

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**HOUSE BILL 1410**

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

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Sponsors: Representatives Alexander, Earle, Goodwin, Nesbitt (Primary Sponsors); Adams, Allen, Barefoot, Bell, Blue, Bonner, Church, Coates, Cole, Culpepper, Cunningham, Easterling, Edwards, Fitch, Gulley, Hackney, Hall, Hill, Holliman, Hunter, Hurley, Insko, Jarrell, Jeffus, Lucas, Luebke, McAllister, Michaux, Miller, Oldham, Preston, Redwine, Rogers, Russell, Saunders, Smith, Tolson, Underhill, Wainwright, Walker, Warner, Warren, Weiss, Womble, Wright, and Yongue.

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Referred to: Election Law and Campaign Finance Reform.

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April 26, 2001

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A BILL TO BE ENTITLED  
AN ACT TO PHASE IN A VOLUNTARY PROGRAM THAT GIVES CANDIDATES FOR CERTAIN ELECTIVE OFFICES THE OPTION OF CHOOSING TO FINANCE THEIR CAMPAIGNS FROM A PUBLICLY SUPPORTED FUND, PROVIDED THAT THEY GAIN AUTHORIZATION TO DO SO FROM REGISTERED VOTERS AND THAT THEY ABIDE BY FUND-RAISING AND SPENDING LIMITS.

The General Assembly of North Carolina enacts:  
**SECTION 1.** Chapter 163 of the General Statutes is amended by adding a new Article to read:

"Article 22D.  
"The Voter-Owned Elections Act.

**§ 163-278.61. Definitions.**

- When used in this Article:
- (1) The term 'Board' means the State Board of Elections.
  - (2) For purposes of calculating amounts certified candidates receive, the term 'campaign expenditure' shall not include loan payments, refunds, or contributions made by candidates to other candidates, political committees, referendum committees, or political parties.
  - (3) The term 'certified candidate' means a candidate running for office who chooses to participate in the Voter-Owned Elections Act and who

1 is certified as a Voter-Owned Election Act candidate under G.S. 163-  
2 278.64(e).

3 (4) The terms 'contested primary election' and 'contested general election'  
4 mean elections in which there are more candidates than the number to  
5 be elected.

6 (5) The terms 'contribution' and 'expenditure' have the same meaning as  
7 defined in G.S. 163-278.6.

8 (6) The term 'election cycle' comprises the primary, runoff primary, and  
9 general election for election to the same term of the same office.

10 (7) The term 'Fund' means the North Carolina Democracy Fund  
11 established in G.S. 163-278.63.

12 (8) The term 'nonparticipating candidate' means a candidate running for  
13 Governor, Lieutenant Governor, other office in the Council of State,  
14 State Senator, or State Representative who does not choose to  
15 participate in the Voter-Owned Election Act and who is not seeking to  
16 be certified under G.S. 163-278.64(e).

17 (9) The term 'office', as used in this Article, means Governor, Lieutenant  
18 Governor, other office in the Council of State, each district seat held  
19 by a State Senator, or each district seat held by a State Representative.

20 (10) The term 'participating candidate' means a candidate who is running  
21 for office who is seeking to be certified as a Voter-Owned Elections  
22 Act candidate under G.S. 163-278.64(e).

23 (11) The term 'qualifying contribution' means a donation of not less than  
24 ten dollars (\$10.00) and not more than one hundred dollars (\$100.00)  
25 in the form of a check or money order payable to the candidate that is:

26 a. Made by any registered voter who resides in a county served by  
27 the office the candidate is seeking;

28 b. Made during the designated qualifying period and obtained  
29 through efforts made with the knowledge and approval of the  
30 candidate; and

31 c. Acknowledged by a written receipt, on a multicopy form  
32 provided by the Board, which identifies the complete name,  
33 residence address, and county of residence of the contributor  
34 and the amount and date of the contribution made; states that  
35 the contributor is a registered voter who resides in a county  
36 served by the office being sought by the candidate; states that  
37 the contributor authorizes the candidate to use the contribution  
38 to qualify to receive campaign funds from the Fund; and is  
39 signed by the contributor and the candidate or the candidate's  
40 representative.

41 In addition, the term 'qualifying contribution' includes  
42 contributions from the candidate's own funds or those of the  
43 candidate's spouse, parents, brothers, and sisters, in any amount  
44 up to an aggregate total of one thousand dollars (\$1,000) for a

1 statewide qualifying candidate and up to an aggregate total of  
2 five hundred dollars (\$500.00) for a nonstatewide candidate, but  
3 those funds shall not be included in the number of qualifying  
4 contributions needed to be certified under G.S. 163-278.64(e).

5 (12) The term 'excess qualifying contributions' means the qualifying  
6 contributions received in excess of a sum to be determined by  
7 multiplying the minimum number of qualifying contributions required  
8 for that office by the maximum dollar amount allowed for such  
9 contributions.

10 (13) The term 'qualifying period' means:

11 a. For participating candidates for Governor, Lieutenant  
12 Governor, and other offices in the Council of State, the period  
13 beginning 270 days before the close of the filing period for  
14 candidates for party nomination for the office and ending 30  
15 days after the close of the filing period for candidates for party  
16 nomination for the office.

17 b. For participating candidates for State Senator and State  
18 Representative, the period beginning 120 days before the close  
19 of the filing period for candidates for party nomination for the  
20 office and ending 30 days after the close of the filing period for  
21 candidates for party nomination for the office.

22 **"§ 163-278.62. Purpose and establishment of Voter-Owned Elections Act.**

23 The purpose of this Article is to ensure the vitality and fairness of democratic  
24 elections in North Carolina, to the end that any eligible citizen of this State can  
25 realistically choose to seek and run for public office. It is also the purpose of this Article  
26 to protect the constitutional rights of voters and candidates from the detrimental effects  
27 of increasingly large amounts of money being raised and spent in North Carolina to  
28 influence the outcome of elections. It is essential to the public interest that the potential  
29 for corruption or the appearance of corruption is minimized, and that the equal and  
30 meaningful participation of all citizens in the democratic process is ensured.  
31 Accordingly, this Article establishes the North Carolina Democracy Fund as an  
32 alternative source of campaign financing for candidates who obtain a sufficient number  
33 of qualifying contributions from registered voters and who voluntarily accept strict  
34 fund-raising and spending limits. This Article is available to candidates for Council of  
35 State offices other than Governor and Lieutenant Governor in elections to be held in  
36 2004 and thereafter, to candidates for the General Assembly in elections to be held in  
37 2006 and thereafter, and to candidates for Governor and Lieutenant Governor in  
38 elections to be held in 2008 and thereafter. Candidates participating in this Article must  
39 also comply with all other applicable election and campaign laws and rules. The Board  
40 shall administer this Article and the North Carolina Democracy Fund.

41 **"§ 163-278.63. North Carolina Democracy Fund established; sources of funding.**

42 (a) Establishment of Fund. – The North Carolina Democracy Fund is established  
43 to finance the election campaigns of certified candidates for office and to pay  
44 administrative and enforcement costs of the Board related to this Article. The Fund is a

1 special, dedicated, nonlapsing fund. Any interest generated by the Fund is credited to  
2 the Fund. The Board shall administer the Fund.

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

5 (1) Unspent Democracy Fund revenues distributed to any certified  
6 candidate who does not remain a candidate until the primary or general  
7 election for which they were distributed, or such revenues that remain  
8 unspent by a candidate following the date of the primary election or  
9 general election for which they were distributed;

10 (2) Any money transferred to the Democracy Fund from the North  
11 Carolina Candidates Financing Fund;

12 (3) Contributions made to the Democracy Fund by individual taxpayers  
13 pursuant to G.S. 105-269.6;

14 (4) Voluntary donations made directly to the Democracy Fund; and

15 (5) General Fund monies appropriated for the use of the Democracy Fund  
16 by the General Assembly pursuant to subsection (c) of this section.

17 (c) Determination of Fund Amount. – By April 1, 2003, and every two years  
18 thereafter, the Board shall prepare and provide to the Joint Legislative Commission on  
19 Governmental Operations of the General Assembly a report documenting, evaluating,  
20 and making recommendations relating to the administration, implementation, and  
21 enforcement of the Voter-Owned Elections Act. In its report, the Board shall set out the  
22 funds received to date, the expected needs of the Fund during the next election cycle,  
23 and the amount of the appropriation from the General Assembly that will be needed for  
24 the biennium. The General Assembly shall include in its appropriations from the  
25 General Fund that year at least the amount that the Board states in its report will be  
26 needed, but no more than one-tenth of one percent (0.1%) of the total General Fund for  
27 the biennium. In addition, the General Assembly shall reserve for the first fiscal year of  
28 the biennium at least fifteen percent (15%) of the amount of funds the Board states in its  
29 report that it will need during the biennium, to be used by the Board to cover any  
30 disbursement under G.S. 163-278.64 in excess of the amount of its direct appropriation.

31 **§ 163-278.64. Terms of participation.**

32 (a) Declaration of Intent. – Any individual choosing to participate in the Voter-  
33 Owned Elections Act shall first file with the Board a declaration of intent to participate  
34 in the Act as a candidate for a stated office. The declaration of intent shall be filed with  
35 the Board prior to or during the qualifying period, except as provided under subsection  
36 (m) of this section, according to forms and procedures developed by the Board. A  
37 candidate choosing to participate in the Voter-Owned Elections Act must submit a  
38 declaration of intent prior to collecting any qualifying contributions under this Article.

39 A candidate who files a declaration of intent shall swear or affirm that the candidate  
40 has complied with and will continue to comply with Voter-Owned Elections Act  
41 contribution and expenditure limits and will comply with all other requirements set forth  
42 in this Article or promulgated by the Board.

43 (b) Restrictions on Contributions and Expenditures for Participating Candidates.  
44 – After becoming a participating candidate as defined by G.S. 163-278.61(6) and prior

1 to certification, participating candidates shall not accept contributions, except for  
2 qualifying contributions. A participating candidate may expend only from the qualifying  
3 contributions raised and shall not use other funds.

4 (c) Number of Qualifying Contributions. – Participating candidates must obtain a  
5 minimum number of qualifying contributions in order to be certified, as follows:

6 (1) For a candidate for Governor, at least 7,000 registered North Carolina  
7 voters shall have supported the candidacy by providing a qualifying  
8 contribution to that candidate. No more than a third of a candidate’s  
9 qualifying contributions submitted to the Board for purposes of  
10 certification shall come from registered voters who are residents of the  
11 same Congressional district.

12 (2) For a candidate for Lieutenant Governor or other office in the Council  
13 of State other than Governor, at least 3,000 registered North Carolina  
14 voters shall have supported the candidacy by providing a qualifying  
15 contribution to that candidate. No more than a third of a candidate’s  
16 qualifying contributions submitted to the Board for purposes of  
17 certification shall come from registered voters who are residents of the  
18 same Congressional district.

19 (3) For a candidate for State Senator, at least 400 registered voters shall  
20 have supported the candidacy by providing a qualifying contribution to  
21 that candidate.

22 (4) For a candidate for State Representative, at least 200 registered voters  
23 shall have supported the candidacy by providing a qualifying  
24 contribution to that candidate.

25 No payment, gift, or anything of value shall be given in exchange for a qualifying  
26 contribution.

27 (d) Filing With the Board. – All participating candidates shall report qualifying  
28 contributions with the Board at least five business days after the end of the qualifying  
29 period in accordance with procedures developed by the Board, except as provided under  
30 subsection (m) of this section.

31 (e) Certification of Candidates. – Upon receipt of a final submittal of the record  
32 of qualifying contributions by a participating candidate, the Board shall determine  
33 whether or not the candidate has:

34 (1) Signed and filed a declaration of intent to participate in this Article;

35 (2) Submitted copies of the appropriate number of forms described in G.S.  
36 163-278.61(11)c. signed by contributors who are registered voters,  
37 which the Board shall verify through a random sample or other means  
38 it adopts;

39 (3) Qualified as a candidate under G.S. 163-106, 163-98, 163-122, 163-  
40 123, or 163-114;

41 (4) Complied with expenditure restrictions; and

42 (5) Otherwise met the requirements for participation in this Article.

1 The Board shall certify candidates complying with the requirements of this section  
2 as soon as possible and no later than five business days after final submittal of  
3 qualifying contributions.

4 Certified candidates shall comply with all requirements of this Article after  
5 certification and throughout the primary election and general election periods. Failure to  
6 do so is a violation of this Article.

7 (f) Restrictions on Contributions and Expenditures for Participating and Certified  
8 Candidates. – After filing a declaration of intent, a candidate shall limit campaign  
9 expenditures and debts to the qualifying contributions and the money distributed to the  
10 candidate from the Fund, provided that a candidate may accept in-kind contributions  
11 from political party executive committees, up to an aggregate value of ten percent  
12 (10%) of a candidate’s base level of public financing as determined under subsection (h)  
13 of this section. All revenues from qualifying contributions, public funds, or in-kind  
14 contributions from a political party must be used for campaign-related purposes. The  
15 Board shall publish guidelines outlining permissible campaign-related expenditures. For  
16 accounting purposes, all qualifying contributions shall be spent before the candidate  
17 spends money received from the Fund. A candidate shall return to the Fund any amount  
18 that is unspent and uncommitted at the time that person ceases to be a candidate before a  
19 primary or general election for which the Fund money was distributed. A candidate  
20 shall return to the Fund any amount that was unspent and uncommitted after the date of  
21 the primary election or general election for which the Fund money was distributed.

22 (g) Timing of Fund Distribution. – The Board shall distribute to certified  
23 candidates revenues from the Fund in amounts determined under subsection (h) of this  
24 section, minus any excess qualifying contributions, in the following manner:

25 (1) Within three business days after certification, for candidates certified  
26 before the first Monday in February of the election year, revenues  
27 from the Fund as if the candidates are in an uncontested primary  
28 election.

29 (2) Within three business days after certification, for primary election  
30 candidates certified on or after the first Monday in February of the  
31 election year, revenues from the Fund according to whether the  
32 candidate is in a contested or uncontested primary election, reduced by  
33 any amounts previously distributed under subdivision (1) of this  
34 subsection.

35 (3) Within the earlier of the following: within three business days after the  
36 primary election, or within three business days after the certification  
37 pursuant to G.S. 163-122, 163-123, or 163-98 of the first opposition  
38 candidate, for general election certified candidates, revenues from the  
39 Fund according to whether the candidate is in a contested general  
40 election. No funds are distributed for uncontested general elections.

41 Funds may be distributed to certified candidates under this section by any  
42 mechanism that is expeditious, ensures accountability, and safeguards the integrity of  
43 the Fund.

1       (h) Amount of Fund Distribution. – By March 1, 2003, and no less frequently  
2 than every two or four years thereafter, as appropriate, the Board shall determine the  
3 amount of funds, rounded to the nearest one hundred dollars (\$100.00), to be distributed  
4 to participating candidates based on the type of election and office as follows:

5           (1) Contested primary elections. – The amount of revenues to be  
6 distributed is the median amount of campaign expenditures made by  
7 the candidates who reported campaign expenditures for all contested  
8 primary election races for the immediately preceding two primary  
9 elections for that office, provided that each of the following shall be  
10 considered a separate office for purposes of calculating the average:

11           a. Governor.

12           b. Lieutenant Governor and each office in the Council of State  
13 other than Governor shall be considered as a separate office.

14           c. State Senate.

15           d. State Representative.

16           (2) Uncontested primary elections. – The amount of revenues to be  
17 distributed is the median amount of campaign expenditures made by  
18 the candidates who reported campaign expenditures for all uncontested  
19 primary election races, or for contested races if the amount is lower,  
20 for the immediately preceding two primary elections for that office as  
21 defined in subdivision (1) of this subsection.

22           (3) Contested general elections. – The amount of revenues to be  
23 distributed is the median amount of campaign expenditures made by  
24 all candidates who reported campaign expenditures for contested  
25 general election races for the immediately preceding two general  
26 elections for that office as defined in subdivision (1) of this subsection.

27           (4) Uncontested general elections. – No revenues shall be distributed for  
28 uncontested general elections.

29       The median for State Senate races shall be calculated using all the applicable Senate  
30 races in the State, rather than those in the same district. The same method shall be used  
31 for State Representative races. If the immediately preceding two election cycles do not  
32 contain sufficient data for the Board to determine the amount to be distributed for an  
33 office, the Board shall use data from the most recent applicable elections for that office.  
34 If no applicable elections for that office contain sufficient data, the Board shall set an  
35 amount based on data from elections for comparable offices.

36       (i) Reporting by Noncertified Candidates. – Any noncertified candidate who has  
37 as an opponent a certified candidate shall report to the Board on the 40th and 20th days  
38 before an election a statement of the amount that the noncertified candidate intends to  
39 spend for that election, as well as the total amount raised and borrowed to date. Any  
40 entity that intends to make independent expenditures to support or oppose a certified  
41 candidate shall report to the Board on the 40th and 20th days before an election a  
42 statement of the amount that it intends to spend for that election, as well as the total  
43 amount raised and borrowed to date. Any noncertified candidate with a certified  
44 opponent, or any entity making independent expenditures in support of or opposition to

1 a certified candidate, shall report electronically to the Board within 24 hours after the  
2 total amount of expenditures or obligations made, or funds raised or borrowed, exceeds  
3 the base level of public funding described in subsection (h) of this section. After this 24-  
4 hour filing, the noncertified candidate shall comply with an expedited reporting  
5 schedule. The schedule and forms for reports required by this subsection shall be made  
6 according to procedures developed by the Board.

7 (j) Matching Funds. – When any report or group of reports shows that funds in  
8 opposition to a certified candidate as described in this subsection exceed the amount  
9 described under subsection (h) of this section, the Board shall issue immediately to that  
10 certified candidate an additional amount equivalent to the reported excess within the  
11 limits set forth in this subsection. Funds in opposition to a certified candidate are equal  
12 to the sum of the actual or estimated expenditures or obligations made, or funds raised  
13 or borrowed, whichever is greater, by any noncertified opponent of a certified candidate  
14 and by all entities making independent expenditures in opposition to the certified  
15 candidate or in support of any noncertified opponent of that certified candidate. Total  
16 matching funds to a certified candidate in an election are limited to an amount up to two  
17 times the amount described in subdivision (1) or (3) of subsection (h), whichever is  
18 applicable.

19 (k) Unaffiliated Candidates. – Unaffiliated candidates certified pursuant to G.S.  
20 163-122 before noon on the first Monday in February of the election year shall be  
21 eligible for revenues from the Fund in the same amounts and at the same time as  
22 uncontested primary election candidates and general election candidates as specified in  
23 subsections (g) and (h) of this section. For unaffiliated candidates not certified by noon  
24 on the first Monday in February, the deadline for filing qualifying contributions is noon  
25 on the last Friday in June of the election year. Unaffiliated candidates certified after  
26 noon on the first Friday in February shall be eligible for revenues from the Fund in the  
27 same amounts as general election candidates, as specified in subsections (g) and (h).

28 (l) Reporting by Participating and Certified Candidates. – Notwithstanding other  
29 provisions of law, participating and certified candidates shall report any money  
30 collected, all campaign expenditures, obligations, and related activities to the Board  
31 according to procedures developed by the Board. Upon the filing of a final report for  
32 any losing primary election, special election, or general election, each candidate who  
33 has revenues from the Fund remaining unspent shall return all revenues to the Board. In  
34 developing these procedures, the Board shall utilize existing campaign reporting  
35 procedures wherever practicable. The Board shall ensure timely public access to  
36 campaign finance data and may utilize electronic means of reporting and storing  
37 information.

38 (m) Other Procedures. – For races involving special elections, recounts,  
39 vacancies, withdrawals, or replacement candidates, the Board shall establish procedures  
40 for qualification, certification, disbursement of Fund revenues, and return of unspent  
41 Fund revenues.

42 (n) Appeals. – The initial decision on an issue concerning qualification,  
43 certification, or distribution under this Article shall be made by the Executive Secretary-  
44 Director of the Board. The procedure for challenging that decision is as follows:



1           (1) A person aggrieved by a certification decision by the Executive  
2           Secretary-Director of the Board may appeal to the full Board within  
3           three business days of the certification decision. The appeal shall be in  
4           writing and shall set forth the reasons for the appeal.

5           (2) Within five business days after an appeal is properly made, and after  
6           due notice is given to the parties, the Board shall hold a hearing. The  
7           appellant has the burden of providing evidence to demonstrate that the  
8           Board's decision was improper. The Board shall rule on the appeal  
9           within three business days after the completion of the hearing.

10 **"§ 163-278.65. Enforcement by the Board.**

11           (a) Enforcement by the Board. – The Board, with the advice of the Voter-Owned  
12 Elections Advisory Council, shall administer the provisions of this Article.

13           (b) Voter-Owned Elections Advisory Council. – There is established under the  
14 State Board of Elections the Voter-Owned Elections Advisory Council. The Voter-  
15 Owned Elections Advisory Council shall advise the Board on the rules and opinions it  
16 adopts for the enforcement and administration of this Article and on the funding needs  
17 of the Democracy Fund. The Voter-Owned Elections Advisory Council shall consist of  
18 five members to be appointed by the Governor. The Governor shall take into  
19 consideration recommendations made by the public and by political and other  
20 organizations. No person shall be eligible to be a member of the Council who would be  
21 ineligible to serve on a county board of elections in accordance with G.S. 163-30. The  
22 initial members shall be appointed by September 1, 2002. Of the initial appointees, two  
23 are appointed for one-year terms, two are appointed for two-year terms, and one is  
24 appointed for a three-year term according to random lot. Thereafter, appointees are  
25 appointed to serve four-year terms. A person may not serve more than two full terms.  
26 The appointed members receive the legislative per diem pursuant to G.S. 120-3.1. One  
27 of the Council members shall be elected by the members as Chair. A vacancy during an  
28 unexpired term shall be filled in the same manner as the regular appointment for that  
29 term, but a vacancy appointment is only for the unexpired portion of the term.

30 **"§ 163-278.66. Board to adopt rules and issue opinions.**

31           The Board shall adopt rules and issue opinions to ensure effective administration of  
32 this Article. Such rules shall include, but not be limited to, procedures for obtaining  
33 qualifying contributions, certification as a Voter-Owned Elections Act candidate,  
34 addressing circumstances involving special elections, vacancies, recounts, withdrawals,  
35 or replacements, collection of revenues for the Fund, distribution of Fund revenue to  
36 certified candidates, return of unspent Fund disbursements, and compliance with the  
37 Voter-Owned Elections Act. The Board shall evaluate qualification thresholds and  
38 funding formula for State Senate, State Representative, and other candidates and report  
39 those evaluations to the General Assembly by April 1, 2003, and every two years  
40 thereafter.

41 **"§ 163-278.67. Civil penalty.**

42           In addition to any other penalties that may be applicable, any person who violates  
43 any provision of this Article is subject to a civil penalty of up to ten thousand dollars  
44 (\$10,000) per violation. In addition to any fine, for good cause shown, a candidate

1 found in violation of this Article may be required to return to the Fund all amounts  
2 distributed to the candidate from the Fund. If the Board makes a determination that a  
3 violation of this Article has occurred, the Board shall calculate and assess the amount of  
4 the civil penalty and shall notify the person who is assessed the civil penalty of the  
5 amount that has been assessed. The Board shall then proceed in the manner prescribed  
6 in G.S. 163-278.34. In determining whether or not a candidate is in violation of the  
7 expenditure limits of this Article, the Board may consider as a mitigating factor any  
8 circumstances out of the person's control."

9 **SECTION 2.** Article 22C of Chapter 163 of the General Statutes is repealed.

10 **SECTION 3.(a)** G.S. 105-269.6 reads as rewritten:

11 "**§ 105-269.6. Contribution of individual income tax refund to Candidates**  
12 **Financing Fund. the North Carolina Democracy Fund.**

13 An individual entitled to a refund of income taxes under Division II of Article 4 of  
14 this Chapter may elect to contribute all or part of the refund to the ~~North Carolina~~  
15 ~~Candidates Financing Fund~~ for the use of political campaigns as provided in Article  
16 ~~22C~~ North Carolina Democracy Fund created in Article 22D of Chapter 163 of the  
17 General Statutes. The Secretary of ~~Revenue~~ shall provide appropriate language and  
18 space on the individual income tax form in which to make the election. The election  
19 becomes irrevocable upon filing the individual's income tax return for the taxable year.  
20 The Secretary of ~~Revenue~~ shall, on a quarterly basis, transmit the contributions made  
21 pursuant to this section to the State Treasurer for credit to the ~~North Carolina~~  
22 ~~Candidates Financing Fund.~~ North Carolina Democracy Fund. Any interest earned on  
23 funds so credited shall be credited to the Fund."

24 **SECTION 3.(b)** The Secretary of Revenue shall transfer to the North  
25 Carolina Democracy Fund any funds contributed to the North Carolina Candidates  
26 Financing Fund pursuant to G.S. 105-269.6 before its amendment by this section, but  
27 not yet transferred to that Fund.

28 **SECTION 4.** G.S. 163-278.13 is amended by adding a new subsection to  
29 read:

30 "(e2) In order to make meaningful the provisions of the North Carolina Voter-  
31 Owned Elections Act, as set forth in Article 22D of this Chapter, no candidate for any  
32 office that is in that current election subject to the provisions of Article 22D shall accept  
33 a contribution during the period beginning 21 days before the day of the general election  
34 and ending the day after the general election. No contributor shall make a contribution  
35 to a candidate for any office that is in that current election subject to the provisions of  
36 Article 22D during the period beginning 21 days before the general election and ending  
37 the day after the general election. The prohibitions in this subsection shall also apply to  
38 a political committee the principal purpose of which is to support a candidate for those  
39 offices. Nothing in this subsection shall prohibit a candidate from making a contribution  
40 or loan secured entirely by that candidate's assets to that candidate's own campaign or to  
41 a political committee the principal purpose of which is to support that candidate's  
42 campaign. This subsection applies with respect to a candidate only if both of the  
43 following statements are true regarding that candidate:

1           (1) That candidate is opposed in the general election by a certified  
2           candidate as defined in Article 22D of this Chapter.

3           (2) That certified candidate has not received the maximum matching funds  
4           available under G.S. 163-278.64(j).

5           The recipient of a contribution that apparently violates this subsection has five days  
6           to return the contribution or file a detailed statement with the State Board of Elections  
7           explaining why the contribution does not violate this subsection."

8           **SECTION 5.** The provisions of this act are severable. If any provision of  
9 this act is held invalid by a court of competent jurisdiction, the invalidity does not affect  
10 other provisions of the act that can be given effect without the invalid provision.

11           **SECTION 6.** There is appropriated from the General Fund to the State  
12 Board of Elections the sum of fifty thousand dollars (\$50,000) for the 2001-2002 fiscal  
13 year and the sum of fifty thousand dollars (\$50,000) for the 2002-2003 fiscal year for  
14 the administration of this act.

15           **SECTION 7.** Section 4 of this act becomes effective January 1, 2004. This  
16 act applies to elections for Council of State offices other than Governor and Lieutenant  
17 Governor in 2004 and thereafter, to elections for General Assembly in 2006 and  
18 thereafter, and to elections for Governor and Lieutenant Governor in 2008 and  
19 thereafter. The remainder of this act is effective when it becomes law.