



North Carolina Voters for Clean Elections

History of Campaign Finance Reform Movement in North Carolina

1997

- New law results in major expansion of disclosure of campaign financing, including occupational information required for donors giving over \$100; more frequent reports; electronic filing of reports for statewide candidates, as well as for PACs and parties giving over \$5000 to statewide candidates; 48-hour reports due on donations of \$1000 or more given in the last 10 days of the elections; disclosure reports for local elections in more towns and counties previously not covered; disclosure of coordinated expenditures by political parties that assist candidates.
- New law increases penalties for late filing and failure to file disclosure reports.
- New law expands prohibitions against lobbyists or PACs affiliated with their sponsors from contributing to state candidates while the General Assembly is in session.

1998

- A ruling issued by the State Board of Elections requires tracking of soft money from separate accounts of the national parties, and restricts its sources and uses; the ruling was weakened in 2000 because of wording in the law passed in 1999, but the rules regarding maintaining separate accounts and providing detailed disclosure remain in force.
- New law requires detailed disclosure of contributions raised or given by appointees to the state Board of Transportation and their families and also requires Board appointees to consult more with local transportation planning bodies about road-building and other spending priorities. The law follows months of investigative reports linking political contributions to Board appointments and detailing political favoritism behind various road projects, including several that financially benefited Board members; two Board members resigned and a third was not reappointed.
- Federal courts rule unconstitutional (1) the state's ban against any political contribution by a corporation (because it is overly broad and would prohibit even a small donation by a non-profit, issue group) and (2) the state's definition of what political activity is subject to regulation (because it is overly broad and vague, and was written before *Buckley v. Valeo*).

1999

- NC Voters for Clean Elections formed.
- New law (to repair 1998 federal court ruling above) restores the state's longstanding ban on contributions from business-related corporations or union treasuries, consistent with U.S. Supreme Court rulings, and also expands the disclosure requirements for independent expenditure activity.
- New law aims to regulate phony issues ads that are really electioneering by expanding the definition of political advocacy beyond the use of "magic words" to include a "reasonable person" test on whether the "essential nature" of the ads advocates a candidate's election or defeat. This makes North Carolina only the second state, after Connecticut, to adopt a statute that allows regulators to treat fake



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issue ads like other political ads. The U.S. Court of Appeals struck down the law, but the U.S. Supreme Court has remanded that decision back to the lower court.

- New "stand by your ad" law requires sponsors of political ads attacking a candidate to appear in the ads and acknowledge their sponsorship.
- New law makes explicit that channeling contributions through "straw donors" — or giving money in the name of others — is a misdemeanor crime.
- New laws expand the authority and jurisdiction of the State Board of Elections, and money is appropriated that allows the Board to hire two investigators.

2000:

- New law restores the prohibition against lobbyists making political donations while the General Assembly is in session, following a court ruling that weakened a large section of the law passed in 1997.

2001:

- New law creates a wider range of penalties that the State Board of Elections can hand out, including stiff civil fines for violations of campaign finance laws, and it extends the statute of limitation for criminal prosecution. (Previously, all violations were criminal misdemeanors and required prosecution by a local District Attorney, which meant they got little attention).
- New law requires more frequent disclosure for candidates in municipal elections, effectively doubling the number of reports that must be filed by municipal candidates in an election cycle. (Many cities are now experiencing \$100,000+ campaigns for mayor.)
- New law changes the election of district court judges to nonpartisan, rather than partisan, contests. Now only the state Court of Appeals and Supreme Court are elected with party labels.

2002:

- New Judicial Campaign Reform Act changes the election of Court of Appeals judges and Supreme Court justices to nonpartisan, creates a voter guide about candidates in those elections, lowers the contribution limits from \$4000 to \$1000, and provides a public financing option for those candidates — the nation's first comprehensive public financing program for judicial elections.

2003:

- Passage of legislation to conform North Carolina law to the requirements of new federal Help America Vote Act.
- Passage of bill through the state Senate to provide an option for cities and counties to sponsor public financing program for local elections. The bill did not pass the House

2004:

- First implementation of the judicial public financing program, with 14 of 16 candidates enrolling and 12 successfully qualifying for public financing. A new Advisory Council helps the State Board of Election develop a set of guidelines and regulations.



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- First implementation of the \$3 tax check-off for the judicial public financing program, requiring major coordinated effort to educate tax preparation offices and public, plus major effort to get the NC Department of Revenue to properly enforce the law.
- First implementation of the Judicial Voter Guide, with reformers taking on the major responsibility to find saving for its design, production and mailing, as well as funding sources, given the shortage of money in the Public Campaign Fund.
- A special appropriation of \$725,000 goes to the judicial public financing program, earmarked for the "rescue funds," which were not used that year

2005:

- New law to overhaul regulation of lobbyists, the first since 1991, which greatly expands disclosure of spending, begins a "cooling off" period before state officials can be lobbyists, and includes lobbying top executive-branch officials under all regulations.
- Introduction of bill to provide public financing option for the eight elected agency heads on the Council of State, with major effort to gain co-sponsors resulting in 72 co-sponsors or 42 percent of legislators. No further activity on the bill that year.
- Series of important refinements for the judicial public financing program pass in different bills in each chamber, but the versions are not settled until 2006.

2006

- New law establishes the state's first Ethics Commission, with jurisdiction over all three branches of government, an ethics education program, conflict-of-interest disclosure statements and regulations, penalties and enforcement procedures. Also expands the lobby statute from 2005 with restrictions on gifts, ban on lobbyists giving contributions to state officials, some restrictions on bundling by lobbyists, and increased coverage of the executive branch under the lobbying regulations.
- New law to require attorneys to pay a \$50 surcharge into the judicial public financing program when they pay their State Bar dues.
- New laws ban use of campaign funds for personal purposes, require treasurers of campaign committees to undergo training, ban use of checks with blank payee lines, and lower threshold for public disclosure of contributions to \$50 per election cycle.
- Bill for a pilot public financing program for four legislative districts is recommended by House Select Committee on Ethics and Governmental Reform, gains significant bipartisan support, and passes key House standing committee, but does not go further.
- Two new laws beef up regulations of 527 committees and similar groups sponsoring phony "issue ads" that name candidates after the candidate-filing period ends.
- New, recurring funding is provided for six new positions for the State Board of Election's Campaign Finance Division to increase its capacity to audit campaign reports and conduct investigations.
- Legislation approved which opens up legislative ethics hearings to the public. Previously, they had been closed to the public.

2007:



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- New bill approved authorizing the town of Chapel Hill to implement a pilot campaign public financing program for its local elections for 2009 and 2011. It becomes the first North Carolina municipality that is legally allowed to do so. If implemented by the town of Chapel Hill, the program would be allowed to run for two election cycles. The town would then need to report how many people participated, how much money was spent and other information to the state legislature. The Town of Cary initiated its own program several years ago but it was stopped by a state court ruling because it had not received authorization from the state legislature.
- New campaign public financing pilot program authorized for three offices of the Council of State: State Auditor, Superintendent of Public Instruction, and Commissioner of Insurance. The program is similar to the appellate judicial program and requires candidates to collect at least 750 contributions between \$10 and \$200 that add up to a minimum of \$30,000 and a maximum of \$200,000.
- Bill passed which strengthens the “rescue money” provision of North Carolina’s judicial public financing program. The new law creates a more powerful disincentive for sham third-party expenditures by widening the trigger to release “rescue money” or matching funds when a participating candidate is subjected to an uncoordinated third-party attack. The intent is to strengthen the integrity of the judicial public financing program and make it more difficult for third-party groups to circumvent campaign finance rules.

2008:

- The 2008 budget included \$3.58 million of funding for the Voter-Owned Elections (Council of State) pilot.
- An enabling law was passed that allows the town of Carrboro to lower its contribution limits for town elections to as low as \$250. If passed, Carrboro would follow Chapel Hill which has had a similar law in place for several years.
- An Elections Omnibus bill was passed that makes a series of changes to campaign finance law in the state, including the creation of a new joint Election Law oversight committee, expanded disclosure requirements for last minute (within 48 hours) contributions, and improvements to the mechanics of the judicial public financing program.

2009:

- A bill to expand Council of State public financing to an additional office and create a dedicated, sustainable revenue stream was approved by the Senate.
- A bill to authorize medium and large municipalities to create local public financing programs was approved by the House.
- New ethics standards for locally elected leaders was created, including a training requirement.
- A technical corrections bill was passed that makes several updates and fixes to the judicial public financing program.
- A bill that would have stripped matching money provisions from North Carolina’s public financing programs was not taken up in the Senate.



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2010:

- A Citizens United response bill was created and passed requiring corporations who engage in independent election spending to disclose their spending in a similar manner as candidates running for office. The statute also provides some guidance on when expenditures are truly independent and not coordinated with a campaign.
- New ethics reform which extends the revolving door to all state employee for six months, so that no state employee can lobby the agency at which they worked. Makes funneling campaign contribution through friends a Class 1 Felony. Strengthens requirements for Statement of Economic Interest reports. Clarifies guidelines for reporting lobbyist compensation so that more information is in public. Toughens law about what the disclosure of public records.
- A study commission was created to study North Carolina's Council of State public financing program which will make recommendations to the General Assembly regarding the Council of State program.
- The City of Asheville adopted a resolution to create a local VOE program.

2011:

- Thwarted attacks to gut both the judicial and Council of State public financing programs.

2012:

- Helped activists pass 12 municipal Citizens United resolutions in Greenville, Raleigh, Durham, Chapel Hill, Carrboro, Greensboro, Franklin, Webster, Bryson City, Forest Hill, Highlands, and Asheville.
- Filed a joint House and Senate resolution with bipartisan support in the North Carolina General Assembly.
- Filed House Bill 1230 to increase the frequency of campaign finance reports due to the State Board of Elections, especially in the final months before the election.
- Filed House Bill 1231 requiring candidate and committee to file reports electronically once they exceed cumulative contribution totals in excess of \$5,000 or \$10,000 depending on the candidate/committee.
- 100% participation in judicial public financing program in 2012 election

2013:

- New law establishes mandatory electronic filing of campaign finance reports. The coalition worked to pass Senate Bill 403, which included a provision to require electronic filing of campaign reports. The measure was based on House Bill 919, legislation the coalition and its allies worked to pass in the General Assembly. As more money floods into state politics, it's important for North Carolina citizens to know who is trying to influence their elections. Electronic filing brings North Carolina into the 21st century by replacing costly, wasteful and cumbersome paper reports with more efficient, accurate and speedy disclosure.