

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1845

Short Title: Permitted Use of Campaign Funds. (Public)

Sponsors: Representatives Hackney, Howard, Eddins, Ross (Primary Sponsors); Barnhart, Bell, Brubaker, Coates, Earle, Fisher, Gibson, Harrison, Justice, Lucas, Luebke, Martin, McLawhorn, Nye, Sauls, Setzer, Sherrill, Steen, West, Alexander, L. Allen, Bordsen, Dickson, Glazier, Harrell, Hill, Insko, Jeffus, McGee, Moore, Stiller, Underhill, Walker, and Weiss.

Referred to: Judiciary I.

May 10, 2006

A BILL TO BE ENTITLED
AN ACT 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.

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 or candidate's committee may be used only for the following purposes:

- (1) Ordinary expenditures in connection with the campaign for public office of the candidate.
- (2) Ordinary expenses in connection with the duties and activities of the individual as holder of an elective office.
- (3) Donations to an organization described in section 170(c) of the Internal Revenue Code of 1986 (26 U.S.C. § 170(c)).
- (4) Contributions to a national, State, or local committee of a political party.
- (5) Contributions to another candidate for office in North Carolina or to a candidate's committee.
- (6) To return all or a portion of a contribution to the contributor.

- 1 (7) Payment of any penalties against the committee imposed by a board of
2 elections or a court of competent jurisdiction.
- 3 (b) Prohibited Use. –
- 4 (1) In general. – A contribution described in subsection (a) of this section
5 shall not be converted by any individual to personal use.
- 6 (2) Conversion. – For purposes of subdivision (1) of this subsection, a
7 contribution shall be considered to be converted to personal use if the
8 contribution or amount is used to fulfill any commitment, obligation,
9 or expense of an individual or other entity that would exist irrespective
10 of the candidate's election campaign or duties and activities as
11 officeholder, including the following:
- 12 a. A home mortgage, rent, or utility payment.
- 13 b. A clothing purchase.
- 14 c. A noncampaign-related automobile expense.
- 15 d. A country club membership.
- 16 e. A vacation or other noncampaign-related trip.
- 17 f. A household food item.
- 18 g. A tuition payment.
- 19 h. Admission to a sporting event, concert, theater, or other form of
20 entertainment not associated with an election campaign.
- 21 i. Dues, fees, and other payments to a health club or recreational
22 facility.
- 23 j. A retirement account or other retirement purpose.
- 24 (c) Rules. – The State Board of Elections shall adopt rules for the
25 implementation of this section."

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

27 "(2) Expenditures. – A list of all expenditures required under
28 G.S. 163-278.8 made by or on behalf of a candidate, political
29 committee, or referendum committee. The statement shall list the name
30 and complete mailing address of each payee, the amount paid, the
31 purpose, and the date such payment was made. The total sum of all
32 expenditures to date shall be plainly exhibited. Forms for required
33 reports shall be prescribed by the Board. When a payment is made in a
34 lump sum to one payee for several goods or services or both, the
35 statement shall itemize with a reasonable degree of specificity the
36 amount paid for each purpose. In the case of a payment to a credit card
37 company, the statement shall provide a reasonably specific itemization
38 of the bills the credit card was used to pay. In the case of a payment to
39 a provider of services, the statement shall itemize any media
40 advertising purchases made on behalf of the campaign and, with a
41 reasonable degree of specificity, itemize other payments the provider
42 has made on behalf of the campaign. The State Board of Elections
43 shall adopt rules for the implementation of this subdivision."

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

1 (a) Any individual, candidate, political committee, referendum committee,
2 treasurer, person or media who intentionally violates the applicable provisions of
3 G.S. 163-278.7, 163-278.8, 163-278.9, 163-278.10, 163-278.11, 163-278.12,
4 163-278.13, 163-278.13B, 163-278.14, 163-278.16, 163-278.16B, 163-278.17,
5 163-278.18, 163-278.19, 163-278.20, 163-278.39, 163-278.40A, 163-278.40B,
6 163-278.40C, 163-278.40D or 163-278.40E is guilty of a Class 2 misdemeanor. The
7 statute of limitations shall run from the day the last report is due to be filed with the
8 appropriate board of elections for the election cycle for which the violation occurred."

9 **SECTION 4.** This act becomes effective January 1, 2007, and applies to all
10 candidates, officeholders, and political committees with accounts that are active with
11 the State Board of Elections or a county board of elections on or after that date.