Elections, Department of Correction, County Jails, Judicial Branch				
<b>EFFECTIVE DATE:</b>	January 1, 2002				

**BILL SUMMARY:**

This bill purports to strengthen the campaign enforcement and disclosure laws as follows:

- It amends G.S. 163-278.34 to add a new civil penalty (in addition to current criminal provisions) for making or receiving an illegal campaign contribution and authorizes the State Board of Elections to impose a civil fine of up to \$20,000 or three times the contribution, whichever is greater, and to issue cease and desist orders, to order remedial actions, and to publicly reprimand the violator. For reasonable cause shown, the Board may waive the civil penalty in whole or in part.
- It amends G.S. 163-278.27 to specify that the statute of limitations for a criminal violation of the campaign finance laws runs from the day the last report is due to be

filed with the appropriate board of elections for the election cycle for which the violation occurred.

- With respect to the filing of campaign finance reports for municipal elections, it amends G.S. 163-278.40B (for municipalities using partisan elections), 163-278.40C (for municipalities using nonpartisan election and runoff), 163-278.40D (for municipalities using nonpartisan primary and election), and 163-278.40E (for municipalities using nonpartisan plurality elections), to add a requirement for a filing 35 days before the relevant election and replacing the current annual reports with semiannual reports.
- It amends GS 163-278.9(j) to specify that the requirement for electronic filing by treasurers of covered campaigns kicks in when the cumulative total for the election cycle for contributions, expenditures, or loans, reaches \$5,000.

**ASSUMPTIONS AND METHODOLOGY:**

**State Board of Elections:**

This bill adds a new civil penalty for making or receiving an illegal campaign contribution. It authorizes the State Board of Elections to impose a civil fine, issue cease and desist orders, order remedial actions, and to publicly reprimand the violator. For reasonable cause shown, the Board may waive the civil penalty in whole or in part.

These provisions of the bill will have a fiscal impact on the Board to the extent that violations for making or receiving illegal contributions occur. The Board estimates that 10 complaints or cases will present themselves in a 2-year state election cycle. The Board believes that 5 of the cases could be scheduled for hearing during a regularly scheduled Board meeting and would not require any additional travel cost. A special meeting would be required to hear each of the remaining 5 cases and would require additional travel cost. They also estimate that each meeting would cost \$1,650 in addition to the travel and per diem paid to the Board members. The cost covers administrative expenses for scheduling, sending certified or special delivery of notices or subpoenas, preparing the correspondence and case file, and the cost of a court reporter. The cost also includes the cost of staff-time (four staff devoting ½ day for each meeting) involved with the meeting. The cost is detailed in the table below.

<i>SBE Estimate of Enforcement Cost</i>			
	<b>Number of</b>	<b>Cost Per</b>	
	<b>Mtgs/Hearings</b>	<b>Meeting/Hearing</b>	<b>Total</b>
Travel	5	\$1,500	\$7,500
Court Reporter	10	\$150	\$1,500
Administrative Exp.	10	\$500	\$5,000
<b>Total Non-Personnel</b>			<b>\$14,000</b>
Staff Time	10	\$1,000	\$10,000
<b>Total Cost</b>			<b>\$24,000</b>

The Fiscal Research Division believes this estimate is reasonable. However, we have adjusted their \$24,000 estimate for the 2-year state election cycle to \$14,000. The annualized cost would be \$7,000 per year. Our adjustment is to exclude the cost of the staff time. We recognize that staff time will be involved that would otherwise be devoted to other existing responsibilities. However, we do not believe that implementation of this bill would require additional staff resources.

With respect to the filing of campaign finance reports for municipal elections, the bill adds a requirement for a filing 35 days before the respective election and replaces the current annual reports with semiannual reports. This provision increases the number of campaign finance reports submitted to the local boards of elections. The Board estimates that there will be an increase in the number of complaints and late filings related to the reports of candidates in municipal elections as result of implementation of this bill, but cannot estimate what the increase will be.

**Department of Correction**

Violations of this act are unlikely to impact the Department of Correction because Class 2 Misdemeanors rarely go to prison. In FY 1999/2000, approximately 11% of Class 2 misdemeanor convictions resulted in active sentences. The average sentence length imposed was 24 days. Offenders serving active sentences of 90 days or less are housed in county jails. While this bill could affect county jail beds, there is no data to indicate a substantial impact. Therefore, Fiscal Research assumes no impact on county jails as well.

**Judicial Branch**

As stated previously, the proposed bill expands the scope involving a Class 2 misdemeanor offense under G.S. 163-278.27. The Administrative Office of the Courts does not have a specific offense code for the conduct currently covered under G.S. 163-278.27, therefore, it is not known how many offenders might be affected by the proposed change to the current offense. The lack of an AOC offense code is some indication that this offense is infrequently charged and/or infrequently results in convictions. Thus, Fiscal Research assumes no impact on the court system.

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** May 10, 2001



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