

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1533

Short Title: Spending Limits.

(Public)

Sponsors: Representatives Fisher, Insko (Primary Sponsors); Folwell, Goodwin, Martin, Underhill, and Weiss.

Referred to: Rules, Calendar, and Operations of the House.

April 21, 2005

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH SPENDING LIMITS ON COUNCIL OF STATE AND
GENERAL ASSEMBLY CAMPAIGNS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) The General Assembly finds that:

- (1) The continuing unrestrained growth in expenditures on election campaigns for statewide and state legislative offices in the North Carolina is harmful to the democratic process and the integrity of elections and government in North Carolina.
- (2) Unlimited campaign spending fosters the public perception that candidates and elected officials respond and give access to contributors and special interests who can assist them in raising the necessary campaign funds, in preference to those who make small or no contributions. This perception undermines public confidence in government that is necessary to the proper functioning of a democratic system. The importance of fundraising under a system of unlimited campaign spending also undermines the public's belief in the value of the vote.
- (3) The need for unlimited fundraising deters many potential candidates from seeking office, and leaves many elections effectively uncontested, undermining the necessary conditions for a robust public debate of the issues.
- (4) Because there are no upper limits on candidates' campaign expenditures, candidates and officeholders face pressure to spend inordinate time and attention on fundraising, for fear of being outspent by an opponent in the campaign funding arms race. The excessive time that must be devoted to fundraising in the absence of spending limits interferes with the ability of officeholders to carry out the duties for

1 which they were elected and the ability of candidates to meet and
2 interact with average voters.

3 (5) Limits on campaign expenditures will limit the time spent soliciting
4 contributions, and will reduce the need of elected officials to respond
5 to, and provide special access to, contributors. As a result, candidates
6 will be freed to devote more time and energy to debate of the issues
7 and elected officials will be able to spend more time responding to
8 constituents and to performing their official duties.

9 (6) Limits on campaign expenditures will encourage direct and small
10 group contact between candidates and the electorate and will
11 encourage the personal involvement of a larger number of citizens in
12 campaigns, both of which are crucial to public confidence and robust
13 debate of the issues.

14 (7) Limits on campaign expenditures will promote open and robust debate
15 of the issues by allowing more candidates a meaningful opportunity to
16 compete for office.

17 (8) The expenditure limits established in this act will allow sufficient
18 spending for candidates to communicate effectively with the electorate
19 and inform the electorate of their positions on the issues.

20 **SECTION 1.(b)** The General Assembly adopts this act to provide
21 restrictions on campaign expenditures and to provide other regulations of contributions
22 to and expenditures for election to office in the State.

23 **SECTION 2.** Article 22A of Chapter 163 of the General Statutes is amended
24 by adding a new section to read:

25 **"§ 163-278.13C. Mandatory expenditure limits for Council of State and General**
26 **Assembly.**

27 (a) Limits. – Any candidate for Governor, Lieutenant Governor, Secretary of
28 State, Attorney General, State Treasurer, State Auditor, Commissioner of Agriculture,
29 Commissioner of Insurance, Commissioner of Labor, Superintendent of Public
30 Instruction, State senator, or State representative shall limit campaign expenditures in an
31 election to no more than seventy-five percent (75%) of the median amount spent by
32 candidates in the last two comparable elections for the same office.

33 (b) Calculating the Limits. – In the case of a primary, the last two comparable
34 elections are the two most recent primaries for the office, however long ago held, with a
35 second primary counting separately as a primary. In the case of the general election, the
36 last two comparable elections are the last two general elections for the office. In the case
37 of elections for State Senate, the median shall be calculated for any seat using all State
38 Senate contests in the State in a comparable election. In the case of contests for State
39 representative, the median shall be calculated for any seat using all State representative
40 contests in the State in a comparable election. In State Senate and State representative
41 calculations, only the primaries occurring in the two most recent election cycles shall be
42 used. If the same individual is a candidate in more than one of the two comparable
43 elections used in calculating the median, that candidate is counted as a separate
44 candidate for each election.

1 (c) Sources and Definitions. – The expenditure limits in this section apply
2 regardless of whether the candidate is financing the campaign from private
3 contributions, from the candidate's own resources, or from the resources of that
4 candidate's immediate family. For purposes of this section, the term "candidate"
5 includes a political committee controlled by the candidate.

6 (d) State Board Duties. – The State Board of Elections shall adopt rules to
7 administer this provision. The State Board shall publicly announce, as soon as possible
8 to the beginning of every election cycle for an office, the expenditure limit for that
9 office."

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

11 "(a) Any individual, candidate, political committee, referendum committee,
12 treasurer, person or media who intentionally violates the applicable provisions of
13 G.S. 163-278.7, 163-278.8, 163-278.9, 163-278.10, 163-278.11, 163-278.12,
14 163-278.13, 163-278.13B, 163-278.13C, 163-278.14, 163-278.16, 163-278.17,
15 163-278.18, 163-278.19, 163-278.20, 163-278.39, 163-278.40A, 163-278.40B,
16 163-278.40C, 163-278.40D or 163-278.40E is guilty of a Class 2 misdemeanor. The
17 statute of limitations shall run from the day the last report is due to be filed with the
18 appropriate board of elections for the election cycle for which the violation occurred."

19 **SECTION 4.** G.S. 163-278.34(b) reads as rewritten:

20 "(b) ~~Civil Penalties for Illegal Contributions.~~ Contributions and Expenditures. – If
21 an individual, person, political committee, referendum committee, candidate, or other
22 entity intentionally makes or accepts a contribution in violation of this ~~Article,~~ Article
23 or intentionally exceeds the expenditure limits provided in G.S. 163-278.13C, then that
24 entity shall pay to the State Board of Elections, in an amount to be determined by that
25 Board, a civil penalty and the costs of investigation, assessment, and collection. The
26 civil penalty shall not exceed three times the amount of the unlawful contribution or
27 expenditure involved in the violation. The State Board of Elections may, in addition to
28 the civil penalty, order that the amount unlawfully received be paid to the State Board
29 by check, and any money so received by the State Board shall be deposited in the Civil
30 Penalty and Forfeiture Fund of North Carolina."

31 **SECTION 5.** This act becomes effective January 1, 2006, and applies to all
32 expenditures made on or after that date, except that the State Board of Elections shall as
33 soon as possible after this act becomes law calculate and publicly announce the
34 expenditure limits for all upcoming elections that will be subject to this act.