

2016 CANDIDATE CAMPAIGN FINANCE GUIDE



Prepared by the Campaign Finance Division of the North Carolina State
Board of Elections

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I. Introduction

The information provided in this Guide is relevant to candidates seeking offices in State, district and county elections. Candidates filing for legislative seats must file all campaign finance reports with the State Board of Elections. Only candidates for county or other local offices will file campaign disclosure reports with their county boards of elections.

The statutes relevant to candidate campaign finance are included in Article 22A of Chapter 163 of the North Carolina General Statutes. These statutes may be reviewed at the following link: <http://www.ncga.state.nc.us/gascripts/statutes/Statutes.asp> . Please enter “163” in the “Look up” box and scroll down to Article 22A.

If legislative action or legal developments affect the information within this document, such changes will be noted and made available on the Campaign Finance section of the website of the State Board of Elections.

II. Organizing the Committee

A. When is a candidate required to set up a committee?

An individual must file organizational paperwork with the appropriate board of elections office¹ within 10 days of whichever of these actions occurs first:

- a public announcement of candidacy is made; or
- any money is spent or received in support of that candidacy; or
- a notice of candidacy or petition requesting to be a candidate is filed; or
- a person is certified as the nominee of a political party for a vacancy.

B. What forms are required in order to set up the committee?

The organizational paperwork must include:

- Statement of Organization-Candidate Committee (**CRO-2100A**)
- Certification of Treasurer (**CRO-3100**)
- Certification of Financial Account Number Information (**CRO-3500**)
Some banks will not set up an account for a committee until the committee is registered with the board of elections. In such a circumstance, a candidate shall provide the completed form as soon as the account is established.
- Organizational Report* (**CRO-1000, CRO-1100** and any additional forms required for detailed disclosure). The CRO-1100, “Detailed Summary,” provides guidance as to what additional forms are required by citing each form number that corresponds to the listed transactions. Thus, for every line upon which a dollar amount has been entered, the form that must be filled out and submitted with the report is indicated in parentheses.

*If you are a candidate eligible to file a Certification of Threshold, the Organizational Report is not required. (See the next section to determine Threshold eligibility.)

The organizational paperwork *should* also include the “Candidate Designation of Committee Funds” form (**CRO-3900**). This optional form is recommended to ensure the candidate’s choice of committee fund distribution in the event that the candidate dies before the committee is closed.

¹ The appropriate board of elections is the state board if the candidate is running for statewide, judicial or legislative office, and the county board if the candidate is running for a municipal or county office.

C. What is meant by Certification of Threshold?

If a **county or municipal candidate** does not intend to raise or spend more than **\$1,000** in the election cycle, he or she may file a certification to that effect on the “Certification of Threshold” form (**CRO-3600**). As long as the committee remains under the threshold, the candidate does not have to file disclosure reports, which means that his or her organizational paperwork should consist only of CRO forms 2100A, 3100, 3500 and 3600.

Note: All monies raised or spent count towards the \$1,000 threshold including money that the candidate spends out of pocket, in-kind contributions, loans etc.

A committee that intends to remain under Threshold must submit form CRO-3600 at the beginning of each election cycle OR upon organizing the committee (within the ten day period allotted for submitting the organizational report).

Threshold committees that wish to close after the election must submit a Certification to Close Committee form, CRO-3400 by the end of the election year.

Please note that the option to file the Certification of Threshold is available **ONLY** to candidates seeking **county or municipal** offices. Candidates for legislative, judicial and statewide races are not eligible to file a Certification of Threshold.

D. What is treasurer training and who is required to complete the training?

Treasurer training is a mandatory course that provides instruction on campaign finance disclosure filing and compliance. The training is conducted in group sessions at the State Board of Elections and at regional locations at various times during the year. Training is also available online. Visit our website at www.ncsbe.gov for details. All treasurers **MUST** complete treasurer training within three months of appointment and once every four years, regardless of the amount of money that is being raised or spent. Treasurers for candidates that are eligible to file the Certification of Threshold must also complete the required training.

II. Disclosure Reporting

A. Are all candidates required to file disclosure reports?

MOST candidates are required to file disclosure reports. Only candidates for county or municipal offices that do not intend to raise or spend more than \$1,000 are eligible to file a Certification of Threshold and be thus exempt from filing disclosure reports.

While eligible candidates that file a Certification of Threshold are not required to file reports, all information pertaining to contributions and expenditures are required to be accurately maintained in the committee's records. This includes records of the candidate's personal spending on behalf of the campaign.

B. When are disclosure reports filed?

The State Board or county board of elections will provide notice before each report is due. For municipal elections notices will be sent no less than five days and no more than 15 days before the due date. For all other elections notices will be sent no less than five days and no more than 30 days before the due date. Notice will be sent to the treasurer of each candidate committee that is required to file.

The reporting schedule for 2016 elections can be found below.

Reporting Schedule for Committees Participating in 2016 Elections			
Event	Period Start Date	Period End Date	Due Date
Organizational Packet	Date of 1 st Activity	Within 10 calendar days of 1 st Activity	Within 10 calendar days of 1 st Activity
2015 Year End Semi-annual Report	Day after last report end date	12/31/2015	1/29/2016
2016 First Quarter Report	1/1/2016	2/29/2016	3/7/2016
2016 Second Quarter Report	3/1/2016	6/30/2016	7/12/2016
2016 Third Quarter Plus Report	7/1/2016	10/22/2016	10/31/2016
2016 Fourth Quarter Report	10/23/2016	12/31/2016	1/11/2017
Reports due After the Election			
2017 Mid Year Semi-annual Report <i>(if not closing the committee)</i>	1/1/2017	6/30/2017	7/28/2017
Final Report & Certification to Close <i>(filed after the election if closing committee)</i>	Day after last report end date	Date of final activity (all penalties, debts/loan paid, account closed)	Due no later than deadline for next report due

C. What is included in a disclosure report?

All disclosure reports must include the Disclosure Report Cover form (CRO-1000), the Detailed Summary form (CRO-1100), and details for all contributions and expenditures occurring within the reporting period.

The Disclosure Report Cover is essential for showing the start and end dates of the transactions included, the type of report being submitted, and for providing a signature that attests to the veracity of the report. A candidate/treasurer that signs a report must have completed the required training (unless the report is filed within the 90 day training grace period).

The Detailed Summary form is also required even if there has been no financial activity, in which case zeroes should be entered on the appropriate lines. However, if contributions have been received or expenditures made or debts incurred, then additional forms containing those transactions must be included with the report.

A helpful hint to remember when completing disclosure reports using our paper forms is that the Detailed Summary form (CRO-1100) serves as a forms guide as well as a summary of activity. The treasurer should refer to the transactions described on this form to determine which other forms, if any, are required to accompany the report. The required form for each transaction is noted on the same line as the transaction description.

This process is simpler for persons who use SBOE software because the software generates the appropriate form for each transaction.

D. What methods are available for filing disclosure reports?

All committees may file disclosure reports electronically. Free software is available on our website. All committees with a cumulative total of more than \$5,000 in contributions, in expenditures, or in loans to affect elections for statewide offices (governor, council of state, appellate judicial) are required by law to file reports electronically [NCGS §163-278.9(j)]. Other candidates are permitted to file disclosure reports on paper using forms found on the State Board of Elections website at www.ncsbe.gov under the Campaign Finance section.

E. Are there penalties for filing disclosure reports late?

Yes. Committees will be assessed civil penalties for reports that are not received or postmarked by the report due date.

A candidate committee report that does not affect a statewide election is penalized at \$50 per day up to a maximum of \$500. A candidate committee report that does affect a statewide election is penalized at a rate of \$250 per day up to a maximum of \$10,000. A report is considered to affect a statewide election if the committee made any contributions to or in support of a statewide candidate.

A committee's active status may be terminated for failure to file reports and pay assessed penalties. Once the committee's active status is terminated, the committee is not eligible to receive contributions or make expenditures.

F. Please remember, when submitting paperwork . . .

Forms must be typewritten or completed in blue or black ink.

Forms need not be stapled together.

Reports cannot be filed prior to the end of the reporting period.

Always enter the period start date and period end date on form CRO-1000.

A DATE and ORIGINAL signature are required on the Disclosure Report Cover (CRO-1000).

III. Campaign Finance Law Regarding Contributions and Expenditures

A. What is the law regarding contributions?

- A contribution is anything of value given to support the candidate or candidate committee. Contributions include those received "in-kind," which are goods and services given to support a candidate or committee (for example, food contributed by individuals for fundraising events). Candidates required to file disclosure reports must report all contributions. Intentionally failing to report contributions is a felony.

- If a contributor contributes \$50 or less for the entire election period, that contributor's name, employment and contact information is not required to be reported. For such contributions, a form CRO-1205 may be used, which requires disclosure of only the date, amount, and form of payment. HOWEVER, please note that the treasurer must nevertheless collect that contributor's name, address and employment information. This information must be kept on file by the treasurer, since any contributor may eventually exceed \$50 and become subject to full disclosure.
- Only individuals, other NC political committees and qualified entities² may make contributions to a candidate committee.
- The current contribution limit is \$5,100 per election (except that candidates and their spouses may make unlimited contributions to the candidate's committee). The election period is:
 - the time from January 1 of an odd-numbered year through the day of the primary,
 - the day after the primary through the day of the second primary (only for candidates on the ballot in the second primary), or
 - the day after the primary through December 31 of the next even-numbered year.
 - Funds can be raised without regard to whether the candidate is opposed or unopposed in the election.
- Executive committees of political parties recognized under N.C.G.S. §163-96 may give unlimited contributions to the candidate's committee.
- Contributions from corporations, business entities, labor unions, professional associations, and insurance companies are prohibited. Unregistered political committees are also prohibited from making contributions.
- Anonymous contributions are prohibited. This includes any funds (contributions) raised for which contributor contact information is not obtained, such as "pass the hat" collections, fundraisers or other instances in which contributions are collected without the name of the contributor being obtained. The contributor name and contact information MUST be collected by the committee even if the contributor name is not required to be reported.
- All contributions of more than \$50 must be made with a verifiable form of payment. No cash contributions of more than \$50 may be accepted. This includes cash given to the campaign by the candidate.
- No contribution may be given in the name of another.
- All prohibited contributions are subject to forfeiture to the NC Civil Penalty and Forfeiture Fund. A person who knowingly receives prohibited contributions is also subject to criminal penalties.

² For "qualified entities," see NCGS §163-278.19(f).

B. What is the Law Regarding Expenditures?

- Candidate committees may only make expenditures for nine purposes:
 - (1) Expenditures resulting from the campaign for public office by the candidate or candidate's campaign committee.
 - (2) Expenditures resulting from holding public office.
 - (3) Donations to an organization described in Section 170(c) of the Internal Revenue Code of 1986 (26 U.S.C. § 170(c)), provided that the candidate or the candidate's spouse, children, parents, brothers, or sisters are not employed by the organization.
 - (4) Contributions to a national, State, or district or county committee of a political party or a caucus of the political party.
 - (5) Contributions to another candidate or candidate's campaign committee.
 - (6) To return all or a portion of a contribution to the contributor.
 - (7) Payment of any penalties against the candidate or candidate's campaign committee for violation of this Article imposed by a board of elections or a court of competent jurisdiction.
 - (8) Payment to the Escheat Fund established by Chapter 116B of the General Statutes.
 - (9) Legal expense donation not in excess of four thousand dollars (\$4,000) per calendar year to a legal expense fund established pursuant to Article 22M of Chapter 163 of the General Statutes.
- If the candidate committee is required to file disclosure reports, all expenditures must be reported.
- Any expenditure that is made for **media** purposes must be paid for by check or other verifiable form of payment. All expenditures of more than \$50 must be made with a verifiable form of payment.
- Expenditures for non-media purposes that are less than \$50 may be reported without disclosing the payee. The report must still disclose the form of payment, date, amount, purpose and account code for the account from which the expenditure was made.

C. Helpful Hints...

- Do not “pass the hat” or collect any contributions, however small the amount, without recording the contributor name and contact information.
- Do not accept cash from a contributor in excess of \$50.
- Do not accept a contribution, including an “in-kind” contribution, from a business, corporation, professional association, labor union or insurance company.
- A person who purchases something from a candidate fundraiser has made a contribution to that candidate’s committee. All such contributions, however small, must be disclosed.
- Volunteers raising contributions on behalf of the committee must turn those over to the treasurer within seven days of receipt so that the records are current, as required by State law.
- Do not accept blank checks. The contributor must indicate the intended recipient on the payee line of the check.

IV. Media requirements

A. What is a legend?

A legend is the disclosure statement included on print media, TV and radio advertisements. “Paid for by...”

B. What print media advertisements require the legend?

Newspaper ads, newspaper inserts, airplane streamers, pamphlets, billboards, sound truck advertising, portable signs (lighted or non-lighted; some on wheels to be pulled around), periodicals, TV ads, radio ads, outdoor advertising facilities, magazines, cards of any size, fliers, mass mailings (20,000 or more households, cumulative per election, in a statewide election and 2,500 households, cumulative per election, in any other election).

C. Are there print media advertisements that do not require the legend?

Yes. Buttons, bumper stickers, yard signs, window posters (approximately 14 x 22 inches and posters used in stores, on stakes in yards, etc.), barn posters made at generally no cost (3 x 5 ft.), campaign paraphernalia such as balloons, shopping bags, nail files, etc., imprinted with a campaign message.

D. Am I required to put the legend on a palm card/business card?

Yes.

E. What are the size requirements for the legend?

- For print media, the legend must be 5% of the printed space of the ad or 12 point type, whichever is greater.
- For television, the visual disclosure legend must be 4% of vertical picture height. Effective January 1, 2014, television advertisements that are paid for by a candidate or candidate campaign committee must contain an easily identifiable photograph of the candidate for at least two seconds appearing simultaneously with the visual disclosure legend.
- For radio, the disclosure statement must last at least two seconds, provided the statement is spoken so that its contents may be easily understood.

F. What information must be included in the legend statement?

Please refer to the Media section in the 2015 Campaign Finance Manual that is available on the State Board of Elections website www.ncsbe.gov.