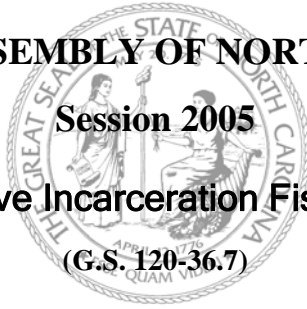


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2005

Legislative Incarceration Fiscal Note

(G.S. 120-36.7)

BILL NUMBER: House Bill 1845 (Fourth Edition)
SHORT TITLE: Permitted Use of Campaign Funds.
SPONSOR(S): Representatives Eddins, Hackney, Howard, and Ross

Table with fiscal impact data for FY 2006-07 to FY 2010-11. Rows include GENERAL FUND (Correction, Judicial), TOTAL EXPENDITURES, ADDITIONAL PRISON BEDS*, POSITIONS, and EFFECTIVE DATE. Includes a note: *Analysis does not differ from prior editions of the bill*

BILL SUMMARY: Section 1 enacts G.S. 163-278.16B to permit a candidate or candidate's campaign committee to use contributions only for certain purposes. These permitted uses include:

1. Expenditures resulting from the campaign for public office.
2. Expenditures resulting from holding public office.
3. Contributions to organizations described in Section 170(c) of the Internal Revenue Code (26 U.S.C. § 170(c)), provided that the candidate and certain members of the candidate's family are not employed by the organization.
4. Contributions to a committee of a political party or caucus of a political party.
5. Contributions to another candidate or campaign committee.
6. To return contributions to a contributor.
7. Payment of any penalties imposed against the candidate or candidate's campaign committee by a board of elections or court for violation of Article 22A.
8. Payment to the Escheat Fund established by Chapter 116B.

Subsection (c) provides that contributions to a candidate or campaign committee do not become part of the candidate's personal estate. A written designation may be filed by the candidate directing those funds to permitted uses, to be paid in the event of death or incapacity. If no such designation is filed, the funds shall be distributed to the Escheat Fund after payment of permitted outstanding debts.

Section 2 rewrites G.S. 163-278.8(e) to require individual accounting and reporting of all expenditures for media expenses, including specific descriptions of each expenditure no matter the amount. Section 3 rewrites G.S. 163-278.8(f) to establish similar payment, accounting, and reporting requirements for expenditures for nonmedia expenses (except postage) that total more than fifty (\$50.00) dollars.

Section 4 rewrites G.S. 163-278.11(a)(2) to specify that the payee is the individual to whom the candidate, political committee, or referendum committee is obligated to make an expenditure. The bill also requires that expenditures to a financial institution for revolving credit be reported with specific itemization of the goods and services purchased.

Section 5 makes an intentional violation of G.S. 163-278.16B a Class 2 misdemeanor.

Section 6 specifies that Sections 1 and 5 become effective October 1, 2006, and apply to all candidates and campaign committees with active accounts with the State Board of Election or a county board of elections on or after that date. The remaining Sections 2, 3, and 4 become effective January 1, 2007.

Source: Adapted from Bill Digest H.B. 1845 (05/09/0200).

ASSUMPTIONS AND METHODOLOGY:

Department of Correction – Division of Prisons

The Sentencing and Policy Advisory Commission prepares prison population projections for each criminal penalty bill. The Commission assumes for each bill that increasing criminal penalties does not have a deterrent or incapacitative effect on crime. Therefore, the Fiscal Research Division does not assume savings due to deterrent effects for this bill or any criminal penalty bill. Based on the most recent population projections and estimated available prison bed capacity, *there are no surplus prison beds available over the immediate five-year horizon, or beyond.*

Because this bill creates a new criminal penalty, there is no historical data from which to estimate the impact on the State's prison population, or to project the number of offenders who could be sentenced under the act. *However, it is assumed that most political candidates and campaign committees will comply with the law. Thus, no significant impact is anticipated.*

In 2004-05, 16% of Class 2 misdemeanor convictions resulted in active sentences, with an average estimated time served of 11.8 days. Because offenders serving active sentences of 90 days or less are housed in county jails, *there is no anticipated impact on the State's prison population. The impact on local jails cannot be determined.*

Department of Correction – Division of Community Corrections

Anticipating compliance, there is no significant impact projected for Community Corrections. In 2004-05, approximately 83% of those convicted of Class 2 misdemeanors received community punishment, predominately special probation. Offenders given community supervised probation are supervised by probation officers who provide general supervision at a cost to DCC of \$1.93 per offender, per day. For intensive supervision probation or electronic house arrest, the costs are higher – \$12.95 (*includes daily supervision cost*) and \$6.71 (*plus daily supervision cost*), respectively.

In addition, offenders supervised by DCC are required to pay a \$30 per month supervision fee; those serving community service are required to pay a one-time fee of \$200; and those on electronic house arrest or electronic monitoring must pay a one-time \$90 fee. This money is collected by the Court System and goes to the General Fund. The percentage of fees actually collected cannot be determined from the Court's records, but survey information indicates that the compliance rate for supervised probationers is around 48%.

Judicial Branch

For most criminal penalty bills, the Administrative Office of the Courts provides Fiscal Research with an analysis of the fiscal impact of the specific bill. For such bills, fiscal impact is typically based on the assumption that court time will increase due to an expected increase in trials and a corresponding increase in the hours of work for judges, clerks, and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

The AOC anticipates that most candidates and campaign committees will comply with this proposal. Thus, *few new cases are expected.* In calendar year 2005, one defendant was charged with campaign contribution violations under 163-278.13. Currently, the AOC estimates court-time costs for Class 2 misdemeanors of \$2,380 per trial and \$211 per plea.

SOURCES OF DATA: Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission.

TECHNICAL CONSIDERATIONS: None

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