

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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SENATE BILL 1054  
Judiciary I Committee Substitute Adopted 9/10/01  
Finance Committee Substitute Adopted 11/13/01

Short Title: Judicial Campaign Reform Act.

(Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

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

"Article 22D.

"The North Carolina Fair Elections Fund.

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

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

**"§ 163-278.62. Definitions.**

The following definitions apply in this Article:

(1) Board. – The State Board of Elections.

(2) Candidate. – An individual who becomes a candidate as described in G.S. 163-278.6(4). The term includes a political committee authorized by the candidate for that candidate's election.

- 1           (3)   Certified candidate. – A candidate running for office who chooses to  
2           receive campaign funds from the Fund and who is certified under G.S.  
3           163-278.64(c).
- 4           (4)   Contested primary and contested general election. – An election in  
5           which there are more candidates than the number to be elected.
- 6           (5)   Contribution. – Defined in G.S. 163-278.6.
- 7           (6)   Expenditure. – Defined in G.S. 163-278.6.
- 8           (7)   Fund. – The North Carolina Fair Elections Fund established in G.S.  
9           163-278.63.
- 10          (8)   Independent expenditure. – Defined in G.S. 163-278.6.
- 11          (9)   Maximum qualifying contributions. – An amount of qualifying  
12          contributions equal to 45 times the filing fee for candidacy for the  
13          office.
- 14          (10) Minimum qualifying contributions. – An amount of qualifying  
15          contributions equal to 20 times the filing fee for candidacy for the  
16          office.
- 17          (11) Nonparticipating candidate. – A candidate running for office who is  
18          not seeking to be certified under G.S. 163-278.64(c).
- 19          (12) Office. – A position on the North Carolina Court of Appeals or North  
20          Carolina Supreme Court.
- 21          (13) Participating candidate. – A candidate for office who has filed a  
22          declaration of intent to participate under G.S. 163-278.64.
- 23          (14) Petition of support. – A statement to which registered voters have  
24          affixed their signature and provided in legible writing their complete  
25          name, residence address, and county of residence; the top of each page  
26          of the statement shall read, 'The registered voters of North Carolina  
27          listed below support the election of [name of candidate] to the position  
28          of [name of office being sought] in [year of election]. Your signature  
29          helps this candidate qualify to receive money from the Fair Elections  
30          Fund to run his or her campaign, because the candidate has also agreed  
31          to abide by strict campaign spending and fund-raising limits.'
- 32          (15) Political committee. – Defined in G.S. 163-278.6.
- 33          (16) Qualifying contribution. – A contribution of not less than ten dollars  
34          (\$10.00) and not more than five hundred dollars (\$500.00) in the form  
35          of a check or money order to the candidate or the candidate's  
36          committee that meets both of the following conditions:
- 37                a.   Made by any registered voter in this State.
- 38                b.   Made during the qualifying period and obtained with the  
39                approval of the candidate or candidate's committee.
- 40          (17) Qualifying period. – The period beginning September 1 in the year  
41          before the election and ending on the day of the primary of the election  
42          year. For a candidate in a second primary, that period extends to the

1 day of the second primary. For an unaffiliated candidate nominated  
2 pursuant to G.S. 163-122 and a new party candidate nominated  
3 pursuant to G.S. 163-98, the qualifying period extends from November  
4 1 in the year before the election to July 1 of the election year.

5 (18) Referendum committee. – Defined in G.S. 163-278.6.

6 (19) Trigger for rescue funds. – The dollar amount at which rescue funds  
7 are released for certified candidates. In the case of a primary, the  
8 trigger equals the maximum qualifying contributions for participating  
9 candidates. In the case of a contested general election, the trigger  
10 equals the base level of funding available under G.S. 163-278.65(b)(4).

11 **"§ 163-278.63. North Carolina Fair Elections Fund established; sources of funding.**

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

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

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

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

22 (3) Any contributions made by attorneys in accordance with G.S. 105-41.

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

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

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

31 (c) Determination of Fund Amount. – By October 1, 2003, and every two years  
32 thereafter, the Board, in conjunction with the Advisory Council for the Fair Elections  
33 Fund, shall prepare and provide to the Joint Legislative Commission on Governmental  
34 Operations of the General Assembly a report documenting, evaluating, and making  
35 recommendations relating to the administration, implementation, and enforcement of  
36 this Article. In its report, the Board shall set out the funds received to date and the  
37 expected needs of the Fund for the next election.

38 **"§ 163-278.64. Requirements for participation; certification of candidates.**

39 (a) Declaration of Intent to Participate. – Any individual choosing to receive  
40 campaign funds from the Fund shall first file with the Board a declaration of intent to  
41 participate in the act as a candidate for a stated office. The declaration of intent shall be  
42 filed before or during the qualifying period and before collecting any qualifying

1 contributions or circulating a petition of support. In the declaration, the candidate shall  
2 swear or affirm that only one political committee, identified with its treasurer, shall  
3 handle all contributions, expenditures, and obligations for the participating candidate  
4 and that the candidate will comply with the contribution and expenditure limits set forth  
5 in subsection (d) of this section and all other requirements set forth in this Article or  
6 adopted by the Board. Failure to comply is a violation of this Article.

7 (b) Demonstration of Support of Candidacy. – Except for candidates described  
8 elsewhere in this subsection, participating candidates who seek certification to receive  
9 campaign funds from the Fund shall first, during the qualifying period:

10 (1) Obtain qualifying contributions from at least 250 registered voters in  
11 an aggregate sum that at least equals the amount of minimum  
12 qualifying contributions described in G.S. 163-278.62(10) but that  
13 does not exceed the amount of maximum qualifying contributions  
14 described in G.S. 163-278.62(9); and

15 (2) Obtain signatures from at least 2,000 registered voters on a petition of  
16 support described in G.S. 163-278.62(14). No more than one-third of  
17 the signers needed for purposes of the candidate's certification shall  
18 reside in the same judicial division.

19 Candidates who hold office on the Supreme Court or Court of Appeals and  
20 candidates who were elected to the Supreme Court or Court of Appeals within four  
21 years of the beginning of the qualifying period are deemed to have demonstrated  
22 support and are not required to comply with subdivisions (1) and (2) of this subsection.

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

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

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

30 (2) Submitted a report itemizing the appropriate number of qualifying  
31 contributions received from registered voters, signed by contributors  
32 who are registered voters, which the Board shall verify through a  
33 random sample or other means it adopts.

34 (3) Submitted the appropriate number of signatures on a petition of  
35 support described in G.S. 163-278.62(14), which the Board shall verify  
36 through a random sample or other means it adopts.

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

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

39 The Board shall certify candidates complying with the requirements of this section  
40 as soon as possible and no later than five business days after receipt of a satisfactory  
41 record of demonstrated support. Candidates not required to submit a petition of support  
42 or obtain a minimum number of qualifying donations shall submit a record of any

1 qualifying contributions received at the time they request certification according to  
2 procedures set forth by the Board.

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

6 (1) Beginning January 1 of the year before the election and before the  
7 filing of a declaration of intent, a candidate for office may accept in  
8 contributions up to ten thousand dollars (\$10,000) from sources and in  
9 amounts permitted by Article 22A of this Chapter and may expend up  
10 to ten thousand dollars (\$10,000) for any campaign purpose. A  
11 candidate who exceeds either of these limits shall be ineligible to file a  
12 declaration of intent or receive funds from the Fair Elections Fund.

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

26 (3) After the qualifying period and through the date of the general  
27 election, the candidate shall expend only the funds the candidate  
28 receives from the Fund pursuant to G.S. 163-278.65(b)(4) plus any  
29 funds remaining from the qualifying period and possible rescue funds.  
30 In-kind contributions from the candidate's political party executive  
31 committee, as permitted by subdivision (5) of this subsection, do not  
32 count as expenditures by the candidate for purposes of this section, nor  
33 do they count toward the trigger for rescue funds specified in G.S.  
34 163-278.67.

35 (4) During the qualifying period, the candidate may contribute up to one  
36 thousand dollars (\$1,000) of that candidate's own money to the  
37 campaign and may accept in contributions one thousand dollars  
38 (\$1,000) from each member of that candidate's family consisting of  
39 spouse, parent, child, brother, and sister.

40 (5) The executive committee of the party that has nominated the candidate  
41 may expend in support of the candidate an amount equal to twenty  
42 percent (20%) of the candidate's base level of public financing

1 specified under G.S. 163-278.65(b), if that in-kind contribution is part  
2 of a coordinated campaign to support two or more candidates for  
3 Supreme Court or Court of Appeals.

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

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

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

20 (e) Revocation. – A candidate may revoke, in writing to the Board, a decision to  
21 participate in the Fair Elections Fund at any time before the deadline set by the Board  
22 for the candidate's submission of information for the Voter Guide described in  
23 G.S. 163-278.69. After a timely revocation, that candidate may accept and expend  
24 outside the limits of this Article without violating this Article. Within 10 days after  
25 revocation, a candidate shall return to the Board all money received from the Fund.

26 **"§ 163-278.65. Distribution from the Fund.**

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

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

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

37 (2) Contested primaries. – No funds shall be distributed except as  
38 provided in G.S. 163-278.67.

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

40 (4) Contested general elections. – Funds shall be distributed to a certified  
41 candidate for a position on the Court of Appeals in an amount equal to  
42 125 times the candidate's filing fee as set forth in G.S. 163-107. Funds

1           shall be distributed to a certified candidate for a position on the  
2           Supreme Court in an amount equal to 175 times the candidate's filing  
3           fee as set forth in G.S. 163-107.

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

7           (d) Method of Fund Distribution. – The State Treasurer shall cooperate with the  
8 Board to develop a rapid, reliable method of conveying funds to certified candidates. In  
9 all cases, the Board shall distribute funds to certified candidates in a manner that is  
10 expeditious, ensures accountability, and safeguards the integrity of the Fund. If the  
11 money in the Fund is insufficient to fully fund all certified candidates, then the available  
12 money shall be distributed proportionally, according to each candidate's eligible  
13 funding.

14 **"§ 163-278.66. Reporting requirements.**

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

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

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

41 **"§ 163-278.67. Rescue funds.**

42           (a) When Rescue Funds Become Available. – When any report or group of

1 reports shows that 'funds in opposition to a certified candidate or in support of an  
2 opponent to that candidate' as described in this section, exceed the trigger for rescue  
3 funds as defined in G.S. 163-278.62(19), the Board shall issue immediately to that  
4 certified candidate an additional amount equal to the reported excess within the limits  
5 set forth in this section. 'Funds in opposition to a certified candidate or in support of an  
6 opponent to that candidate' shall be equal to the sum of the campaign expenditures or  
7 obligations made, or funds raised or borrowed, whichever is greater, reported by any  
8 uncertified opponent of a certified candidate, plus the expenditures reported in  
9 accordance with G.S. 163-278.66 of entities making independent expenditures in  
10 opposition to the certified candidate or in support of any opponent of that certified  
11 candidate.

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

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

21 **"§ 163-278.68. Enforcement and administration.**

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

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

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

33 (2) The Governor shall name two members from a list of individuals  
34 nominated by the State Chair of the political party with which the  
35 second greatest number of registered voters is affiliated. The State  
36 Chair of that party shall submit to the Governor the names of five  
37 nominees.

38 (3) The Board shall name one member by unanimous vote of all members  
39 of the Board. If the Board cannot reach unanimity on the appointment  
40 of that member, the Advisory Council shall consist of the other four  
41 members.



1 No individual shall be eligible to be a member of the Advisory Council who would  
2 be ineligible to serve on a county board of elections in accordance with G.S. 163-30.  
3 The initial members shall be appointed by December 1, 2002. Of the initial appointees,  
4 two are appointed for one-year terms, two are appointed for two-year terms, and one is  
5 appointed for a three-year term according to random lot. Thereafter, appointees are  
6 appointed to serve four-year terms. An individual may not serve more than two full  
7 terms. The appointed members receive the legislative per diem pursuant to G.S.  
8 120-3.1. One of the Advisory Council members shall be elected by the members as  
9 Chair. A vacancy during an unexpired term shall be filled in the same manner as the  
10 regular appointment for that term, but a vacancy appointment is only for the unexpired  
11 portion of the term.

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

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

19 (2) Within five business days after an appeal is properly made, and after  
20 due notice is given to the parties, the Board shall hold a hearing. The  
21 appellant has the burden of providing evidence to demonstrate that the  
22 decision of the Executive Director was improper. The Board shall rule  
23 on the appeal within three business days after the completion of the  
24 hearing.

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

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

41 **§ 163-278.69. Voter education.**

1       (a) Judicial Voter Guide. – The Board shall publish a Judicial Voter Guide that  
2 explains the functions of the appellate courts and the laws concerning the election of  
3 appellate judges, the purpose and function of the Fair Elections Fund, and the laws  
4 concerning voter registration. The Board must distribute the Guide to all the residences  
5 in the State no more than 28 days nor fewer than seven days before the general election.  
6 The Board shall determine the most effective and practical manner to distribute the  
7 Guide.

8       (b) Candidate Information. – The Judicial Voter Guide shall include information  
9 concerning all candidates for the Supreme Court and the Court of Appeals, as provided  
10 by those candidates according to a format provided to the candidates by the Board. The  
11 Board shall request information for the Guide from each candidate according to the  
12 following format:

13           (1) Place of residence.

14           (2) Education.

15           (3) Occupation.

16           (4) Employer.

17           (5) Date admitted to the bar.

18           (6) Legal/judicial experience.

19           (7) Candidate statement, limited to 150 words. Concerning that statement,  
20 the Board shall send to the candidates instructions as follows: 'Your  
21 statement may include information such as your qualifications, your  
22 endorsements, your ratings, why you are seeking judicial office, why  
23 you would make a good judge, what distinguishes you from your  
24 opponent(s), your acceptance of spending and fund-raising limits to  
25 qualify to receive funds from the Fair Elections Fund, and any other  
26 information relevant to your candidacy. We will correct incidental  
27 errors of spelling, grammar, and punctuation which might prejudice  
28 the candidate's statement unfairly or confuse voters. We will make no  
29 changes to the content of any statement which would alter the meaning  
30 or substance of the statement. The State Board of Elections will reject  
31 any portion of any statement which it determines contains obscene,  
32 profane, or defamatory language.'

33 **"§ 163-278.70. Civil penalty.**

34       In addition to any other penalties that may be applicable, any individual, political  
35 committee, or other entity that violates any provision of this Article is subject to a civil  
36 penalty of up to ten thousand dollars (\$10,000) per violation or three times the amount  
37 of any financial transactions involved in the violation, whichever is greater. In addition  
38 to any fine, for good cause shown, a candidate found in violation of this Article may be  
39 required to return to the Fund all amounts distributed to the candidate from the Fund. If  
40 the Board makes a determination that a violation of this Article has occurred, the Board  
41 shall calculate and assess the amount of the civil penalty and shall notify the entity that  
42 is assessed the civil penalty of the amount that has been assessed. The Board shall then

1 proceed in the manner prescribed in G.S. 163-278.34. In determining whether or not a  
2 candidate is in violation of this Article, the Board may consider as a mitigating factor  
3 any circumstances out of the candidate's control."

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

5 **"§ 163-278.13. Limitation on contributions.**

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

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

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

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

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

27 (e1) No referendum committee which received any contribution from a  
28 corporation, labor union, insurance company, business entity, or professional  
29 association may make any contribution to another referendum committee, to a candidate  
30 or to a political committee.

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

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

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

41 (3) No candidate shall accept, and no contributor shall make to that  
42 candidate, a contribution during the period beginning 21 days before

1 the day of the general election and ending the day after the general  
2 election. This subdivision applies with respect to a candidate opposed  
3 in the general election by a certified candidate as defined in Article  
4 22D of this Chapter who has not received the maximum rescue funds  
5 available under G.S. 163-278.67. The recipient of a contribution that  
6 apparently violates this subdivision has three days to return the  
7 contribution or file a detailed statement with the State Board of  
8 Elections explaining why the contribution does not violate this  
9 subdivision.

10 (4) No candidate shall accept, and no political party shall make to that  
11 candidate, a contribution that exceeds five hundred dollars (\$500.00)  
12 in an election, except that the State executive committee of the party  
13 that has nominated that candidate may make in-kind contributions up  
14 to an aggregate value of twenty percent (20%) of base level of public  
15 financing for a candidate for that office as determined under  
16 G.S. 163-278.65(b), if that in-kind contribution is part of a coordinated  
17 campaign to support two or more candidates for Supreme Court or  
18 Court of Appeals. Such an in-kind contribution shall not count toward  
19 the trigger for rescue funds specified in G.S. 163-278.67.

20 As used in this subsection, 'candidate' is also a political committee authorized by the  
21 candidate for that candidate's election. Nothing in this subsection shall prohibit a  
22 candidate or the spouse of that candidate from making a contribution or loan secured  
23 entirely by that individual's assets to that candidate's own campaign.

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

27 **SECTION 3.** G.S. 105-41(a)(1) reads as rewritten:

28 **"§ 105-41. Attorneys-at-law and other professionals.**

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

34 (1) An attorney-at-law. In addition to the tax, a contribution of fifty dollars  
35 (\$50.00) to support the Fair Elections Fund established by G.S. 163-  
36 278.63 shall be requested by providing for the contribution on the  
37 annual privilege license tax form. Payment of the contribution is not  
38 required and is not considered part of the tax owed.

39 ...."

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

42 **"§ 105-159.2. Designation of tax to North Carolina Fair Elections Fund.**

1       (a) Allocation to the North Carolina Fair Elections Fund. – One dollar (\$1.00)  
2 from the income taxes paid each year by each individual with an income tax liability of  
3 at least that amount shall be allocated to the North Carolina Fair Elections Fund  
4 established in Article 22D of Chapter 163 of the General Statutes, unless the taxpayer  
5 indicates an objection to the allocation on the income tax return in the manner described  
6 in subsection (b) of this section. In the case of a married couple filing a joint return,  
7 each individual shall have the option of objecting to the allocation. The amounts  
8 allocated under this subsection to the Fund shall be credited to it on a quarterly basis.

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

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

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

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

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

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

38 **"§ 163-165.6A. Appellate judges on nonpartisan ballot.**

39       In a general election, candidates for justice of the Supreme Court and judge of the  
40 Court of Appeals shall appear on the ballot with no designation for party. Regardless of  
41 whether the candidates were nominated in a party primary pursuant to Article 10 of this  
42 Chapter, nominated by a party pursuant to G.S. 163-98, or nominated by petition

1 pursuant to G.S. 163-122, the candidates' names shall appear on the official ballot in a  
2 county according to the same random selection method set forth in G.S. 163-165.6 for  
3 primary candidates. The provisions of G.S. 163-123 apply to write-in candidates for  
4 justice of the Supreme Court and judge of the Court of Appeals."

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

8 **"§ 163-140.5. Appellate judges on nonpartisan ballot.**

9         In a general election, candidates for justice of the Supreme Court and judge of the  
10 Court of Appeals shall appear on the ballot with no designation for party. Regardless of  
11 whether the candidates were nominated in a party primary pursuant to Article 10 of this  
12 Chapter, nominated by a party pursuant to G.S. 163-98, or nominated by petition  
13 pursuant to G.S. 163-122, the candidates' names shall appear on the official ballot in a  
14 county according to a method of random selection designed by the State Board of  
15 Elections. The provisions of G.S. 163-123 apply to write-in candidates for justice of the  
16 Supreme Court and judge of the Court of Appeals."

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

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

23         **SECTION 9.** If Senate Bill 17 of the 2001 General Assembly becomes law,  
24 G.S. 163-165.6(b)(3) as enacted by that bill reads as rewritten:

25         "(3) Partisan ~~offices~~-offices, regardless of the size of the constituency, shall  
26         be listed before nonpartisan offices."

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

30         **SECTION 11.** Section 1 of this act is effective when it becomes law,  
31 provided that distributions from the Fund shall begin in the 2004 election year. Section  
32 2 becomes effective January 1, 2003. Section 3 becomes effective July 1, 2002. Sections  
33 4 and 6 become effective for taxable years beginning on or after January 1, 2003.  
34 Section 5 becomes effective January 1, 2003. Sections 7 and 8 become effective with  
35 respect to primaries and elections held on or after January 1, 2004. Except as otherwise  
36 provided in this act, this act is effective when it becomes law.