

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1517
Committee Substitute Favorable 6/21/07

Short Title: Voter-Owned Elections Pilot. (Public)

Sponsors:

Referred to:

April 17, 2007

1 A BILL TO BE ENTITLED

2 AN ACT TO ESTABLISH A PILOT PROGRAM TO PROVIDE CANDIDATES FOR
3 CERTAIN COUNCIL OF STATE OFFICES WITH THE OPTION OF
4 FINANCING THEIR CAMPAIGNS FROM A PUBLICLY SUPPORTED FUND,
5 PROVIDED THAT THEY GAIN AUTHORIZATION TO DO SO FROM
6 REGISTERED VOTERS AND THAT THEY ABIDE BY STRICT
7 FUND-RAISING AND SPENDING LIMITS; AND TO APPROPRIATE FUNDS
8 TO FINANCE THE PROGRAM.

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.** Chapter 163 of the General Statutes is amended by adding a
11 new Article to read:

12 "Article 22J.

13 "The Voter-Owned Elections Act.

14 **"§ 163-278.95. Purpose and establishment of Voter-Owned Elections Act.**

15 The purpose of this Article is to ensure the vitality and fairness of democratic
16 elections in North Carolina to the end that any eligible citizen of this State can
17 realistically choose to seek and run for public office. It is also the purpose of this Article
18 to protect the constitutional rights of voters and candidates from the detrimental effects
19 of increasingly large amounts of money being raised and spent in North Carolina to
20 influence the outcome of elections. It is essential to the public interest that the potential
21 for corruption or the appearance of corruption is minimized and that the equal and
22 meaningful participation of all citizens in the democratic process is ensured.

23 Accordingly, this Article establishes the North Carolina Voter-Owned Elections Fund as
24 an alternative source of campaign financing for candidates who obtain a sufficient
25 number of qualifying contributions from registered voters and who voluntarily accept
26 strict fund-raising and spending limits. This Article is available to candidates for the
27 Council of State offices of Auditor, Superintendent of Public Instruction, and
28 Commissioner of Insurance in elections to be held in 2008 and thereafter.

29 **"§ 163-278.96. Definitions.**

1 The following definitions apply in this Article:

- 2 (1) Board. – The State Board of Elections.
- 3 (2) Campaign-related expenditure. – An expenditure that benefits the
4 candidate's current campaign in accordance with guidelines established
5 by the Board.
- 6 (3) Candidate. – An individual who becomes a candidate as described in
7 G.S. 163-278.6(4). The term includes a 'candidate campaign
8 committee' as defined in G.S. 163-278.38Z(3).
- 9 (4) Certified candidate. – A candidate for office who chooses to receive
10 campaign funds from the Fund and who is certified under
11 G.S. 163-278.98(c).
- 12 (5) Contested primary and contested general election. – An election in
13 which there are more candidates than the number to be elected.
- 14 (6) Contribution. – Defined in G.S. 163-278.6. A distribution from the
15 Fund pursuant to this Article is not a 'contribution' and is not subject to
16 the limitations of G.S. 163-278.13 or the prohibitions of
17 G.S. 163-278.15 or G.S. 163-278.19. Instead of being subject to
18 G.S. 163-278.16B, distributions are subject to the guidelines issued by
19 the Board pursuant to G.S. 163-278.98(e)(5).
- 20 (6a) Electioneering communication. – As defined in G.S. 163-278.80 and
21 G.S. 163-278.90, except that it is made during the period beginning 30
22 days before absentee ballots become available for a primary and
23 ending on primary election day and during the period 60 days before
24 absentee ballots become available for a general election and ending on
25 general election day.
- 26 (7) Expenditure. – Defined in G.S. 163-278.6.
- 27 (8) Fund. – The North Carolina Voter-Owned Elections Fund established
28 in G.S. 163-278.97.
- 29 (9) Independent expenditure. – Defined in G.S. 163-278.6.
- 30 (10) Maximum qualifying contributions. – If the candidate has an
31 uncontested primary, an amount equal to 100 times the filing fee for
32 the office sought. If the candidate has a contested primary, 200 times
33 the filing fee for the office sought.
- 34 (11) Nonparticipating candidate. – A candidate for office who is not
35 seeking to be certified under G.S. 163-278.98(c).
- 36 (12) Office. – The Council of State offices of Auditor, Superintendent of
37 Public Instruction, and Commissioner of Insurance.
- 38 (13) Participating candidate. – A candidate for office who has filed a
39 declaration of intent to participate under G.S. 163-278.98(a).
- 40 (14) Political committee. – Defined in G.S. 163-278.6.
- 41 (15) Qualifying contribution. – A contribution of not less than ten dollars
42 (\$10.00) and not more than two hundred dollars (\$200.00) in the form
43 of a check or money order to the candidate that meets both of the
44 following conditions:

- 1 a. Made by any registered voter in this State.
2 b. Made only during the qualifying period and obtained with the
3 approval of the candidate or candidate's committee.
- 4 (16) Qualifying period. – The period beginning September 1 in the year
5 before the election and ending on the day of the primary.
- 6 (17) Trigger for matching funds. – The dollar amount at which matching
7 funds are released under G.S. 163-278.99B for certified candidates. In
8 the case of a contested primary, the trigger equals the maximum
9 qualifying contributions for the candidate. In the case of a contested
10 general election, the trigger equals the base level of funding available
11 under G.S. 163-278.99(b)(2).

12 **"§ 163-278.97. Voter-Owned Elections Fund established; sources of funding."**

13 (a) Establishment of Fund. – The North Carolina Voter-Owned Elections Fund is
14 established to finance the election campaigns of certified candidates for office and to
15 pay administrative and enforcement costs of the Board related to this Article. The Fund
16 is a special, dedicated, nonlapsing, nonreverting fund. Any interest generated by the
17 Fund is credited to the Fund. The Board shall administer the Fund.

18 (b) Sources of Funding. – Money received from all the following sources must be
19 deposited in the Fund:

- 20 (1) Unspent Fund revenues distributed for an election that remain unspent
21 or uncommitted at the time the recipient is no longer a certified
22 candidate in the election.
- 23 (2) Money ordered returned to the Fund in accordance with
24 G.S. 163-278.99D.
- 25 (3) Money paid to the Fund equal to excess contributions as provided in
26 G.S. 163-278.98(e)(1).
- 27 (4) Voluntary donations made directly to the Fund.
- 28 (5) Appropriations from the General Fund.

29 (c) Evaluation and Determination of Fund Amount. – By January 1, 2011, and
30 every four years thereafter, the Board, in conjunction with the Advisory Council
31 established under G.S. 163-278.68(b), shall prepare and provide to the Joint Legislative
32 Commission on Governmental Operations of the General Assembly a report
33 documenting, evaluating, and making recommendations relating to the administration,
34 implementation, and enforcement of this Article. In its report, the Board shall set out the
35 funds received to date and the expected needs of the Fund during the next election cycle
36 and make recommendations about the feasibility of expanding its provisions to include
37 other candidates for State office based on the experience of this Article and the
38 experience of similar programs in North Carolina and other states. The Board shall also
39 evaluate and make recommendations regarding how to address activities that could
40 undermine the purpose of this Article, including spending that appears to target
41 candidates but is not reached by regulation.

42 **"§ 163-278.98. Requirements for participation."**

43 (a) Declaration of Intent to Participate. – Any individual choosing to receive
44 campaign funds from the Fund shall first file with the Board a declaration of intent to

1 participate in the program established by this Article as a candidate for a stated office.
2 The declaration of intent shall be filed before or during the qualifying period and before
3 collecting any qualifying contributions. In the declaration, the candidate shall swear or
4 affirm that only one political committee, identified with its treasurer, shall handle all
5 contributions, campaign-related expenditures, and obligations for the participating
6 candidate and that the candidate will comply with the contribution and expenditure
7 limits set forth in subsection (e) of this section and all other requirements set forth in
8 this Article or adopted by the Board. Failure to comply is a violation of this Article.

9 (b) Demonstration of Support of Candidacy. – In order to be certified,
10 participating candidates must obtain qualifying contributions from at least 750
11 registered voters in this State. The qualifying contributions shall be equal to at least 25
12 times the amount of the filing fee for the office. No payment, gift, or anything of value
13 shall be given in exchange for a qualifying contribution.

14 (c) Certification of Candidates. – Upon receipt of a submittal of the record of
15 qualifying contributions by a participating candidate, the Board shall determine whether
16 or not the candidate has:

- 17 (1) Filed a completed declaration of intent to participate in this Article.
- 18 (2) Submitted a report itemizing the appropriate number of qualifying
19 contributions received from registered voters, which the Board shall
20 verify through a random sample or other means it adopts. The report
21 shall include the county of residence of each registered voter listed.
- 22 (3) Filed a notice of candidacy with the State Board of Elections as a
23 candidate for the office.
- 24 (4) Otherwise met the requirements for participation in this Article.

25 The Board shall certify candidates complying with the requirements of this section
26 as soon as possible and no later than five business days after receipt of a satisfactory
27 record of qualifying contributions.

28 (d) Final Report for Qualifying Contributions. – No later than five business days
29 after the end of the qualifying period, all participating candidates shall submit a report
30 to the Board of all previously unreported qualifying contributions, in accordance with
31 procedures developed by the Board. Within seven business days after submittal of the
32 final report, the Board shall determine, through a random audit or other means it adopts,
33 whether the contributions abide by the definition of qualifying contributions, whether
34 they must be returned to the donor, and whether they exceed the maximum amount of
35 qualifying contributions.

36 (e) Restrictions on Contributions and Expenditures for Participating and Certified
37 Candidates. – The following restrictions shall apply to contributions and expenditures
38 with respect to participating and certified candidates:

- 39 (1) Beginning August 1 of the year before the election and before filing a
40 declaration of intent, a candidate shall limit campaign-related
41 expenditures to twenty thousand dollars (\$20,000) and shall not accept
42 more than twenty thousand dollars (\$20,000) from sources and in
43 amounts permitted by Article 22A of this Chapter. A candidate who
44 exceeds either of these limits shall be ineligible to file a declaration of

1 intend or receive funds from the Fund. However, the acceptance of
2 contributions in excess of that twenty thousand dollar (\$20,000) limit
3 does not render the candidate ineligible if the candidate pays to the
4 Board an amount equal to the contributions accepted by the candidate
5 in excess of that limit. The Board shall deposit all such payments into
6 the Fund.

7 (2) From the filing of a declaration of intent through the end of the
8 qualifying period, a candidate may accept only qualifying
9 contributions, contributions under ten dollars (\$10.00) from North
10 Carolina voters, in-kind party contributions as permitted in subdivision
11 (4) of this subsection, and personal and family contributions permitted
12 under subdivision (4a) of this subsection. The total contributions the
13 candidate may accept during this period shall not exceed the maximum
14 qualifying contributions for that candidate. In addition to these
15 contributions, the candidate may only expend during this period the
16 remaining money raised pursuant to subdivision (1) of this subsection
17 and possible matching funds received pursuant to G.S. 163-278.99B. If
18 the candidate has any remaining money that was raised as
19 contributions before August 1 of the year before the election, the
20 candidate may not expend that money after filing the declaration of
21 intent, except for purposes permitted under subdivisions (2), (3), (6),
22 (7), or (8) of G.S. 163-278.16B(a).

23 (3) After the qualifying period and through the date of the general
24 election, the candidate shall cease campaign-related fund-raising
25 activities and shall expend only the funds the candidate receives from
26 the Fund pursuant to G.S. 163-278.99(b) plus any funds remaining
27 from the qualifying period and possible matching funds.

28 (4) In addition to the amounts above, a candidate may accept in-kind
29 contributions from political party executive committees, up to an
30 aggregate value of thirty thousand dollars (\$30,000) for the election
31 cycle.

32 (4a) During the qualifying period, the candidate may contribute up to one
33 thousand dollars (\$1,000) of that candidate's own money to the
34 campaign. Debt incurred by the candidate for a campaign expenditure
35 shall count toward that limit. The candidate may accept in
36 contributions one thousand dollars (\$1,000) from each member of that
37 candidate's family consisting of spouse, parent, child, brother, and
38 sister.

39 (5) A candidate and the candidate's committee shall limit the use of all
40 revenues permitted by this subsection to expenditures for
41 campaign-related purposes only. The Board shall publish guidelines
42 outlining permissible campaign-related expenditures.

43 (6) Except as provided in subdivision (1) of this subsection, any
44 contribution received by a participating or certified candidate that falls

1 outside that permitted by this subsection shall be returned to the donor
2 as soon as practicable. Contributions intentionally made, solicited, or
3 accepted in violation of this Article are subject to civil penalties as
4 specified in G.S. 163-278.99D. The funds involved shall be forfeited
5 to the Civil Penalty and Forfeiture Fund.

6 (7) A candidate shall return to the Fund any amount distributed for an
7 election that is unspent and uncommitted at the date of the election or
8 at the time the individual ceases to be a certified candidate, whichever
9 occurs first. For accounting purposes, all qualifying, personal, and
10 family contributions shall be considered spent before revenue from the
11 Fund is spent or committed.

12 (f) Revocation. – A candidate may revoke, in writing to the Board, a decision to
13 participate in the Fund at any time. After a revocation, that candidate may accept and
14 expend outside the limits of this Article without violating this Article. Within 10 days
15 after revocation, a candidate shall return to the Board all money received from the Fund.

16 **"§ 163-278.99. Distribution from the Fund."**

17 (a) Timing of Fund Distribution. – The Board shall distribute to a certified
18 candidate revenue from the Fund in an amount determined under subdivision (b)(4) of
19 this section as follows:

20 (1) One-third of the amount within five business days after the certified
21 candidate's name is approved to appear on the ballot in a contested
22 general election, but no earlier than five business days after the
23 primary.

24 (2) The remainder of the amount on August 1 before the general election.

25 (b) Amount of Fund Distribution. – By August 1, 2011, and no less frequently
26 than every four years thereafter, the Board shall determine the amount of funds, rounded
27 to the nearest one hundred dollars (\$100.00), to be distributed to certified candidates as
28 follows:

29 (1) Uncontested primaries. – No funds shall be distributed.

30 (2) Contested primaries. – No funds shall be distributed except as
31 provided in G.S. 163-278.99B.

32 (3) Uncontested general elections. – No funds shall be distributed.

33 (4) Contested general elections. – The amount of funds to be distributed to
34 a candidate is the average amount of campaign-related expenditures
35 made by all candidates who won the immediately preceding three
36 general elections for that office, but not less than three hundred
37 thousand dollars (\$300,000). For purposes of this subsection,
38 "campaign-related expenditures" does not include loan repayments and
39 contributions to a candidate, political committee, or political party.

40 (c) Method of Fund Distribution. – The Board, in consultation with the State
41 Treasurer and the State Controller, shall develop a rapid, reliable method of conveying
42 funds to certified candidates. In all cases, the Board shall distribute funds to certified
43 candidates in a manner that is expeditious, ensures accountability, and safeguards the
44 integrity of the Fund. If the money in the Fund is insufficient to fully fund all certified

1 candidates, then the available money shall be distributed proportionally, according to
2 each candidate's eligible funding, and the candidate may raise additional money in the
3 same manner as a nonparticipating candidate for the same office up to the unfunded
4 amount of the candidate's eligible funding.

5 **§ 163-278.99A. Reporting requirements.**

6 (a) Reporting by Noncertified Candidates and Other Entities. – Any
7 nonparticipating candidate with a certified opponent shall report total income, expenses,
8 and obligations to the Board by facsimile machine or electronically within 24 hours
9 after the total amount of campaign-related expenditures or obligations made, or funds
10 raised or borrowed, exceeds eighty percent (80%) of the trigger for matching funds as
11 defined in G.S. 163-278.96(17). Any entity making independent expenditures in support
12 of or in opposition to a certified candidate, or in support of a candidate opposing a
13 certified candidate, or paying for electioneering communications referring to one of
14 those candidates, shall report the total funds received, spent, or obligated for those
15 expenditures or payments to the Board by facsimile machine or electronically within 24
16 hours after the total amount of expenditures or obligations made, or funds raised or
17 borrowed, for the purpose of making the independent expenditures or electioneering
18 communications exceeds five thousand dollars (\$5,000). After this 24-hour filing, the
19 nonparticipating candidate or other reporting entity shall comply with an expedited
20 reporting schedule by filing additional reports after receiving an additional amount in
21 excess of one thousand dollars (\$1,000) or after making or obligating to make an
22 additional expenditure or payment in excess of one thousand dollars (\$1,000). The
23 schedule and forms for reports required by this subsection shall be made according to
24 procedures developed by the Board.

25 (b) Reporting by Participating and Certified Candidates. – Notwithstanding other
26 provisions of law, participating and certified candidates shall report any money received
27 and all campaign expenditures, obligations, and related activities to the Board according
28 to procedures developed by the Board. Upon the filing of a final report for any losing
29 primary election, special election, or general election, each candidate who has revenues
30 from the Fund remaining unspent shall return those revenues to the Board. In
31 developing these procedures, the Board shall utilize existing campaign reporting
32 procedures wherever practicable.

33 (c) Timely Access to Reports. – The Board shall ensure prompt public access to
34 the reports received in accordance with this Article. The Board may utilize electronic
35 means of reporting and storing information.

36 **§ 163-278.99B. Matching funds.**

37 (a) When Matching Funds Become Available. – When any report or group of
38 reports shows that 'funds in opposition to a certified candidate or in support of an
39 opponent to that candidate' as described in this section exceed the trigger for matching
40 funds as defined in G.S. 163-278.96(17), the Board shall issue immediately to that
41 certified candidate an additional amount equal to the reported excess within the limits
42 set forth in this section. 'Funds in opposition to a certified candidate or in support of an
43 opponent to that candidate' shall be equal to the sum of subdivisions (1) and (2) as
44 follows:

- 1 (1) The greater of the following:
- 2 a. Campaign expenditures or obligations made, or funds raised or
3 borrowed, whichever is greater, reported by any one
4 nonparticipating opponent of a certified candidate. Where a
5 certified candidate has more than one nonparticipating
6 opponent, the measure shall be taken from the nonparticipating
7 candidate showing the highest relevant dollar amount.
- 8 b. The funds distributed in accordance with G.S. 163-278.99(b) to
9 a certified opponent of the certified candidate.
- 10 (2) The aggregate total of all expenditures and payments reported in
11 accordance with G.S. 163-278.99A(a) of entities making independent
12 expenditures or electioneering communications in opposition to the
13 certified candidate or in support of any opponent of that certified
14 candidate.
- 15 (b) Limit on Matching Funds in Contested Primary. – Total matching funds to a
16 certified candidate in a contested primary shall be limited to an amount equal to the
17 maximum qualifying contributions for a candidate with a contested primary.
- 18 (c) Limit on Matching Funds in Contested General Election. – Total matching
19 funds to a certified candidate in a contested general election shall be limited to an
20 amount equal to two times the amount described in G.S. 163-278.99(b)(2).
- 21 (d) Determinations by Board. – In the case of electioneering communications, the
22 Board shall determine which candidate, if any, is entitled to receive matching funds as a
23 result of the communication. In making its determination, the Board shall ascertain
24 whether the communication is the functional equivalent of clear support or clear
25 opposition for the election or defeat of a candidate. The Board shall notify each
26 candidate it determines is entitled to receive matching funds based on those
27 communications, the sponsor of those communications, and any candidate who is an
28 opponent of the candidate it determines is entitled to the matching funds. The Board
29 shall give the sponsor of the communication and any opposing candidate an adequate
30 opportunity to rebut the determination of the Board. In considering the rebuttal, all
31 candidates in the race and the sponsor shall be given adequate and equal opportunity to
32 be heard. The Board shall adopt procedures for implementing this subsection, balancing
33 in those procedures adequacy of opportunity to rebut and adequacy and equality of
34 opportunity to be heard on the rebuttal with the need to expedite the decision on
35 awarding matching funds. The Board shall distribute the matching funds, if any, at the
36 conclusion of its process.

37 **"§ 163-278.99C. Unaffiliated and new-party candidates."**

38 Unaffiliated candidates certified pursuant to G.S. 163-122 and new-party candidates
39 certified pursuant to G.S. 163-98 shall be eligible for revenues from the Fund in the
40 same amounts and at the same time as specified in G.S. 163-278.99. For unaffiliated
41 candidates and new-party candidates not certified to appear on the ballot by noon on the
42 deadline set in G.S. 163-106(c) for candidate filing in the election year, the deadline for
43 seeking certification to receive revenue from the Fund is noon on the first business day
44 of July of the election year.

1 **"§ 163-278.99D. Enforcement by the Board; civil penalty.**

2 In addition to any other penalties that may be applicable, any individual, political
3 committee, or other entity that violates any provision of this Article is subject to a civil
4 penalty of up to ten thousand dollars (\$10,000) per violation or three times the amount
5 of any financial transactions involved in the violation, whichever is greater. In addition
6 to any fine, for good cause shown, a candidate found in violation of this Article may be
7 required to return to the Fund all amounts distributed to the candidate from the Fund. If
8 the Board makes a determination that a violation of this Article has occurred, the Board
9 shall calculate and assess the amount of the civil penalty and shall notify the entity that
10 is assessed the civil penalty of the amount that has been assessed. The Board shall then
11 proceed in the manner prescribed in G.S. 163-278.34. In determining whether or not a
12 candidate is in violation of this Article, the Board may consider as a mitigating factor
13 any circumstances out of the candidate's control.

14 **"§ 163-278.99E. Voter education.**

15 (a) Voter Guide. – The Board shall publish a Voter Guide that explains the
16 functions of office as defined in G.S. 163-278.96(12) and the laws concerning the
17 election of the Council of State, the purpose and function of the Fund, and the laws
18 concerning voter registration. The Board shall distribute the Guide to as many
19 voting-age individuals in the State as practical, through a mailing to all residences or
20 other means it deems effective. The distribution shall occur no more than 14 days nor
21 fewer than seven days before the one-stop voting period provided in G.S. 163-227.2 for
22 the primary and no more than 14 days nor fewer than seven days before the one-stop
23 voting period provided in G.S. 163-227.2 for the general election.

24 (b) Candidate Information. – The Voter Guide shall include information
25 concerning all candidates for office as defined in G.S. 163-278.96(12), as provided by
26 those candidates according to a format provided to the candidates by the Board. The
27 Board shall request information for the Guide from each candidate according to the
28 following format:

29 (1) Place of residence.

30 (2) Education.

31 (3) Occupation.

32 (4) Employer.

33 (5) Previous elective offices held.

34 (6) Endorsements, limited to 50 words. Concerning endorsements, the
35 Board shall send to the candidates instructions as follows: "In order to
36 have an endorsement published, you must provide written
37 confirmation to the Board from the endorsing person or organization
38 that you received that person's or organization's endorsement."

39 (7) Candidate statement, limited to 150 words. Concerning that statement,
40 the Board shall send to the candidates instructions as follows: "Your
41 statement may include information such as your qualifications, your
42 endorsements, why you would make a good elected official, what
43 distinguishes you from your opponent(s), your acceptance of spending
44 and fund-raising limits to qualify to receive funds from the

1 Voter-Owned Elections Fund, and any other information relevant to
2 your candidacy. The State Board of Elections will reject any portion of
3 any statement which it determines contains obscene, profane, or
4 defamatory language. The candidate shall have three days to resubmit
5 the candidate statement if the Board rejects a portion of the statement."

6 (c) Disclaimer. – The Voter Guide shall contain the following statement:
7 "Statements by candidates do not express or reflect the opinions of the State Board of
8 Elections."

9 (d) Relationship to the Judicial Voter Guide. – The Board may publish the Voter
10 Guide in conjunction with the Judicial Voter Guide described in G.S. 163-278.69."

11 **SECTION 2.** G.S. 163-278.13(e) reads as rewritten:

12 "(e) Except as provided in subsections (e2) and (e3)-(e2), (e3), and (e4) of this
13 section, this section shall not apply to any national, State, district or county executive
14 committee of any political party. For the purposes of this section only, the term
15 "political party" means only those political parties officially recognized under
16 G.S. 163-96."

17 **SECTION 3.** G.S. 163-278.13 is amended by adding a new subsection to
18 read:

19 "(e4) In order to make meaningful the provisions of the North Carolina
20 Voter-Owned Elections Act, as set forth in Article 22J of this Chapter, no candidate for
21 an office subject to that Article shall accept, and no contributor shall make to that
22 candidate, a contribution during the period beginning 21 days before the day of the
23 general election and ending the day after the general election if that contribution causes
24 the candidate to exceed the 'trigger for matching funds' defined in G.S. 163-278.96(17).
25 As used in this subsection, the term 'candidate' also includes 'candidate campaign
26 committee' as defined in G.S. 163-278.38Z(3). Nothing in this subsection shall prohibit
27 a candidate from making a contribution or loan secured entirely by that candidate's
28 assets to that candidate's own campaign or to a political committee the principal purpose
29 of which is to support that candidate's campaign. This subsection applies with respect to
30 a candidate only if both of the following statements are true regarding that candidate:

- 31 (1) That candidate is opposed in the general election by a certified
32 candidate as defined in Article 22J of this Chapter.
33 (2) That certified candidate has not received the maximum matching funds
34 available under G.S. 163-278.99B(c).

35 The recipient of a contribution that apparently violates this subsection has three days
36 to return the contribution or file a detailed statement with the State Board of Elections
37 explaining why the contribution does not violate this subsection."

38 **SECTION 4.** The provisions of this act are severable. If any provision of
39 this act is held invalid by a court of competent jurisdiction, the invalidity does not affect
40 other provisions of the act that can be given effect without the invalid provision.

41 **SECTION 5.** There is appropriated from the General Fund to the State
42 Board of Elections the sum of one million dollars (\$1,000,000) for the 2007-2008 fiscal
43 year and the sum of three million five hundred eighty thousand dollars (\$3,580,000) for
44 the 2008-2009 fiscal year for the implementation of this act.

1 **SECTION 6.** Sections 1 through 3 of this act become effective 30 days after
2 this act is given preclearance under Section 5 of the Voting Rights Act of 1965. This act
3 applies to elections for Auditor, Superintendent of Public Instruction, and
4 Commissioner of Insurance in 2008 and thereafter. Section 5 of this act becomes
5 effective July 1, 2007. The State Board of Elections shall make the kind of report
6 required in G.S. 163-278.97(c), as enacted in this act, as soon as feasible before the
7 2008 election. The State Board of Elections shall make the determination required in
8 G.S. 163-278.99(b), as enacted in this act, as soon as feasible before the 2008 election.
9 The remainder of this act is effective when it becomes law.