

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1444

Short Title: Campaign Accountability. (Public)

Sponsors: Representative Blust.

Referred to: Election Law and Campaign Finance Reform.

April 21, 2005

A BILL TO BE ENTITLED
AN ACT TO PROHIBIT THE USE OF CAMPAIGN FUNDS FOR
NONCAMPAIGN-RELATED PERSONAL PURPOSES; AND TO
STRENGTHEN REPORTING REQUIREMENTS TO PREVENT VIOLATIONS
OF THE PROHIBITION.

The General Assembly of North Carolina enacts:

SECTION 1. Article 22A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-278.16B. Use of contributed amounts for certain purposes.

(a) Permitted Uses. – A contribution accepted by a candidate may be used by the candidate for the following purposes:

(1) For ordinary and necessary expenditures in connection with the campaign for public office of the candidate.

(2) For contributions to an organization described in section 170(c) of the Internal Revenue Code of 1986 (26 U.S.C. § 170(c)).

(3) For transfers, without limitation, to a national, State, or local committee of a political party.

(b) Prohibited Use. –

(1) In general. – A contribution or donation described in subsection (a) of this section shall not be converted by any person to personal use.

(2) Conversion. – For purposes of subdivision (1) of this subsection, a contribution or donation shall be considered to be converted to personal use if the contribution or amount is used to fulfill any commitment, obligation, or expense of an individual or other entity that would exist irrespective of the candidate's election campaign, including the following:

a. A home mortgage, rent, or utility payment.

b. A clothing purchase.

c. A noncampaign-related automobile expense.

- 1 d. A country club membership.
- 2 e. A vacation or other noncampaign-related trip.
- 3 f. A household food item.
- 4 g. A tuition payment.
- 5 h. Admission to a sporting event, concert, theater, or other form of
- 6 entertainment not associated with an election campaign.
- 7 i. Dues, fees, and other payments to a health club or recreational
- 8 facility.
- 9 j. A retirement account or other retirement purpose.

10 (c) Definition of 'Candidate.' – For purposes of this section, the term 'candidate'
11 means, in addition to the definition in G.S. 163-278.6(4), any individual who retains
12 funds received in contributions."

13 **SECTION 2.** G.S. 163-278.11(a)(2) reads as rewritten:

14 "(2) Expenditures. – A list of all expenditures required under
15 G.S. 163-278.8 made by or on behalf of a candidate, political
16 committee, or referendum committee. The statement shall list the
17 name and complete mailing address of each payee, the amount paid,
18 the purpose, and the date such payment was made. The total sum of
19 all expenditures to date shall be plainly exhibited. Forms for required
20 reports shall be prescribed by the Board. When a payment is made in a
21 lump sum to one payee for several goods or services or both, the
22 statement shall itemize the amount paid for each purpose. Each report
23 containing any itemized lump-sum payment shall be accompanied by a
24 sworn statement, under penalty of perjury as provided in G.S. 14-209,
25 that the itemization of the lump sum is correct."

26 **SECTION 3.** G.S. 163-278.27(a) reads as rewritten:

27 "(a) Any individual, candidate, political committee, referendum committee,
28 treasurer, person or media who intentionally violates the applicable provisions of
29 G.S. 163-278.7, 163-278.8, 163-278.9, 163-278.10, 163-278.11, 163-278.12,
30 163-278.13, 163-278.13B, 163-278.14, 163-278.16, 163-278.16B, 163-278.17,
31 163-278.18, 163-278.19, 163-278.20, 163-278.39, 163-278.40A, 163-278.40B,
32 163-278.40C, 163-278.40D or 163-278.40E is guilty of a Class 2 misdemeanor. The
33 statute of limitations shall run from the day the last report is due to be filed with the
34 appropriate board of elections for the election cycle for which the violation occurred."

35 **SECTION 4.** This act becomes effective January 1, 2006, and applies to all
36 candidates, officeholders, and political committees with accounts that are active with
37 the State Board of Elections or a county board of elections on or after that date.