

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 1054
Judiciary I Committee Substitute Adopted 9/10/01

Short Title: Judicial Campaign Reform Act.

(Public)

Sponsors:

Referred to:

April 5, 2001

1 A BILL TO BE ENTITLED
2 AN ACT TO REFORM THE METHOD OF ELECTING SUPREME COURT
3 JUSTICES AND COURT OF APPEALS JUDGES AND TO ESTABLISH A FAIR
4 ELECTIONS FUND THAT PROVIDES CANDIDATES FOR THESE OFFICES
5 WITH AN ALTERNATIVE MEANS OF FINANCING THEIR CAMPAIGNS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Chapter 163 of the General Statutes is amended by adding a
8 new Article to read:

9 "Article 22D.

10 "The North Carolina Fair Elections Fund.

11 **"§ 163-278.61. Purpose of the North Carolina Fair Elections Fund.**

12 The purpose of this Article is to ensure the fairness of democratic elections in North
13 Carolina and to protect the constitutional rights of voters and candidates from the
14 detrimental effects of increasingly large amounts of money being raised and spent to
15 influence the outcome of elections. The potential for corruption and its appearance is
16 especially problematic in elections of the judiciary, since impartiality is uniquely
17 important to the integrity and credibility of the courts. Accordingly, this Article
18 establishes the North Carolina Fair Elections Fund as an alternative source of campaign
19 financing for candidates who demonstrate public support and voluntarily accept strict
20 fund-raising and spending limits. This Article is available to candidates for justice of the
21 Supreme Court and judge of the Court of Appeals in elections to be held in 2004 and
22 thereafter.

23 **"§ 163-278.62. Definitions.**

24 When used in this Article:

25 (1) 'Board' means the State Board of Elections.

26 (2) 'Candidate' means any individual who becomes a candidate as
27 described in G.S. 163-278.6(3) and also means a political committee
28 authorized by the candidate for that candidate's election.

29 (3) 'Certified candidate' means a candidate running for office who chooses

1 to receive campaign funds from the Fund and who is certified under
2 G.S. 163-278.64(c).

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

5 (5) 'Contribution,' 'expenditure,' 'independent expenditure,' 'political
6 committee,' and 'referendum committee' have the same meaning as
7 defined in G.S. 163-278.6.

8 (6) 'Fund' means the North Carolina Fair Elections Fund established in
9 G.S. 163-278.63.

10 (7) 'Minimum qualifying contributions' means an amount of qualifying
11 contributions equal to 20 times the filing fee for candidacy for the
12 office.

13 (8) 'Maximum qualifying contributions' means an amount of qualifying
14 contributions equal to 45 times the filing fee for candidacy for the
15 office.

16 (9) 'Nonparticipating candidate' means a candidate running for office who
17 is not seeking to be certified under G.S. 163-278.64(c).

18 (10) 'Office' means a position on the North Carolina Court of Appeals or
19 North Carolina Supreme Court.

20 (11) 'Participating candidate' means a candidate who for office who has
21 filed a declaration of intent to participate under G.S. 163-278.64.

22 (12) 'Petition of support' means a statement to which registered voters have
23 affixed their signature and provided in legible writing their complete
24 name, residence address, and county of residence; the top of each page
25 of the statement shall read, 'The registered voters of North Carolina
26 listed below support the election of [name of candidate] to the position
27 of [name of office being sought] in [year of election]. Your signature
28 helps this candidate qualify to receive money from the Fair Elections
29 Fund to run his or her campaign, because the candidate has also agreed
30 to abide by strict campaign spending and fund-raising limits.'

31 (13) 'Qualifying contribution' means a donation of not less than ten dollars
32 (\$10.00) and not more than five hundred dollars (\$500.00) in the form
33 of a check or money order to the candidate or the candidate's
34 committee:

35 a. Made by any registered voter in this State;

36 b. Made during the qualifying period and obtained with the
37 approval of the candidate or candidate's committee; and

38 c. Acknowledged by a written receipt, on a multicopy form
39 provided by the Board, that identifies the complete name,
40 residence address, and county of residence of the contributor
41 and the amount and date of the contribution made; states that
42 the contributor is a registered voter of this State; states that the

1 contributor authorizes the candidate to use the contribution to
2 qualify to receive campaign funds from the Fund; and is signed
3 by the contributor and the candidate or the candidate's
4 representative.

5 (14) 'Qualifying period' means the period beginning September 1 in the
6 year before the election and ending on the day of the primary of the
7 election year. For a candidate in a second primary, that period extends
8 to the day of the second primary. For an unaffiliated candidate
9 nominated pursuant to G.S. 163-122 and a new party candidate
10 nominated pursuant to G.S. 163-98, the qualifying period extends from
11 November 1 in the year before the election to July 1 of the election
12 year.

13 (15) 'Trigger for rescue funds' means the dollar amount at which rescue
14 funds are released for certified candidates. In the case of a primary, the
15 trigger equals the maximum qualifying contributions for participating
16 candidates. In the case of a contested general election, the trigger
17 equals the base level of funding available under G.S. 163-278.65(b)(4).

18 **"§ 163-278.63. North Carolina Fair Elections Fund established; sources of funding.**

19 (a) Establishment of Fund. – The North Carolina Fair Elections Fund is
20 established to finance the election campaigns of certified candidates for office and to
21 pay administrative and enforcement costs of the Board related to this Article. The Fund
22 is a special, dedicated, nonlapsing, nonreverting fund. Any interest generated by the
23 Fund is credited to the Fund. The Board shall administer the Fund.

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

26 (1) Money from the North Carolina Candidates Financing Fund.

27 (2) Designations made to the Fair Elections Fund by individual taxpayers
28 pursuant to G.S. 105-159.2.

29 (3) A portion of the annual license fee paid by attorneys in accordance
30 with G.S. 105-41.

31 (4) Fair Elections Fund revenues distributed for an election that remain
32 unspent or uncommitted at the time the recipient is no longer a
33 certified candidate in the election.

34 (5) Money ordered returned to the Fair Elections Fund in accordance with
35 G.S. 163-278.70.

36 (6) Voluntary donations made directly to the Fair Elections Fund.
37 Corporations, other business entities, labor unions, and professional
38 associations may make donations to the Fund.

39 (c) Determination of Fund Amount. – By October 1, 2003, and every two years
40 thereafter, the Board, in conjunction with the Advisory Council for the Fair Elections
41 Fund, shall prepare and provide to the Joint Legislative Commission on Governmental
42 Operations of the General Assembly a report documenting, evaluating, and making

1 recommendations relating to the administration, implementation, and enforcement of
2 this Article. In its report, the Board shall set out the funds received to date and the
3 expected needs of the Fund for the next election.

4 **"§ 163-278.64. Requirements for participation; certification of candidates.**

5 (a) Declaration of Intent to Participate. – Any individual choosing to receive
6 campaign funds from the Fund shall first file with the Board a declaration of intent to
7 participate in the act as a candidate for a stated office. The declaration of intent shall be
8 filed before or during the qualifying period and before collecting any qualifying
9 contributions or circulating a petition of support. In the declaration, the candidate shall
10 swear or affirm that only one political committee, identified with its treasurer, shall
11 handle all contributions, expenditures, and obligations for the participating candidate
12 and that the candidate will comply with the contribution and expenditure limits set forth
13 in subsection (d) of this section and all other requirements set forth in this Article or
14 adopted by the Board. Failure to comply is a violation of this Article.

15 (b) Demonstration of Support of Candidacy. – Except for justices and judges
16 holding office on the Supreme Court or Court of Appeals, participating candidates who
17 seek certification to receive campaign funds from the Fund shall first, during the
18 qualifying period:

19 (1) Obtain qualifying contributions from at least 250 registered voters in
20 an aggregate sum that at least equals the amount of minimum
21 qualifying contributions described in G.S. 163-278.62(7) but that does
22 not exceed the amount of maximum qualifying contributions described
23 in G.S. 163-278.62(8); and

24 (2) Obtain signatures from at least 1,000 registered voters on a petition of
25 support described in G.S. 163-278.62(12). No more than one-third of
26 the signers needed for purposes of the candidate's certification shall
27 reside in the same judicial division.

28 Justices and judges holding office on the Supreme Court or Court of Appeals shall
29 be deemed to have demonstrated support by their selection for the office and shall not
30 be required to comply with subdivisions (1) and (2) of this subsection as a condition for
31 certification.

32 No payment, gift, or anything of value shall be given in exchange for a qualifying
33 contribution or for a petition signature.

34 (c) Certification of Candidates. – Upon receipt of a submittal of the record of
35 demonstrated support by a participating candidate, the Board shall determine whether or
36 not the candidate has complied with all the following requirements, if they apply to that
37 candidate:

38 (1) Signed and filed a declaration of intent to participate in this Article.

39 (2) Submitted copies of the appropriate number of forms described in G.S.
40 163-278.62(13)c. signed by contributors who are registered voters,
41 which the Board shall verify through a random sample or other means
42 it adopts;

1 (3) Submitted the appropriate number of signatures on a petition of
2 support described in G.S. 163-278.62(12), which the Board shall verify
3 through a random sample or other means it adopts.

4 (4) Qualified to receive votes on the ballot as a candidate for the office.

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

6 The Board shall certify candidates complying with the requirements of this section
7 as soon as possible and no later than five business days after receipt of a satisfactory
8 record of qualifying contributions and petition of support.

9 (d) Restrictions on Contributions and Expenditures for Participating and Certified
10 Candidates. – The following restrictions shall apply to contributions and expenditures
11 with respect to participating and certified candidates:

12 (1) Beginning January 1 of the year before the election and before the
13 filing of a declaration of intent, a candidate for office may accept in
14 contributions up to five thousand dollars (\$5,000) from sources and in
15 amounts permitted by Article 22A of this Chapter and may expend up
16 to five thousand dollars (\$5,000) for any campaign purpose. A
17 candidate who exceeds either of these limits shall be ineligible to file a
18 declaration of intent or receive funds from the Fair Elections Fund.

19 (2) From the filing of a declaration of intent through the end of the
20 qualifying period, a candidate shall expend no more than an amount
21 equal to the maximum qualifying contributions for that candidate, not
22 including possible rescue funds. Contributions a candidate may use to
23 expend to that limit shall be limited to money raised pursuant to
24 subdivision (1) of this subsection, qualifying contributions, and
25 personal and family contributions permitted by subdivision (4) of this
26 subsection. If the candidate is in a second primary, the candidate may
27 accept and expend during the period after the first primary and through
28 the date of the second primary an additional amount in qualifying
29 contributions equal to the maximum qualifying contributions for that
30 candidate, not including possible rescue funds.

31 (3) After the qualifying period and through the date of the general
32 election, the candidate shall expend only the funds the candidate
33 receives from the Fund pursuant to G.S. 163-278.65(b)(4) plus any
34 funds remaining from the qualifying period and possible rescue funds.
35 In-kind contributions from the candidate's political party executive
36 committee, as permitted by subdivision (5) of this subsection, do not
37 count as expenditures by the candidate for purposes of this
38 subdivision.

39 (4) During the qualifying period, the candidate may contribute up to one
40 thousand dollars (\$1,000) of that candidate's own money to the
41 campaign and may accept in contributions one thousand dollars

1 (\$1,000) from each voting age member of that candidate's family
2 consisting of spouse, parent, child, brother, and sister.

3 (5) The executive committee of the party that has nominated the candidate
4 may expend in support of the candidate an amount equal to twenty
5 percent (20%) of the candidate's base level of public financing
6 specified under G.S. 163-278.65(b), if that in-kind contribution is part
7 of a coordinated campaign to support two or more judicial candidates.

8 (6) A candidate and the candidate's committee shall limit the use of all
9 revenues permitted by this subsection to expenditures for campaign-
10 related purposes only. The Board shall publish guidelines outlining
11 permissible campaign-related expenditures.

12 (7) Any contribution received by a participating or certified candidate that
13 falls outside that permitted by this subsection shall be returned to the
14 donor as soon as practicable. Contributions intentionally made,
15 solicited, or accepted in violation of this Article are subject to civil
16 penalties as specified in G.S. 163-278.70. The funds involved shall be
17 forfeited to the Civil Penalty and Forfeiture Fund.

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

24 **"§ 163-278.65. Distribution From the Fund.**

25 (a) Timing of Fund Distribution. – The Board shall distribute to a certified
26 candidate revenues from the Fund in an amount determined under subsection (b)(4) of
27 this section within five business days after the certified candidate's name is approved to
28 appear on the ballot in a contested general election, but no earlier than five business
29 days after the primary.

30 (b) Amount of Fund Distribution. – By August 1, 2003, and no less frequently
31 than every two years thereafter, the Board shall determine the amount of funds, rounded
32 to the nearest one hundred dollars (\$100.00), to be distributed to certified candidates as
33 follows:

34 (1) Uncontested Primaries. – No funds shall be distributed.

35 (2) Contested Primaries. – No funds shall be distributed except as
36 provided in G.S. 163-278.67.

37 (3) Uncontested General Elections. – No funds shall be distributed.

38 (4) Contested General Elections. – Funds shall be distributed to a certified
39 candidate for a position on the Court of Appeals in an amount equal to
40 100 times the candidate's filing fee as set forth in G.S. 163-107. Funds
41 shall be distributed to a certified candidate for a position on the
42 Supreme Court in an amount equal to 150 times the candidate's filing

1 fee as set forth in G.S. 163-107.

2 (c) Unaffiliated and New Party Candidates. – Unaffiliated candidates and new-
3 party candidates shall be eligible for revenues from the Fund in the same amounts as
4 general election candidates but are not eligible for revenues in primary elections.

5 (d) Method of Fund Distribution. – The State Treasurer shall cooperate with the
6 Board to develop a rapid, reliable method of conveying funds to certified candidates. In
7 all cases, the Board shall distribute funds to certified candidates in a manner that is
8 expeditious, ensures accountability, and safeguards the integrity of the Fund.

9 **"§ 163-278.66. Reporting Requirements.**

10 (a) Reporting by Noncertified Candidates and Independent Expenditure Entities.
11 – Any noncertified candidate with a certified opponent shall report total income,
12 expenses, and obligations to the Board by facsimile machine or electronically within 24
13 hours after the total amount of campaign expenditures or obligations made, or funds
14 raised or borrowed, exceeds eighty percent (80%) of the trigger for rescue funds as
15 defined in G.S. 163-278.62(15). Any entity making independent expenditures in excess
16 of three thousand dollars (\$3,000) in support of or opposition to a certified candidate
17 shall report the total funds received, spent, or obligated for those expenditures to the
18 Board by facsimile machine or electronically within 24 hours after the total amount of
19 expenditures or obligations made, or funds raised or borrowed, for the purpose of
20 making the independent expenditures, exceeds fifty percent (50%) of the trigger for
21 rescue funds. After this 24-hour filing, the noncertified candidate or independent
22 expenditure entity shall comply with an expedited reporting schedule. The schedule and
23 forms for reports required by this subsection shall be made according to procedures
24 developed by the Board.

25 (b) Reporting by Participating and Certified Candidates. – Notwithstanding other
26 provisions of law, participating and certified candidates shall report any money
27 received, including all previously unreported qualifying contributions, all campaign
28 expenditures, obligations, and related activities to the Board according to procedures
29 developed by the Board. A certified candidate who ceases to be certified or ceases to be
30 a candidate or who loses an election shall file a final report with the Board and return
31 any unspent revenues received from the Fund. In developing these procedures, the
32 Board shall utilize existing campaign reporting procedures whenever practical.

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

36 **"§ 163-278.67. Rescue Funds.**

37 (a) When Rescue Funds Become Available. – When any report or group of
38 reports shows that 'funds in opposition to a certified candidate or in support of an
39 opponent to that candidate' as described in this section, exceed the trigger for rescue
40 funds as defined in G.S. 163-278.62(15), the Board shall issue immediately to that
41 certified candidate an additional amount equal to the reported excess within the limits
42 set forth in this section. 'Funds in opposition to a certified candidate or in support of an

1 opponent to that candidate' shall be equal to the sum of the campaign expenditures or
2 obligations made, or funds raised or borrowed, whichever is greater, reported by any
3 uncertified opponent of a certified candidate, plus the expenditures reported in
4 accordance with G.S. 163-278.66 of entities making independent expenditures in
5 opposition to the certified candidate or in support of any opponent of that certified
6 candidate.

7 (b) Limit on Rescue Funds in Contested Primary. – Total rescue funds to a
8 certified candidate in a contested primary shall be limited to an amount equal to two
9 times the maximum qualifying contributions for the office sought. A candidate in a
10 second primary may receive an additional amount in rescue funds up to the same limit
11 as in a first primary if the trigger for rescue funds is reached by expenditures after the
12 first primary and through the second primary.

13 (c) Limit on Rescue Funds in Contested General Election. – Total rescue funds
14 to a certified candidate in a contested general election shall be limited to an amount
15 equal to two times the amount described in G.S. 163-278.65(b)(4).

16 **"§ 163-278.68. Enforcement and Administration.**

17 (a) Enforcement by the Board. – The Board, with the advice of the Advisory
18 Council for the Fair Elections Fund, shall administer the provisions of this Article.

19 (b) Advisory Council for the Fair Elections Fund. – There is established under
20 the Board the Advisory Council for the Fair Elections Fund to advise the Board on the
21 rules, procedures, and opinions it adopts for the enforcement and administration of this
22 Article and on the funding needs and operation of the Fair Elections Fund. The
23 Advisory Council shall consist of five members to be appointed as follows:

24 (1) The Governor shall name two members from a list of individuals
25 nominated by the State Chair of the political party with which the
26 greatest number of registered voters is affiliated. The State Chair of
27 that party shall submit to the Governor the names of five nominees.

28 (2) The Governor shall name two members from a list of individuals
29 nominated by the State Chair of the political party with which the
30 second greatest number of registered voters is affiliated. The State
31 Chair of that party shall submit to the Governor the names of five
32 nominees.

33 (3) The Board shall name one member by unanimous vote of all members
34 of the Board.

35 No individual shall be eligible to be a member of the Advisory Council who would
36 be ineligible to serve on a county board of elections in accordance with G.S. 163-30.
37 The initial members shall be appointed by December 1, 2002. Of the initial appointees,
38 two are appointed for one-year terms, two are appointed for two-year terms, and one is
39 appointed for a three-year term according to random lot. Thereafter, appointees are
40 appointed to serve four-year terms. An individual may not serve more than two full
41 terms. The appointed members receive the legislative per diem pursuant to G.S.
42 120-3.1. One of the Advisory Council members shall be elected by the members as

1 Chair. A vacancy during an unexpired term shall be filled in the same manner as the
2 regular appointment for that term, but a vacancy appointment is only for the unexpired
3 portion of the term.

4 (c) Appeals. – The initial decision on an issue concerning qualification,
5 certification, or distribution under this Article shall be made by the Executive Director
6 of the Board. The procedure for challenging that decision is as follows:

7 (1) An individual or entity aggrieved by a decision by the Executive
8 Director of the Board may appeal to the full Board within three
9 business days of the decision. The appeal shall be in writing and shall
10 set forth the reasons for the appeal.

11 (2) Within five business days after an appeal is properly made, and after
12 due notice is given to the parties, the Board shall hold a hearing. The
13 appellant has the burden of providing evidence to demonstrate that the
14 decision of the Executive Director was improper. The Board shall rule
15 on the appeal within three business days after the completion of the
16 hearing.

17 (d) Board to Adopt Rules and Issue Opinions. – The Board shall adopt rules and
18 issue opinions to ensure effective administration of this Article. Such rules and opinions
19 shall include, but not be limited to, procedures for obtaining qualifying contributions,
20 certification of candidates, addressing circumstances involving special elections, second
21 primaries, vacancies, recounts, withdrawals, or replacements, collection of revenues for
22 the Fund, distribution of Fund revenue to certified candidates, return of unspent Fund
23 disbursements, and compliance with this Article. For races involving special elections,
24 second primaries, recounts, vacancies, withdrawals, or replacement candidates, the
25 Board shall establish procedures for qualification, certification, disbursement of Fund
26 revenues, and return of unspent Fund revenues. The Board shall fulfill each of these
27 duties in consultation with the Advisory Council on the Fair Elections Fund.

28 (e) Report to the Public. – The Advisory Council for the Fair Elections Fund
29 shall issue a report by March 1, 2005, and every two years thereafter that evaluates and
30 makes recommendations about the implementation of this Article and the feasibility of
31 expanding its provisions to include other candidates for State office, based on the
32 experience of the Fund and the experience of similar programs in other states.

33 **§ 163-278.69. Voter education.**

34 The Board shall publish and distribute a Judicial Voter Guide. The Guide shall
35 include statements from the Board explaining the function of the appellate courts and
36 the laws concerning their election, explaining the purpose and workings of the Fair
37 Elections Fund, and explaining the laws of voter registration. The Guide shall also
38 include information concerning all candidates for the Supreme Court and the Court of
39 Appeals, as provided by those candidates according to a format provided to the
40 candidates by the Board. The Board shall request information for the Guide from each
41 candidate according to the following format:

42 (1) Place of residence.

- 1 (2) Education.
- 2 (3) Occupation.
- 3 (4) Employer.
- 4 (5) Date admitted to the bar.
- 5 (6) Legal/judicial experience.
- 6 (7) Candidate statement, limited to 150 words. Concerning that statement,
7 the Board shall send to the candidates instructions as follows: 'Your
8 statement may include information such as your qualifications, your
9 endorsements, your ratings, why you are seeking judicial office, why
10 you would make a good judge, what distinguishes you from your
11 opponent(s), your acceptance of spending and fund-raising limits to
12 qualify to receive funds from the Fair Elections Fund, and any other
13 information relevant to your candidacy. We will correct incidental
14 errors of spelling, grammar, and punctuation which might prejudice
15 the candidate's statement unfairly or confuse voters. We will make no
16 changes to the content of any statement which would alter the meaning
17 or substance of the statement. The State Board of Elections will reject
18 any portion of any statement which it determines contains obscene,
19 profane, or defamatory language.'

20 The Board shall distribute the Guide to all voters in the State no more than 28 days
21 nor fewer than seven days before the general election. The Board shall distribute the
22 Guide as a newspaper supplement or through the mail, or through any means it finds
23 effective and practical. The Board may use monies from the Fund to distribute the
24 Guide, but only to the extent that sufficient monies remain to provide all certified
25 candidates with the maximum funding they are eligible to receive.

26 **"§ 163-278.70. Civil penalty.**

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

39 **SECTION 2.** G.S. 163-278.13 reads as rewritten:

40 **"§ 163-278.13. Limitation on contributions.**

1 (a) No individual, political committee, or other entity shall contribute to any
2 candidate or other political committee any money or make any other contribution in any
3 election in excess of four thousand dollars (\$4,000) for that election.

4 (b) No candidate or political committee shall accept or solicit any contribution
5 from any individual, other political committee, or other entity of any money or any
6 other contribution in any election in excess of four thousand dollars (\$4,000) for that
7 election.

8 (c) Notwithstanding the provisions of subsections (a) and (b) of this section, it
9 shall be lawful for a candidate or a candidate's spouse, parents, brothers and sisters to
10 make a contribution to the candidate or to the candidate's treasurer of any amount of
11 money or to make any other contribution in any election in excess of four thousand
12 dollars (\$4,000) for that election.

13 (d) For the purposes of this section, the term "an election" means any primary,
14 second primary, or general election in which the candidate or political committee may
15 be involved, without regard to whether the candidate is opposed or unopposed in the
16 election, except that where a candidate is not on the ballot in a second primary, that
17 second primary is not "an election" with respect to that candidate.

18 (e) This section shall not apply to any ~~national~~ State, district or county executive
19 committee of any political party. For the purposes of this section only, the term
20 "political party" means only those political parties officially recognized under
21 G.S. 163-96.

22 (e1) No referendum committee which received any contribution from a
23 corporation, labor union, insurance company, business entity, or professional
24 association may make any contribution to another referendum committee, to a candidate
25 or to a political committee.

26 (e2) In order to make meaningful the provisions of Article 22D of this Chapter,
27 the following provisions shall apply with respect to candidates for justice of the
28 Supreme Court and judge of the Court of Appeals:

29 (1) No candidate shall accept, and no contributor shall make to that
30 candidate, a contribution in any election exceeding five hundred
31 dollars (\$500.00) except as provided for elsewhere in this subsection.

32 (2) A candidate may accept, and a family contributor may make to that
33 candidate, a contribution not exceeding one thousand dollars (\$1,000)
34 in an election if the contributor is that candidate's spouse, parent, child,
35 brother, or sister.

36 (3) No candidate shall accept, and no contributor shall make to that
37 candidate, a contribution during the period beginning 21 days before
38 the day of the general election and ending the day after the general
39 election. This subdivision applies with respect to a candidate opposed
40 in the general election by a certified candidate as defined in Article
41 22D of this Chapter who has not received the maximum rescue funds
42 available under G.S. 163-278.67. The recipient of a contribution that

1 apparently violates this subdivision has three days to return the
2 contribution or file a detailed statement with the State Board of
3 Elections explaining why the contribution does not violate this
4 subdivision.

- 5 (4) No candidate shall accept and no political party shall make to that
6 candidate, a contribution that exceeds five hundred dollars (\$500.00)
7 in an election, except that the State executive committee of the party
8 that has nominated that candidate may make in-kind contributions up
9 to an aggregate value of twenty percent (20%) of base level of public
10 financing for a candidate for that office as determined under
11 G.S. 163-278.65(b), if that in-kind contribution is part of a coordinated
12 campaign to support two or more judicial candidates.

13 As used in this subsection, 'candidate' is also a political committee authorized by the
14 candidate for that candidate's election. Nothing in this subsection shall prohibit a
15 candidate from making a contribution or loan secured entirely by that candidate's assets
16 to that candidate's own campaign.

17 (f) Any individual, candidate, political committee, referendum committee, or
18 other entity that violates the provisions of this section is guilty of a Class 2
19 misdemeanor."

20 **SECTION 3.** G.S. 105-41 reads as rewritten:

21 "**§ 105-41. Attorneys-at-law and other professionals.**

22 (a) Every individual in this State who practices a profession or engages in a
23 business and is included in the list below must obtain from the Secretary a statewide
24 license for the privilege of practicing the profession or engaging in the business. A
25 license required by this section is not transferable to another person. The tax for each
26 license is fifty dollars (\$50.00).

- 27 (1) An attorney-at-law. An attorney-at-law shall pay an additional fifty
28 dollars (\$50.00) to fund the Fair Elections Fund established by Article
29 22D of Chapter 163 of the General Statutes, unless that attorney-at-law
30 makes a written statement by July 1 of the year the fee is due declining
31 to pay that portion of the license tax.
- 32 (2) A physician, a veterinarian, a surgeon, an osteopath, a chiropractor, a
33 chiropractist, a dentist, an ophthalmologist, an optician, an optometrist,
34 or another person who practices a professional art of healing.
- 35 (3) A professional engineer, as defined in G.S. 89C-3.
- 36 (4) A registered land surveyor, as defined in G.S. 89C-3.
- 37 (5) An architect.
- 38 (6) A landscape architect.
- 39 (7) A photographer, a canvasser for any photographer, or an agent of a
40 photographer in transmitting photographs to be copied, enlarged, or
41 colored.
- 42 (8) A real estate broker or a real estate salesman, as defined in G.S. 93A-2.

- 1 A real estate broker or a real estate salesman who is also a real estate
2 appraiser is required to obtain only one license under this section to
3 cover both activities.
- 4 (9) A real estate appraiser, as defined in G.S. 93E-1-4. A real estate
5 appraiser who is also a real estate broker or a real estate salesman is
6 required to obtain only one license under this section to cover both
7 activities.
- 8 (10) A person who solicits or negotiates loans on real estate as agent for
9 another for a commission, brokerage, or other compensation.
- 10 (11) A mortician or embalmer licensed under G.S. 90-210.25.
- 11 (b) The following persons are exempt from the tax:
- 12 (1) A person who is at least 75 years old.
- 13 (2) A person practicing the professional art of healing for a fee or reward,
14 if the person is an adherent of an established church or religious
15 organization and confines the healing practice to prayer or spiritual
16 means.
- 17 (3) A blind person engaging in a trade or profession as a sole proprietor. A
18 "blind person" means any person who is totally blind or whose central
19 visual acuity does not exceed 20/200 in the better eye with correcting
20 lenses, or where the widest diameter of visual field subtends an angle
21 no greater than 20 degrees. This exemption shall not extend to any sole
22 proprietor who permits more than one person other than the proprietor
23 to work regularly in connection with the trade or profession for
24 remuneration or recompense of any kind, unless the other person in
25 excess of one so remunerated is a blind person.
- 26 (c) Every person engaged in the public practice of accounting as a principal, or as
27 a manager of the business of public accountant, shall pay for such license fifty dollars
28 (\$50.00), and in addition shall pay a license of twelve dollars and fifty cents (\$12.50)
29 for each person employed who is engaged in the capacity of supervising or handling the
30 work of auditing, devising or installing systems of accounts.
- 31 (d) Repealed by Session Laws 1998-95, s. 7.
- 32 (e) Licenses issued under this section are issued as personal privilege licenses
33 and shall not be issued in the name of a firm or corporation. A licensed photographer
34 having a located place of business in this State is liable for a license tax on each agent or
35 solicitor employed by the photographer for soliciting business. If any person engages in
36 more than one of the activities for which a privilege tax is levied by this section, the
37 person is liable for a privilege tax with respect to each activity engaged in.
- 38 (f) Repealed by Session Laws 1981, c. 17.
- 39 (g) Repealed by Session Laws 1998-95, s. 7.
- 40 (h) Counties and cities may not levy any license tax on the business or
41 professions taxed under this section.
- 42 (i) Obtaining a license required by this Article does not of itself authorize the

1 practice of a profession, business, or trade for which a State qualification license is
2 required."

3 **SECTION 4.** Article 4 of Chapter 105 of the General Statutes is amended by
4 adding a new section to read:

5 **"§ 105-159.2. Designation of tax to North Carolina Fair Elections Fund.**

6 (a) One dollar (\$1.00) from the income taxes paid each year by each individual
7 with an income tax liability of at least that amount shall be allocated to the North
8 Carolina Fair Elections Fund established in Article 22D of Chapter 163 of the General
9 Statutes, unless the taxpayer indicates an objection to the allocation on the income tax
10 return in the manner described in subsection (b). In the case of a married couple filing a
11 joint return, each individual shall have the option of objecting to the allocation.

12 (b) Individual income tax returns shall include a place for the designation of one
13 dollar (\$1.00) to the North Carolina Fair Elections Fund with three options given to the
14 taxpayer, 'For,' 'Against,' and 'No Opinion,' and the following statement: 'One dollar will
15 support the N.C. Fair Elections Fund, unless you fill in the circle labeled "Against."
16 Your tax remains the same regardless of which circle you choose.' A paid preparer of
17 tax returns shall not choose one of the three options for a taxpayer without the
18 taxpayer's consent.

19 (c) Individual income tax returns shall include in their instructions an
20 explanatory statement for the designation described in subsection (b) which shall read,
21 'To enhance the impartiality and integrity of the court system in the State, the North
22 Carolina Fair Elections Fund provides campaign money to candidates for the N.C.
23 Supreme Court and Court of Appeals who voluntarily accept strict campaign spending
24 and fund-raising limits. The Fund also helps finance educational materials about voter
25 registration, the role of the appellate courts, and the candidates seeking election as
26 appellate judges in North Carolina. One dollar from the taxes you pay will go to the
27 Fund unless you fill in the circle marked "Against." Regardless of what choice you
28 make, your tax will not increase, nor will any refund you are entitled to be reduced.' The
29 exact wording of this statement or the statement specified in subsection (b) may be
30 modified if the new wording does not change the statement's essential meaning and is
31 approved by the State Board of Elections and the Advisory Council for the Fair
32 Elections Fund.

33 (d) Amounts allocated under subsection (a) shall be credited to the North
34 Carolina Fair Elections Fund on a quarterly basis. Interest earned by the Fund shall be
35 credited to the Fund."

36 **SECTION 5.** Article 22C of Chapter 163 of the General Statutes is repealed.

37 **SECTION 6.(a)** G.S. 105-269.6 is repealed.

38 **SECTION 6.(b)** The Secretary of Revenue shall transfer to the North
39 Carolina Fair Elections Fund any funds contributed to the North Carolina Candidates
40 Financing Fund pursuant to G.S. 105-269.6 before its repeal by this section.

1 **SECTION 7.(a)** If Senate Bill 17 of the 2001 General Assembly becomes
2 law, Article 13A of Chapter 163 of the General Statutes is amended by adding a new
3 section to read:

4 **"§ 163-165.6A. Appellate judges on nonpartisan ballot.**

5 In a general election, candidates for justice of the Supreme Court and judge of the
6 Court of Appeals shall appear on the ballot with no designation for party. Regardless of
7 whether the candidates were nominated in a party primary pursuant to Article 10,
8 nominated by a party pursuant to G.S. 163-98, or nominated by petition pursuant to G.S.
9 163-122, the candidates' names shall appear on the official ballot in a county according
10 to the same random selection method set forth in G.S. 163-165.6 for primary candidates.
11 The provisions of G.S. 163-123 apply to write-in candidates for justice of the Supreme
12 Court and judge of the Court of Appeals."

13 **SECTION 7.(b)** If Senate Bill 17 of the 2001 General Assembly does not
14 become law, Article 13 of Chapter 163 of the General Statutes is amended by adding a
15 new section to read:

16 **"§ 163-140.5. Appellate judges on nonpartisan ballot.**

17 In a general election, candidates for justice of the Supreme Court and judge of the
18 Court of Appeals shall appear on the ballot with no designation for party. Regardless of
19 whether the candidates were nominated in a party primary pursuant to Article 10,
20 nominated by a party pursuant to G.S. 163-98, or nominated by petition pursuant to G.S.
21 163-122, the candidates' names shall appear on the official ballot in a county according
22 to a method of random selection designed by the State Board of Elections. The
23 provisions of G.S. 163-123 apply to write-in candidates for justice of the Supreme Court
24 and judge of the Court of Appeals."

25 **SECTION 8.** G.S. 163-123(g) reads as rewritten:

26 "(g) Municipal and Nonpartisan Elections Excluded. – This section does not apply
27 to municipal elections conducted under Subchapter IX of Chapter 163 of the General
28 Statutes, and does not apply to nonpartisan elections except for superior court judge
29 elections under Article 25 of this Chapter and elections for justice of the Supreme Court
30 and judge of the Court of Appeals under G.S. 163-165.6A."

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

34 **SECTION 10.** Section 1 of this act is effective when it becomes law,
35 provided that distributions from the Fund shall begin in the 2004 election year. Section
36 2 becomes effective January 1, 2003. Section 3 becomes effective with respect to
37 licenses covering periods beginning July 1, 2002, and thereafter. Section 4, Section 5,
38 and Section 6 become effective for taxable years beginning on or after January 1, 2003.
39 Sections 7 and 8 become effective with respect to primaries and elections held on or
40 after January 1, 2004. Except as otherwise provided in this act, this act is effective when
41 it becomes law.