

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1517
Committee Substitute Favorable 6/21/07
Committee Substitute #2 Favorable 7/26/07

Short Title: Voter-Owned Elections Pilot.

(Public)

Sponsors:

Referred to:

April 17, 2007

A BILL TO BE ENTITLED

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

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 22J.

"The Voter-Owned Elections Act.

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

The purpose of this Article is to ensure the vitality and fairness of democratic elections in North Carolina to the end that any eligible citizen of this State can realistically choose to seek and run for public office. It is also the purpose of this Article to protect the constitutional rights of voters and candidates from the detrimental effects of increasingly large amounts of money being raised and spent in North Carolina to influence the outcome of elections. It is essential to the public interest that the potential for corruption or the appearance of corruption is minimized and that the equal and meaningful participation of all citizens in the democratic process is ensured. Accordingly, this Article establishes the North Carolina Voter-Owned Elections Fund as an alternative source of campaign financing for candidates who obtain a sufficient number of qualifying contributions from registered voters and who voluntarily accept strict fund-raising and spending limits. This Article is available to candidates for the Council of State offices of Auditor, Superintendent of Public Instruction, and Commissioner of Insurance in elections to be held in 2008 and thereafter.

1 **"§ 163-278.96. Definitions.**

2 The following definitions apply in this Article:

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

1 following conditions:

2 a. Made by any registered voter in this State.

3 b. Made only during the qualifying period and obtained with the
4 approval of the candidate or candidate's committee.

5 (16) Qualifying period. – The period beginning September 1 in the year
6 before the election and ending on the day of the primary.

7 (17) Trigger for matching funds. – The dollar amount at which matching
8 funds are released under G.S. 163-278.99B for certified candidates. In
9 the case of a contested primary, the trigger equals the maximum
10 qualifying contributions for the candidate. In the case of a contested
11 general election, the trigger equals the base level of funding available
12 under G.S. 163-278.99(b)(2).

13 **"§ 163-278.97. Voter-Owned Elections Fund established; sources of funding.**

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

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

21 (1) Unspent Fund revenues distributed for an election that remain unspent
22 or uncommitted at the time the recipient is no longer a certified
23 candidate in the election.

24 (2) Money ordered returned to the Fund in accordance with
25 G.S. 163-278.99D.

26 (3) Money paid to the Fund equal to excess contributions as provided in
27 G.S. 163-278.98(e)(1).

28 (4) Voluntary donations made directly to the Fund.

29 (5) Appropriations from the General Fund.

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

43 **"§ 163-278.98. Requirements for participation.**

44 (a) Declaration of Intent to Participate. – Any individual choosing to receive

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

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

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

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

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

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

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

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

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

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

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

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

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

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

44 (6) Except as provided in subdivision (1) of this subsection, any

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

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

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

17 **"§ 163-278.99. Distribution from the Fund.**

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

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

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

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

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

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

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

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

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

1 integrity of the Fund. If the money in the Fund is insufficient to fully fund all certified
2 candidates, then the available money shall be distributed proportionally, according to
3 each candidate's eligible funding, and the candidate may raise additional money in the
4 same manner as a nonparticipating candidate for the same office up to the unfunded
5 amount of the candidate's eligible funding.

6 **"§ 163-278.99A. Reporting requirements.**

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

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

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

37 **"§ 163-278.99B. Matching funds.**

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

1 follows:

2 (1) The greater of the following:

3 a. Campaign expenditures or obligations made, or funds raised or
4 borrowed, whichever is greater, reported by any one
5 nonparticipating opponent of a certified candidate. Where a
6 certified candidate has more than one nonparticipating
7 opponent, the measure shall be taken from the nonparticipating
8 candidate showing the highest relevant dollar amount.

9 b. The funds distributed in accordance with G.S. 163-278.99(b) to
10 a certified opponent of the certified candidate.

11 (2) The aggregate total of all expenditures and payments reported in
12 accordance with G.S. 163-278.99A(a) of entities making independent
13 expenditures or electioneering communications in opposition to the
14 certified candidate or in support of any opponent of that certified
15 candidate.

16 (b) Limit on Matching Funds in Contested Primary. – Total matching funds to a
17 certified candidate in a contested primary shall be limited to an amount equal to the
18 maximum qualifying contributions for a candidate with a contested primary.

19 (c) Limit on Matching Funds in Contested General Election. – Total matching
20 funds to a certified candidate in a contested general election shall be limited to an
21 amount equal to two times the amount described in G.S. 163-278.99(b)(2).

22 (d) Determinations by Board. – In the case of electioneering communications, the
23 Board shall determine which candidate, if any, is entitled to receive matching funds as a
24 result of the communication. The Board shall issue matching funds based on the
25 communication only if it ascertains that the communication is susceptible of no
26 reasonable interpretation other than as an appeal to vote for or against a specific
27 candidate. The Board shall notify each candidate it determines is entitled to receive
28 matching funds based on those communications, the sponsor of those communications,
29 and any candidate who is an opponent of the candidate it determines is entitled to the
30 matching funds. The Board shall give the sponsor of the communication and any
31 opposing candidate an adequate opportunity to rebut the determination of the Board. In
32 considering the rebuttal, all candidates in the race and the sponsor shall be given
33 adequate and equal opportunity to be heard. The Board shall adopt procedures for
34 implementing this subsection, balancing in those procedures adequacy of opportunity to
35 rebut and adequacy and equality of opportunity to be heard on the rebuttal with the need
36 to expedite the decision on awarding matching funds. The Board shall distribute the
37 matching funds, if any, at the conclusion of its process.

38 **"§ 163-278.99C. Unaffiliated and new-party candidates.**

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

1 of July of the election year.

2 **"§ 163-278.99D. Enforcement by the Board; civil penalty.**

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

15 **"§ 163-278.99E. Voter education.**

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

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

30 (1) Place of residence.

31 (2) Education.

32 (3) Occupation.

33 (4) Employer.

34 (5) Previous elective offices held.

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

40 (7) Candidate statement, limited to 150 words. Concerning that statement,
41 the Board shall send to the candidates instructions as follows: "Your
42 statement may include information such as your qualifications, your
43 endorsements, why you would make a good elected official, what
44 distinguishes you from your opponent(s), and any other information

1 relevant to your candidacy. The State Board of Elections will reject
2 any portion of any statement which it determines contains obscene,
3 profane, or defamatory language. The candidate shall have three days
4 to resubmit the candidate statement if the Board rejects a portion of the
5 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
29 purpose of which is to support that candidate's campaign. This subsection applies with
30 respect to a candidate only if both of the following statements are true regarding that
31 candidate:

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

34 (2) That certified candidate has not received the maximum matching funds
35 available under G.S. 163-278.99B(c).

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

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

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

1 the 2008-2009 fiscal year for the implementation of this act.
2 **SECTION 6.** Sections 1 through 3 of this act become effective 30 days after
3 this act is given preclearance under section 5 of the Voting Rights Act of 1965. This act
4 applies to elections for Auditor, Superintendent of Public Instruction, and
5 Commissioner of Insurance in 2008 and thereafter. Section 5 of this act becomes
6 effective July 1, 2007. The State Board of Elections shall make the kind of report
7 required in G.S. 163-278.97(c), as enacted in this act, as soon as feasible before the
8 2008 election. The State Board of Elections shall make the determination required in
9 G.S. 163-278.99(b), as enacted in this act, as soon as feasible before the 2008 election.
10 The remainder of this act is effective when it becomes law.