#### GENERAL ASSEMBLY OF NORTH CAROLINA

#### SESSION 1997

S 1 SENATE BILL 927 Short Title: Positive Campaigns. (Public) Sponsors: Senator Cooper. Referred to: Judiciary. April 17, 1997 A BILL TO BE ENTITLED AN ACT TO ESTABLISH NORTH CAROLINIANS FOR POSITIVE CAMPAIGNS AND MAKE RELATED CHANGES. The General Assembly of North Carolina enacts: Section 1. (a) Article 22C of Chapter 163 is repealed. (b) The State Treasurer shall transfer all funds in the North Carolina Candidates Financing Fund, created in Article 22C of Chapter 163 of the General Statutes, to the Fund of North Carolinians for Positive Campaigns, created pursuant to Article 22D of Chapter 163 of the General Statutes, as enacted by Section 2 of this act. Section 2. Chapter 163 of the General Statutes is amended by adding a new Article to read as follows: "ARTICLE 22D. "NORTH CAROLINIANS FOR POSITIVE CAMPAIGNS. "§ 163-278.60. Definitions. The following definitions apply in this Article: Board. - The Board of Directors for North Carolinians for Positive (1) Campaigns. Candidate. – Defined in G.S. 163-278.6(4). (2)

1

3

4

5

6 7

8

9

10

11 12

13

1415

16

17

Competitive election. – A contested election for a political office in 1 (3) 2 North Carolina in which two or more candidates received in excess of 3 thirty percent (30%) of the votes cast in that election. 4 Fund. – The Fund of North Carolinians for Positive Campaigns. <u>(4)</u> 5 Signing candidate. – A candidate who signs the affidavit in G.S. 163-(5) 6 278.62 or G.S. 163-278.63 or both. Public office. – Defined in G.S. 163-278.6(18). 7 <u>(6)</u> Qualifying candidate. - A signing candidate who meets the 8 **(7)** 9 requirements for NCPC money value in a primary election in 10 accordance with G.S. 163-278.63 or in a general election in accordance with G.S. 163-278.62. 11 12 (8) Refusing candidate. – A candidate who refuses to sign the affidavit in G.S. 163-278.62 or G.S. 163-278.63 or both. 13 14 "§ 163-278.61. North Carolinians for Positive Campaigns, Inc.; conditions. Contracting With Corporation. - The State Board of Elections shall contract 15 with a privately chartered, not-for-profit corporation governed by a Board of Directors. 16 17 The corporation shall be called North Carolinians for Positive Campaigns, Inc., (NCPC). 18 The Department of Revenue and the Attorney General shall expedite the application of NCPC for tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 19 20 1986, as amended. 21 The General Assembly finds that if NCPC meets all of the conditions of this section, it will lessen the burdens of government by assuming responsibility for functions of the 22 23 State's process for the election of candidates. Accordingly, the Secretary of Revenue 24 shall, as part of the application for tax-exempt status, affirm that NCPC would lessen the burdens of government. 25 Eligibility for Contract. – In order to fulfill its contract with the State Board of 26 (b) 27 Elections and to be funded under this Article, NCPC shall meet the following conditions: Board of NCPC shall consist of 12 members as follows: 28 (1) 29 Three members appointed by the Majority Leader of the North a. 30 Carolina House of Representatives, of whom one member must be registered as an 'unaffiliated' voter. 31 Three members appointed by the Minority Leader of the North 32 <u>b.</u> Carolina House of Representatives, of whom one member must 33 be registered as an 'unaffiliated' voter. 34 Three members appointed by the Majority Leader of the North 35 <u>c.</u> Carolina Senate, of whom one member must be registered as an 36 'unaffiliated' voter. 37 38 d. Three members appointed by the Minority Leader of the North 39 Carolina Senate, of whom one member must be registered as an

'unaffiliated' voter.

Members shall serve four-year terms, except in the case of initial terms

(2)

as follows:

40

41

1		a. Two members appointed by the Majority Leader of the North
2		Carolina House of Representatives, two members appointed by
3		the Minority Leader of the North Carolina Senate, one member
4		appointed by the Minority Leader of the North Carolina House of
5		Representatives, and one member appointed by the Majority
6		Leader of the North Carolina Senate, shall expire July 1, 1999.
7		<u>b.</u> Two members appointed by the Minority Leader of the North
8		Carolina House of Representatives, two members appointed by
9		the Majority Leader of the North Carolina Senate, one member
10		appointed by the Majority Leader of the North Carolina House of
11		Representatives, and one member appointed by the Minority
12		Leader of the North Carolina Senate, shall expire July 1, 2001.
13	<u>(3)</u>	At the end of a term, a member shall continue to serve until a successor
14		is appointed. A member who is appointed after a term has begun serves
15		only for the remainder of the term and until a successor is appointed. A
16		member who serves two consecutive full four-year terms shall not be
17		reappointed until four years after completion of those terms. A vacancy
18		in a legislative appointment shall be filled in accordance with G.S. 120-
19		<u>122.</u>
20	<u>(4)</u>	The Board shall elect officers biennially. Officers shall serve no more
21		than two consecutive terms in an office.
22	<u>(5)</u>	The Board shall appoint an executive director who shall serve at the
23		pleasure of the Board. The executive director shall administer the
24		affairs of the Board. The executive director may employ and direct staff
25		necessary to carry out the provisions of this Article.
26	<u>(6)</u>	The Board shall meet as needed at the times and places it determines.
27	<u>(7)</u>	The Board shall agree to adopt procedures for its operations that are
28		comparable to those of the North Carolina Open Meetings Law, Article
29		33C of Chapter 143 of the General Statutes. A majority of the fully
30		authorized membership of the Board is a quorum.
31	<u>(8)</u>	Each of the three appointing authorities in subdivision (1) of this
32		subsection shall appoint two persons who:
33		<u>a.</u> Have not and whose spouses have not contributed more than two
34		hundred fifty dollars (\$250.00) to a single candidate for political
35		office in North Carolina or any political action committee in
36		North Carolina for a period of five years preceding the date of his
37		or her appointment; and
38		b. Have not and whose spouses have not run in an election for
39		public office during the 10 years prior to appointment to the
40		Board.
41	<u>(9)</u>	No current elected official, officer of a political party, or government
42	•	employee shall be appointed to serve on the Board.

- GENERAL ASSEMBLY OF NORTH CAROLINA Any Board member who files for or whose spouse files for public office 1 (10)2 or publicly declares an intent to run for public office shall resign or be 3 removed from the Board. 4 NCPC shall provide NCPC money value in the elections for Governor (11)5 and Lieutenant Governor and shall comply with all the provisions of 6 this Article. 7 "§ 163-278.62. Candidate participation requirements in a general election. 8 Affidavit. – A candidate who desires to qualify for the benefits of NCPC 9 money value provided by NCPC in a general election shall sign and submit an affidavit 10 prepared by the State Board of Elections, stating that the candidate agrees to follow the campaign finance practices established under G.S. 163-278.65. The candidate shall 11 swear, subscribe, and notarize the affidavit within 10 days after the last primary election 12 that results in the nomination of a candidate running for the same office. 13 14 Threshold Showing of Support. – A signing candidate shall qualify to receive the benefits of NCPC money value provided by NCPC if the candidate: 15 Is the nominee of a party whose nominee in the last gubernatorial 16 (1) 17 election won at least thirty percent (30%) of the votes cast; or 18 **(2)** Demonstrates substantial popular support by filing with the State Board of Elections, on or before the thirtieth calendar day after the primary 19 20 election day for the office, an officially authorized petition containing 21 the signatures of registered voters totaling no less than ten percent
  - "§ 163-278.63. Candidate participation requirements in a primary election.

election for the office.

Affidavit. - A candidate who desires to qualify for the benefits of NCPC money value provided by NCPC in a first and second primary election shall sign and submit, at the same time that the candidate's committee files its initial organizational report with the State Board of Elections, an affidavit prepared by the State Board of Elections, stating that the candidate agrees to follow the campaign finance practices established under G.S. 163-278.65. The candidate shall swear, subscribe, and notarize the affidavit. A candidate with a preexisting campaign committee shall submit the affidavit at a time designated by the State Board of Elections.

(10%) of the number of votes cast in the last competitive general

- Threshold Showing of Support. A signing candidate shall qualify to receive the benefits of NCPC money value provided by NCPC if the candidate does either of the following:
  - Presents proof to the State Board of Elections, on or before the sixtieth (1) day preceding the primary election day for the office, that he or she has met the threshold of raising ten percent (10%) of the total spending limit for that office during the primary election. Only the first two hundred fifty dollars (\$250.00) of a contribution shall be applicable for the purposes of meeting this threshold.
  - (2) Demonstrates substantial popular support by filing with the State Board of Elections, on or before the sixtieth calendar day before the primary

22 23

24

25

26

27

28

29 30

31

32 33

34 35

36

37 38

39

40

41 42

election day for the office, an officially authorized petition containing 1 2 the signatures of registered voters totaling no less than ten percent 3 (10%) of the number of votes cast in the last competitive primary 4 election for the office. 5 "§ 163-278.64. Designation of qualifying candidates. 6 Within seven days of the receipt of a candidate's contribution report or petitions 7 pursuant to G.S. 163-278.62 or G.S. 163-278.63, the State Board of Elections shall designate whether such a candidate is qualified for NCPC money value provided by 8 9 NCPC. 10 "§ 163-278.65. Campaign finance practices of signing and qualifying candidates. Total Spending Limits. – 11 12 Signing and qualifying candidates shall agree to a total spending limit (1) for privately raised contributions in each election (primary, second 13 14 primary, and general election). For elections in the year 2000, the total 15 spending limit shall consist of a base amount. In elections thereafter, the spending limit shall consist of a base amount increased by a cost-of-16 17 election index. 18 **(2)** In each election (primary, second primary, and general election) for Governor, the base amount shall be equal to two dollars (\$2.00) per the 19 20 total number of votes cast in the most recent competitive election 21 (primary, second primary, and general election) for that office. The base amount shall be computed in the same way for each election 22 pertaining to the Office of the Lieutenant Governor, except the per voter 23 24 rate shall be one dollar (\$1.00). The State Board of Elections shall formulate a 'cost-of-election' index 25 <u>(3)</u> rate which takes into account changes in the State's population, the 26 spending limit for previous elections, and the consumer price indices for 27 North Carolina. 28 29 All expenditures shall be computed to be made for the election reporting (4) 30 period during which they are reportable, unless the State Board of Elections promulgates rules regarding the treatment of specific 31 expenditures. 32 Contribution Limits. – (b) 33 Signing and qualifying candidates shall agree to accept a total of no 34 (1) more than two thousand dollars (\$2,000) per election in money or in-35 kind contributions from any of the following: 36 Any individual including the candidate's spouse or any other 37 a.

member of the candidate's family; or

money or in-kind contributions to their own campaign.

Any political committee, including a political party committee.

Signing and qualifying candidates shall agree to contribute or loan a

total of no more than thirty thousand dollars (\$30,000) per election in

SENATE BILL 927 version 1

(2)

38

39

40

(3) For the election year 2000, the contribution limit agreement shall apply to all contributions received from January 1, 1998, forward. For subsequent election years, the agreement will apply for all contributions.

#### **"§ 163-278.66. Refusing candidates.**

No refusing candidate shall receive more than five hundred dollars (\$500.00) per election in money or in-kind contributions from any of the following:

- (1) Any individual including the candidate's spouse or any other member of the candidate's family; or
- (2) Any political committee, including a political party committee.

  If this lower contribution level for refusing candidates is held unconstitutional, the contribution limit shall be the same as that for signing and qualifying candidates.

#### "§ 163-278.67. Reporting requirements.

In order to fulfill the purposes of this act regarding expenditure and contribution practices in G.S. 163-278.66, the State Board of Elections shall promulgate rules regarding disclosure of contributions and expenditures, including special reporting during the final 15 days before an election.

## "§ 163-278.68. Financing rules of the Fund.

- (a) The Fund is authorized to accept funds received through General Fund appropriations made by the General Assembly and through other appropriate and lawful means. The Fund may accept grants or other contributions in any amount from corporations, labor organizations, or any other person who can contribute or expend funds in a noncandidate ballot campaign. The Fund shall provide contributors with written instructions for claiming the tax credit provided in G.S. 105-129.26. The State Board of Elections shall promulgate rules requiring on a periodic basis the Fund's disclosure of the source and amount of each grant and private contribution. The Fund may accept grants in any amount from charitable or other civic organizations.
- (b) NCPC is authorized to expend monies from its media account to purchase media access for qualifying candidates in the forms established pursuant to G.S. 163-278.69. NCPC shall allocate money value for all qualifying candidates for an office in equal amounts regardless of whether a candidate may have received more than one party nomination.
- (c) None of the money value that NCPC allocates for qualifying candidates shall be included in the expenditure limits for private contributions under G.S. 163-278.65.
- (d) In addition to its media account, NCPC shall establish a separate administrative account for all monies to be used for operation of the NCPC. Of monies reclaimed from the North Carolina Candidates Financing Fund, one hundred thousand dollars (\$100,000) shall be allocated to the NCPC administrative account to finance the initial expenses of NCPC. No more than one dollar (\$1.00) out of every five dollars (\$5.00) contributed to NCPC may be allocated to the administrative account.
- (e) NCPC is authorized to provide money value in elections involving candidates for Governor and Lieutenant Governor. By July 1 of the year before an election, NCPC shall disclose to the State Board of Elections whether it shall be providing money value in the primary, second primary, or general election for Governor and Lieutenant

- 1 Governor and the minimum amount of money value to be provided in any of these races.
- 2 At the same time, NCPC shall establish its financial capacity to expend these minimum
- 3 amounts by demonstrating that its media account contains an amount equal to at least one
- 4 hundred percent (100%) of the minimum amounts to be expended. At least the first three
- 5 million dollars (\$3,000,000) in the media account shall be allocated for the gubernatorial
- 6 race. If three million dollars (\$3,000,000) or more cannot be allocated for the Governor's
- 7 race, then candidates for Governor shall not be required to adhere to spending limits
- 8 pursuant to G.S. 163-278.65. If less than one million five hundred thousand dollars
- 9 (\$1,500,000) is allocated for the Lieutenant Governor's race, then candidates for
- 10 Lieutenant Governor shall not be required to adhere to spending limits pursuant to G.S.
- 11 <u>163-278.65</u>. NCPC shall allocate at least a majority of its funds to the general election
- 12 <u>for Governor.</u>

13 14

15

16

17

18

19 20

21

22

23

24

25

26

27

28 29

30

31

32 33

3435

36

3738

39

40

41 42

43

# "§ 163-278.69. NCPC-sponsored activities.

- (a) NCPC shall seek to concentrate its purchase of media advertisements and debates for qualifying candidates during the last 14 calendar days preceding the day of election.
- (b) NCPC shall seek to purchase or otherwise negotiate access to television time for debates involving all qualifying candidates in an election. The format of the debates as well as positive advertisements, the purchase and placement of the debates, and other aspects will follow the guidelines established in subsections (c) through (h) of this section.

## (c) Debate Guidelines. –

- (1) During each debate sponsored by NCPC, it shall be announced to the television audience that each candidate has been requested to refrain from mentioning an opponent's name or engaging in any critical reference to an opponent. This information shall be announced at the beginning and end of each debate as well as at least three additional times during each debate.
- (2) NCPC may cosponsor any of its election debates with other nonprofit organizations that it deems to be appropriate.
- (3) NCPC shall make its best effort to gain live television coverage of each debate on the affiliate of at least one national television network in every television market in the State. NCPC shall seek negotiations with all such network affiliates and other television stations to carry live coverage of each debate at the lowest possible charge rate. NCPC may decide to announce or otherwise display the names of particular financial supporters of the funding during any debate and otherwise publicize their support.
- (4) Qualifying candidates may participate in debates not sponsored by NCPC.
- (d) For additional recommendations regarding debate format, NCPC shall seek to appoint an advisory committee composed of two designees of the president of the North Carolina Association of Broadcasters (NCAB), and two designees of the North Carolina

1 2

- Press Association (NCPA). If the president of either organization fails to make such designations, the Board shall make its own designations from members of these organizations. NCPC shall either accept or reject a recommended debate format of the advisory committee in total, but shall specify points of objection. NCPC shall adopt debate formats for elections at least one year in advance of the date of the general election for that election cycle.
- (e) Regarding any election for which NCPC allocates money value for qualifying candidates, and which contains only one qualifying candidate, NCPC may purchase or otherwise negotiate access for the qualifying candidate to obtain 30-minute advertising segments.
- (f) The advertisements which NCPC sponsors or for which it otherwise negotiates access shall be one minute in length. Such advertisements shall contain the following:
  - (1) An introduction of 15 seconds or less during which it shall be announced that the program is sponsored by North Carolinians for Positive Campaigns and that the candidate has been requested to refrain from mentioning any opponent's name or engaging in any critical reference to any opponent or any opponent's supporters.
  - (2) A middle segment of 30 seconds or more whose content and format shall be produced according to the candidate's discretion.
  - (3) A concluding segment of 15 seconds or less during which the sponsor of the advertisement is again announced and it is repeated that the candidate was requested to refrain from mentioning any opponent's name or engaging in any critical reference to any opponent or any opponent's supporters.
  - (4) The disclosure of sponsorship by NCPC in subdivisions (1) through (3) of this subsection shall be deemed to satisfy the sponsorship disclosure requirements under State law. It shall be the responsibility of NCPC to satisfy federal disclosure requirements during its first or last segments of the advertisement.
- (g) The advisory committee designated to recommend additional debate rules shall also recommend the content of the questions and aspects of the format established above in subsection (e) and subsection (f).
- (h) NCPC shall contract with a corporate organization or organizations experienced in purchasing access for advertisements on television in North Carolina. The contracting process shall occur on an open and competitive basis. The selected organization or organizations shall prepare a plan which will recommend a statewide schedule for the broadcast of the positive-issue advertisements in each election. NCPC shall accept or reject a recommended plan in total, but shall specify points of objection. An accepted plan shall require the placement of some, but not all, NCPC-issue advertisements during similar time periods and in all media markets. The plan shall provide some options so that the campaigns of qualifying candidates can choose some time slots, some of the particular NCPC-issue advertisements to be aired, and some of the markets in which the advertisements will be shown.

#### "§ 163-278.70. Enforcement.

1 2

 Any individual, person, candidate, political committee, or treasurer who willfully and intentionally violates any of the provisions of this Article shall be guilty of a Class I felony. A signing or qualifying candidate who violates any terms in that candidate's signed affidavit regarding expenditure and contribution limits shall be liable to NCPC for a monetary award in a civil action brought by the State Board of Elections. The amount of the award shall be treble the dollar amount that constitutes each violation. A signing candidate who does not meet the requirements to qualify for NCPC money value may decide to withdraw his or her affidavit within 10 days following the deadlines set forth in G.S. 163-278.62 and G.S. 163-278.63 for qualifying candidates in an election. From the date of withdrawal forward, those withdrawing candidates may accept contributions in the amounts allowed to refusing candidates pursuant to G.S. 163-278.66.

# "§ 163-278.71. Rule-making authority for State Board of Elections.

The State Board of Elections may adopt rules to enforce the provisions of this Article."

Section 3. Chapter 105 of the General Statutes is amended by adding a new Article to read:

#### "ARTICLE 3C.

# "TAX CREDITS FOR CONTRIBUTIONS FOR POSITIVE CAMPAIGNS.

# "§ 105-129.25. Definitions.

The definitions provided in Article 22D of Chapter 163 of the General Statutes apply in this Article.

# "§ 105-129.26. Credit for contribution to Fund of North Carolinians for Positive Campaigns.

- (a) Corporations. Subject to the limitations contained in G.S. 105-129.27, a taxpayer who makes a contribution of cash during the taxable year to the Fund of North Carolinians for Positive Campaigns, created pursuant to Article 22D of Chapter 163 of the General Statutes, is allowed as a credit against the tax imposed by Division I of Article 4 of this Chapter for the taxable year an amount equal to fifty percent (50%) of the amount of the contribution. The credit allowed by this subsection may not exceed two hundred fifty thousand dollars (\$250,000) for the taxable year.
- (b) Individuals. Subject to the limitations contained in G.S. 105-129.27, a taxpayer who makes a contribution of cash during the taxable year to the Fund of North Carolinians for Positive Campaigns, created pursuant to Article 22D of Chapter 163 of the General Statutes, is allowed as a credit against the tax imposed by Division II of Article 4 of this Chapter for the taxable year an amount equal to fifty percent (50%) of the amount of the contribution. The credit allowed by this subsection may not exceed fifty thousand dollars (\$50,000) for the taxable year.
- (c) Substantiation. To be eligible for the tax credit provided in this section, the taxpayer must provide with the tax return on which the credit is claimed any supporting documentation that the Secretary may require.
- "§ 105-129.27. Limit; carryover.

The credit allowed a taxpayer under G.S. 105-129.26 may not exceed the amount of income tax imposed by Article 4 of this Chapter for the taxable year reduced by the sum of all other credits allowable except tax payments made by or on behalf of the taxpayer. The amount of unused credit allowed under G.S. 105-129.26 may be carried forward for the next five succeeding years. The fifty thousand dollar (\$50,000) and two hundred fifty thousand dollar (\$250,000) limitations on the amount of credit allowed a taxpayer under G.S. 105-129.26 do not apply to unused amounts carried forward under this section.

#### "§ 105-129.28. Repeal.

- (a) Repeal When Threshold Exceeded. The Secretary shall certify to the State Board of Elections, the Legislative Research Commission, and the Joint Legislative Commission on Governmental Operations by October 1 of each year the total amount of credit taken under this Article and the number of taxpayers that claimed a credit under this Article, during the preceding fiscal year and during every fiscal year since this Article was enacted. If the Secretary certifies that the total amount of credit taken under this Article since this Article was enacted equals or exceeds three million dollars (\$3,000,000), this Article is repealed effective for contributions made on or after the following January 1.
- (b) Repeal When Tax-Exempt Status Achieved. Within 10 days after it is granted tax-exempt status under section 501(c)(3) of the Code, North Carolinians for Positive Campaigns, Inc., shall certify to the Secretary that it has been granted tax-exempt status under the Code. This Article is repealed effective for contributions made on or after January 1 following the certification by North Carolinians for Positive Campaigns, Inc., to the Secretary required by this subsection.
- (c) Effect of Repeal. Repeal of this Article does not affect the rights or liabilities of the State, a taxpayer, or another person arising under this Article with respect to contributions made before the effective date of its repeal; nor does it affect the right to any refund or credit of a tax that accrued under this Article with respect to contributions made before the effective date of its repeal. G.S. 105-134.6(c)(5)c. is repealed effective on the date that this Article is repealed."

Section 4. G.S. 105-134.6(c)(5) reads as rewritten:

- '(5) The <u>following amounts for which the taxpayer claims a credit for the</u> taxable year:
  - <u>a.</u> <u>The</u> fair market value, up to a maximum of one hundred thousand dollars (\$100,000), of the donated property interest for which the taxpayer claims a credit for the taxable year under G.S. 105-151.12 and the under G.S. 105-151.12.
  - <u>b.</u> <u>The</u> market price of the gleaned crop for which the taxpayer claims a credit for the taxable year under G.S. 105-151.14.
  - c. The amount of the contributions for which the taxpayer claims a credit under G.S. 105-129.26."

Section 5. G.S. 105-135.5(a)(10) reads as rewritten:

"(10) The <u>total amount of contributions for which the taxpayer was</u> allowed a credit under G.S. 105-129.25 during the taxable year plus

 the total amounts allowed under this Article under other provisions of this Chapter during the taxable year as a credit against the taxpayer's income tax. A corporation that apportions part of its income to this State shall make the addition required by this subdivision after it determines the amount of its income that is apportioned and allocated to this State and shall not apply to a credit taken under this Article the apportionment factor used by it in determining the amount of its apportioned income."

Section 6. Sections 3 through 5 of this act are effective for taxable years beginning on or after January 1, 1997, and apply to contributions made on or after January 1, 1997. The remainder of this act becomes effective January 1, 1998. Section 5 of this act is repealed on the effective date that Article 3C of Chapter 105 of the General Statutes, as enacted by this act, is repealed pursuant to G.S. 105-129.28, as enacted by this act.