



Campaign Finance Manual

A guide for ensuring compliance

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Recent changes affecting Campaign Finance

Campaign Finance Rules:

The following campaign finance rules are in effect:

- 08 NCAC 21 .0101 Best Efforts
- 08 NCAC 21 .0102 Reporting of Independent Expenditures
- 08 NCAC 21 .0103 Reporting of Special Contributions
- 08 NCAC 21 .0104 Reporting of Electioneering Communications
- 08 NCAC 21 .0106 Electronic Filing
- 08 NCAC 21 .0107 Electronic Signature
- 08 NCAC 21 .0201 Procedures for Political and Referendum Committees
- 08 NCAC 21 .0202 Procedures for Closing a Committee
- 08 NCAC 21 .0203 Certificate of Threshold
- 08 NCAC 21 .0206 Requesting a Waiver of a Civil Late Penalty
- 08 NCAC 21 .0207 Procedures for Committees with Missing Reports
- 08 NCAC 21 .0301 Expenditures for Residential Real Property
- 08 NCAC 21 .0401 Examinations by State Board of Elections
- 08 NCAC 21 .0501 Billboards

Copies of the rules may be found on the Office of Administrative Hearings' website:

<http://reports.oah.state.nc.us/ncac.asp?folderName=\Title%2008%20-%20Elections\Chapter%2021%20-%20Departmental%20Rules>.

08 NCAC 21 .0101 Best Efforts:

This rule specifies “best efforts” for the purposes of G.S. § 163-278.11(d). When a treasurer can show that best efforts were used to obtain, maintain and submit the required contributor information, the report of the committee shall be considered in compliance. Below are some key points, but all treasurers should review the full content of the rule.

The rule requires that all written fundraising solicitations include a request for:

- The contributor's name,
- The contributor's mailing address,
- The contributor's principal occupation, and
- A statement of North Carolina law. Sample statements are in the rule.

For each contribution in excess of \$50.00, the treasurer must make at

least one documented effort to obtain the missing information.

If a contributor fails to provide the required information, the treasurer must report whatever information is in the committee's possession. Reports must be amended if contributor information is received after the contribution has been disclosed.

The rule applies to the reporting of contributions received on or after May 1, 2020.

08 NCAC 21 .0301 Expenditures for Residential Real Property

(a) Pursuant to G.S. 163-278.16B, a candidate or candidate campaign

committee may not use contributions if the purpose of the expenditure is to purchase, lease, rent, or make mortgage payments on residential real property that is owned, either directly or indirectly, by the candidate or officeholder, or a member of the candidate's or officeholder's family, even if a portion of the residence is used for the campaign or holding office. (b) For the purpose of this Rule: (1) "family" includes a candidate's or officeholder's spouse, children, parents, brothers, or sisters. (2) "indirectly" includes ownership by any corporation or business entity in which the candidate or officeholder or the candidate's or officeholder's family member has an ownership interest. History Note: Authority G.S. 163-278.16B; 163-278.21; Eff. August 1, 2020.

The expenditures for residential real property rule applies to the reporting of expenditures reported on or after August 1, 2020.

Other Relevant Laws to Consider

This manual is focused on North Carolina's campaign finance laws. Other relevant laws that either affect campaign finance or are the frequent subject of questions addressed to campaign finance staff are noted below.

Banned: Contributions or expenditures by foreign nationals

The Federal Election Campaign Act (FECA) prohibits any foreign national from contributing, donating or spending funds in connection with any federal, state, or local election in the United States, either directly or indirectly. See [52 U.S. Code § 30121](#). It is unlawful to help foreign nationals violate that ban or to solicit, receive or accept contributions or donations from them. Persons who knowingly and willfully engage in these activities may be subject to fines and/or imprisonment. For further information, such as the definition of a "foreign national," and the exception to the ban by lawful holders of a "green card," please see the following link on the [Federal Elections Commission website](#).

Banned: Expenditures to influence voting

In any federal election, it is illegal to make an expenditure to any person, either to vote or withhold a vote, or to vote for or against any candidate. See [18 U.S. Code § 597](#). In any state election, it is similarly illegal to give or promise any money, property, or other thing of value whatsoever in return for a vote. See [N.C.G.S. § 163-275\(2\)](#).

Ethics: Disclosures and standards

Candidates for the General Assembly, Council of State, and judicial offices are required to file a Statement of Economic Interest (SEI) with the State Ethics Commission. [Instructions and forms for filing an SEI can be found here](#). Once submitted, SEIs are made available as public records and published online.

North Carolina's lobbying laws apply to candidates for the General Assembly and Council of State. See N.C.G.S. § 120C-104. In addition to the prohibition on contributions from lobbyists that will be discussed in detail later in this manual, other provisions of the lobbying laws prohibit gifts from lobbyists to candidates and require reporting of lobbying expenditures.

Members of the General Assembly and Council of State are also subject to the Ethical Standards for Covered Persons under Article 4, Chapter

138A. [More information on North Carolina's ethics and lobbying laws can be found here.](#)

Candidates and elected members of the judiciary are subject to the [Code of Judicial Conduct](#) and should seek guidance from the Judicial Standards Commission as needed.

Federal Elections

A North Carolina candidate campaign committee, political party or executive committee of a political party, or political action committee seeking to make contributions to a federal candidate or federal committee is responsible for complying with all federal laws and regulations administered by the [Federal Election Commission](#).

"Robo-calls"

Under N.C.G.S. [§ 75-104](#), political parties or candidates who use automated dialing to send unsolicited, recorded messages must not include a telephone solicitation, and must clearly identify the caller, the caller's contact information and the nature of the call. Complaints about violations or possible violations of this law should be directed to the office of the Attorney General 1-877-5-NO-SCAM.

Placement or displacement of political signs

Political signs on Department of Transportation (DOT) right-of-ways are permitted to be placed thirty days prior to the start of one-stop voting. These signs are to be removed within ten days after the election. There are some restrictions on placement and conditions for removal, as noted in N.C.G.S. [§ 136-32](#).

Complaints about the timing of placement, location of placement and ultimate removal are not matters that the county boards of elections or the State Board of Elections can address. Citizens should contact their local DOT District Office, or call the NCDOT toll free line at (877) 368-4968 during normal business hours.

Political activities by members of the Parole Commission

Campaign Finance Treasurers should be aware of a law that addresses political activities of members of the Parole Commission. (N.C.G.S. [§ 148-52.1](#).) Relevant prohibitions are as follows:

1. Commissioners are prohibited from using their positions "to influence elections or the political action of any person."

2. Commissioners are prohibited from serving as a member of a political party campaign finance committee.
 - Commissioners are not eligible to serve as Treasurer, Assistant Treasurer, or Custodian of Books for a party committee.
3. Commissioners are prohibited from soliciting or receiving contributions for any political party.
 - Commissioners may not solicit one or more contributions on behalf of any political party.
 - Commissioners may not collect or take possession of one or more contributions from another on behalf of any political party.

Tax implications of Political Organization Filing and Disclosure

It is the responsibility of those who set up political committees to investigate the tax implications. Interested persons should contact the Internal Revenue Service for details about [IRC \[Internal Revenue Code\] section 7.](#)

Raffles

Treasurers interested in holding raffles should consult the provisions of [N.C.G.S. § 14-309.15](#). This statute clarifies that it is permissible for candidates and political committees to conduct raffles under certain conditions. In addition to these conditions, the statute specifies that raffles shall not be conducted in conjunction with bingo.

Campaign Finance law requires that each raffle ticket sale be reported, along with the item being raffled. **For questions about reporting raffles in committee campaign finance reports, please contact state board staff at 919/814-0700.**

Definitions

Below are key definitions that may assist you in reading this manual and the forms referenced throughout. Statutory definitions can also be found at N.C.G.S. § 163-278.6.

48 Hour Report	As applied to candidate, party, and political action committees, the 48 Hour Report is a time sensitive informational report that is required during specific periods before the primary and general elections and that applies to the receipt of any contribution of \$1,000 or more (including any in-kind contribution of that value or greater). A specific form, called the <i>48 Hour Notice</i> (CRO-2220) is used for purpose of satisfying this requirement of N.C.S.G § 163-278.9(a)(2). Please see the “48 Hour Report,” for further explanation. As applied to an independent expenditure or an electioneering communication, the requirement to submit a 48 Hour Report is triggered by the filer’s having incurred an expense of \$5,000 or more or receiving a donation of \$1,000 or more for the purpose of the activity in question during a specific period. As applied to a referendum committee, please see N.C.S.G. § 163-278.9A.
Advertisement	Any message appearing in the print media on television, or on the radio that constitutes a contribution or expenditure under Article 22M.
Aggregated Non-Media Expenditures	Operating expenditures that are individually under \$50 and are not for media expenses. The treasurer must account for and report the amounts, dates, and the purposes for which individual expenditures were made.
Board	Refers to the State Board of Elections with respect to candidates and other political committees for Council of State, NC Senate, NC House of Representatives, judicial, district attorney, and also statewide referenda. If the reference is to candidates and other political committees for county and municipal offices, the term refers to the county board of elections. The term also refers

	to county boards of elections with respect to local referenda.
Broadcasting Station	Refers to any commercial radio or television station or community antenna radio or television station.
Business Entity	Refers to any partnership, joint venture, joint-stock company, company, firm, or any commercial or industrial establishment or enterprise.
Candidate	Refers to an individual who has filed either a notice of candidacy for public office or a petition requesting to be a candidate. It also refers to an individual who has been certified as a nominee of a political party for a vacancy or has qualified by an authorized means as a candidate. An individual is also considered a candidate if he or she has made a public announcement of a definite intent to run for public office in a particular election. An individual is also considered a candidate even if he or she has not met any of the above criteria, but has received funds, made payments, or consented for anyone else to receive funds or transfer anything of value for the purpose of bringing about that individual's nomination or election to office. Transferring anything of value includes incurring an obligation to transfer anything of value. An individual continues to have "candidate" status if he or she continues to receive contributions to repay loans or cover a deficit or make expenditures to satisfy obligations from an election already held. A candidate may be partisan or nonpartisan.
Candidate Campaign Committee (also called Candidate Committee)	The statutory definition of "candidate campaign committee" is "any political committee organized by or under the direction of a candidate." The terminology has sometimes created confusion for candidates who are running their campaigns single-handedly. Such candidates sometimes question whether they are properly called a "committee," since by definition, a "political committee," consists of "two or more individuals. However, the same definition specifies that the term includes the campaign of a candidate who serves as his or her own treasurer. Further, the statutes are explicit that a candidate is subject to

	the same requirements for reporting that are specified for "political committees." For this reason, campaign finance staff at the State Board will often speak of a "committee" even when referring to those candidates who have no one but themselves as staff for a campaign.
Candidate ID Number	The candidate ID field on forms is not currently part of the organizational mechanism in the campaign finance program that registers committees. It remains on the forms as a 'placeholder' for future use. Please see " ID Number " in this table.
Cash	Throughout this manual, the term "cash" is used to mean money in coins minted by the U.S. Mint or notes printed by the U.S. Bureau of Engraving and Printing. *Please note, however, that on the <i>Detailed Summary (CRO-1100)</i> , the phrases "Cash on Hand at Start" and "Cash on Hand at End" refer to all funds.
Committee ID Number	Please see " ID Number " in this table
Communications media or Media	Refers to broadcasting stations, carrier current stations, newspapers, magazines, periodicals, outdoor advertising facilities, billboards, newspaper inserts, radio ads, TV ads, sound-truck advertising, airplane streamers, portable signs, pamphlets, fliers, mass mailings (by US Mail or facsimile to 20,000 households cumulative in a statewide election or 2,500 households cumulative in any other election), cards, or any person or individual whose business is polling public opinion, analyzing or predicting voter behavior or voter preferences.
Constitutional Office	An office established under the Executive Branch by Article III of the North Carolina Constitution. These offices are: Governor; Lt. Governor; Secretary of State; Treasurer; Superintendent of Public Instruction; Attorney General; Commissioner of Agriculture; Commissioner of Labor and Commissioner of Insurance. See N.C. Const. art. III, Sec. 2 and Sec. 7
Contribution	Refers to any advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge, or subscription of money or anything of

	value to a candidate, political committee, political party committee, or referendum committee. The term also includes any contract, agreement, or other obligation to make a contribution. A debt forgiven by an entity or person to whom it is owed is also considered a contribution. The term does not include an independent expenditure .
Coordinated Expenditure	An expenditure that is made in concert or cooperation with, or at the request or suggestion of, a candidate, a candidate campaign committee, the agent of the candidate, or the agent of the candidate campaign committee. Note: An expenditure for the distribution of information regarding a candidate's campaign received through publicly available resources that is not made in concert or cooperation with the candidate or agent of the candidate or their campaign is not a coordinated expenditure.
Corporation	Refers to any corporation doing business under either domestic or foreign charter. The term includes any corporate subsidiary and any business entity in which a corporation participates or is a stockholder, a partner, or member of a joint venture.
Council of State	In North Carolina, the Council of State comprises the following popularly elected executive offices: Governor; Lt. Governor; Secretary of State; Attorney General; Commissioner of Agriculture; Commissioner of Insurance; Commissioner of Labor; Superintendent of Public Instruction; State Treasurer and State Auditor.
Day	Refers to a calendar day unless otherwise specified.
Elected Officer	Any individual serving in or seeking a public office. An individual is deemed to be seeking a public office when that individual has filed any notice, petition, or other document required by law or local act as a condition of election to public office. An individual continues to be an elected officer (in the context of a legal expense fund) as long as a legal action commenced while the individual was an elected officer continues. If a legal action is

	commenced after an individual ceases to serve in or seek public office but the legal action concerns subject matter in the individual's official capacity as an elected officer, that individual is an elected officer as long as that legal action continues.
Election Cycle	An election cycle for a candidate committee is the period from January 1 after an election for a particular office until December 31 after the election for the next term of the same office. Different offices have different terms: - Council of State offices are 4 year terms. - NC Senate and NC House offices are 2 year terms. - Terms for judicial offices range from 4 to 8 years. - Terms for municipal and county offices range from 2 to 4 years. Thus, for example, the election cycle for a candidate running for Governor (4 years) in 2020 would be from January 1, 2017 to December 31, 2020. The election cycle for a candidate running for the NC Senate (2 years) in 2020 would be from January 1, 2019 to Dec. 31, 2020. An election cycle for a party committee or a PAC is 2 years, which covers the period from January 1 of an odd-numbered year through December 31 of the next even-numbered year.
Election	Unless otherwise indicated, an election refers to any general or special election, a first or second primary, a run-off election, or an election to fill a vacancy. The term does not refer to any local or statewide referendum.
Electioneering Communication	With respect to the November general election in even-numbered years (such as 2018, or 2020), an electioneering communication is any broadcast, cable satellite communication, mass mailing or phone bank made within 30 days of the election that refers to a clearly identified candidate and is targeted to the relevant electorate.

	Please see “Electioneering Communication” for more information on the disclosure requirements.
Expenditure	Any purchase, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, any contract, agreement or other obligation to make an expenditure to support or oppose the nomination or election of a candidate for office or the passage of a ballot measure. An expenditure forgiven by a person or entity to whom it is owed shall be reported as a contribution from that person or entity.
Express Advocacy	Language that supports or opposes clearly identified candidates (such as “vote for,” “elect,” “support,” “cast your ballot for,” “Smith for Congress,” “vote against,” “defeat,” or “reject”) and that is subject to disclosure requirements. See N.C.G.S. § 163-278.14A for more examples.
General Assembly	In North Carolina, state laws are drafted and enacted by a bicameral legislature called the General Assembly. The General Assembly consists of the North Carolina House of Representatives and the North Carolina Senate. Members in either chamber are elected to serve two year terms, with no term limits. See NC General Assembly
ID Number	Computer programs at the State Board of Elections and at some county boards of elections generate a committee ID number when staff process the paperwork required to register a committee. The function of the ID number is to provide a unique identifier to the committee that will help distinguish it from other committees, future or past, that have or had similar names. Please see further discussion in our section “What is an ID number?” .
Inactive Status	Refers to a committee that has registered “inactive” with the state by submitting a form (CRO-3200) that certifies that no money will be raised or spent by the committee until the committee certifies to become active again (CRO-3300). A committee in inactive status is not required to file reports during the period of inactivity. Please see requirements committees must meet to certify as “inactive.”

Independent Expenditure	An expenditure that is made to support or oppose one or more clearly identified candidates without consultation or coordination with a candidate or agent of a candidate whom the expenditure supports, or whose opponent's nomination or election the expenditure opposes. Please see the section in this manual about independent expenditures .
Independent Expenditure Filer	As distinguished from an Independent Expenditure PAC (See below), an independent expenditure filer may be any individual or any other entity, including business entities, corporations, labor unions, insurance companies and professional associations. Please see reporting requirements for independent expenditure filers in this manual.
Independent Expenditure Political Action Committee (I.E. PAC)	Sometimes called "Super PACs" in popular media, an independent expenditure political action committee (I.E. PAC) registered in North Carolina is a political committee whose treasurer makes and abides by a certification to the State Board of Elections that the committee does not and will not make contributions, directly or indirectly, to candidates or to political committees that make contributions to candidates.
Individual	Means a single individual or more than one individual.
In-Kind Contribution	A non-monetary contribution, such as a good or service, made to a committee. For example, an individual or other committee may contribute cups and napkins to a committee for an event. The fair market value of those items is recorded as the amount of the contribution. In-kind contributions count toward contribution limitations and must be reported. See Reporting Contributions for instructions on how to report an in-kind.
Issue Advocacy	Language that does not support or oppose clearly identified candidates, but has the sole purpose to provide education on issues. Issue advocacy is not subject to disclosure requirements or regulations unless it meets the definition of an electioneering communication. Please refer to the sections on Electioneering Communication for information

	about disclosure on communications that may be considered issue advocacy.
Legal Expense Fund	A separate fund, established by Chapter 163, Article 22M of the North Carolina General Statutes, to fund a legal action or potential legal action taken by or against an elected officer in that elected officer's official capacity. An elected officer includes any individual serving in or seeking public office. Please see the " Legal Expense Fund " section for more information on the requirements for Legal Expense Funds. Note also that the term "elected officer" rather than "candidate" is used to describe the person for whom the legal expense fund is created. Please see the definition for " elected officer " for legal expense funds in this table.
Legend	The disclosure information ("paid for by...") that must appear on all advertisements that constitute a contribution or expenditure. Please see the section regarding " Media Requirements ".
Limited Contributor	Means a member of or candidate for the Council of State, a member of or candidate for the General Assembly, or an affiliated party committee of Council of State or General Assembly. See N.C.G.S. § 163-278.13B(a)(2) Please see this section about contribution limitations during sessions of the General Assembly for more information
Limited Contributor	Means a lobbyist registered under Chapter 120C of the General Statutes, that lobbyist's agent, that lobbyist's principal as defined in N.C.G.S. § 120C 100(21) or a political committee that employs or contracts with or whose parent entity employs or contracts with a lobbyist registered under Chapter 120C of the General Statutes. See N.C.G.S. § 163-278.13B(a)(1). Please see this section about contribution limitations during sessions of the General Assembly for more information.
Mass Mailing	Any mailing by US mail or facsimile to 20,000 or more households, cumulative per election, in a statewide election or 2,500 households, cumulative per election, in any county or municipal election.

Non-monetary gift	If a committee contributes services or goods instead of money, the receiving committee will report the contribution as an “ in-kind .” The contributing committee will report that expenditure as a “non-monetary gift.”
Over Threshold	Refers to a status that applies to a committee that 1) Is ineligible to certify under threshold; or 2) Has not certified that it will limit raising or spending to only as much as \$1,000; or 3) Certified under threshold but exceeded the threshold in the course of that election cycle.
PAC	Please see “ political action committee ” in this table.
Period End Date	On an <i>organizational report</i>, the date that concludes the organizational activity. The Period End Date for an organizational report may be no later than the tenth day following that report’s Period Start Date. On <i>all other disclosure reports</i>, the Period End Date is the date listed on the report schedule provided by the Board of Elections. The Period End Date should not be confused with the due date of the report. The due date of the report is also listed on the report schedule provided by the Board of Elections. Since each disclosure report shall only disclose those transactions that occurred within the Period Start Date and Period End Date of that report period, the treasurer is required to understand and adhere to these dates.
Period Start Date	On an <i>organizational report</i>, the date of the first activity that triggered the requirement that a committee register (See “The First Activity” section. On <i>all other disclosure reports</i>, the period start date is the date following the period end date of the previous disclosure report. Since each disclosure report shall only disclose those transactions that occurred within the Period Start Date and Period End Date of that report

	period, the treasurer is required to understand and adhere to these dates.
Political Action Committee (PAC)	Has the same meaning as “political committee” (below), except that “political action committee” does not include any political party or political party organization.
Political Committee	A combination of two or more individuals that accepts anything of value to make contributions or expenditures and has one or more of the following characteristics: 1) Is controlled by a candidate; 2) Is a political party or executive committee of a political party or is controlled by a political party; 3) Was created by a corporation, business entity; insurance company, labor union, or professional association; or 4) Has the major purpose to support or oppose the nomination or election of one or more clearly identified candidates. (Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified party.) Contributions to referendum committees are not considered when determining whether an entity meets the presumption of being a political committee.
Political Party	Any political party organized and operating in this state, whether or not that party is recognized for representation on a ballot.
Print Media	Billboards, cards, newspapers, newspaper inserts, magazines, mass mailings, pamphlets, fliers, periodicals, and outdoor advertising facilities.
Radio	Any radio broadcast station that is subject to the provisions of 47 USC 315 and 317, which may be accessed at the website of the Office of the Law Revision Counsel: United States Code.: "http://uscode.house.gov/browse/prelim@title47&edition=prelim"
Referendum	Any question, issue, or act that is referred to a vote of the people of the entire state by the General

	Assembly, a unit of local government, or by the people under any applicable local act. The term "referendum" includes constitutional amendments and state bond issues, as well as any type of municipal, county, or special district referendum.
Referendum Committee	A combination of two or more individuals or entities, or two or more business entities that have a major purpose to support or oppose the passage of any referendum on the ballot. An entity remains a referendum committee as long as it receives contributions or makes expenditures or maintains assets. It may cease to exist when it winds up its operations, disposes of its assets, and files a final report. A referendum committee may accept contributions from businesses with no limitations. However, a referendum committee may not contribute to any other political committee if it accepts contributions from businesses, corporations, labor unions, insurance companies or professional associations. See N.C.G.S. § 163-278.13(i).
Sponsor	A candidate, candidate committee, political party organization, political action committee, individual or other entity that purchases an advertisement.
State Level Office	This phrase refers to offices that must register their committees with the State Board of Elections. "State level" offices are those for: Council of State; North Carolina General Assembly; the judiciary and district attorney.
Statewide Office	For purposes of this manual, the term "statewide office" refers to offices that occur on ballots in all of North Carolina's one hundred counties. Those offices are: United States President and Vice President, Council of State offices, Court of Appeals offices and Supreme Court offices.
Television	Any television broadcast station, cable, television system, wireless cable multipoint distribution system, satellite company, or telephone company transmitting video programming that is subject to the provisions of 47 USC 315 and 317 , which may be accessed at the website of the Office of the Law Revision Counsel: United States Code.

Treasurer	An individual appointed by a candidate, political committee, or referendum committee to comply with conditions and requirements as provided in N.C.G.S. § 163-278.7 or N.C.G.S. § 163-278.40A. All treasurers are required by law to receive training provided by the staff of the State Board of Elections. Note that certain persons, including candidate spouses, are restricted from serving as treasurers.* For more information, please see “Appointment of Treasurer” .
Under Threshold	Refers to the status of an eligible committee that has certified that it will neither raise nor spend more than \$1,000 in the course of an election cycle . See the section “Certifying Under Threshold” for eligibility and other requirements.
Unobscured	"Unobscured" means the only printed material that may appear on the television screen is a visual disclosure statement required by law, and nothing blocks the view of the disclosing person's face.
Verifiable Form of Payment	Means a form of payment that may be traced by a financial institution's record, such as a personal check, money order, demand draft, cashier's check, debit card, credit card. An electronic transfer may be considered a verifiable form of payment if the process of the transfer creates a record that may be produced upon demand.

* A spouse may not serve as the treasurer for a candidate committee [N.C.G.S. § 163-278.7(a)] Members of the parole commission are prohibited from serving as treasurers. No individual registered as a lobbyist under NC General Statutes [Chapter 120C](#) may serve as a treasurer or assistant treasurer for candidates for the General Assembly or for candidates seeking any constitutional office of the state.

Campaign Finance Office Publications and Trainings

The campaign finance office of the State Board of Elections strives to educate the public about campaign finance requirements and disclosures. Several educational and informational tools related to campaign finance are available to the public via our website. Please visit the [State Board of Elections website](#) and select "campaign finance" to view the page and its links.

 Treasurers are required by law to receive treasurer training within three months of appointment and once every four years thereafter. N.C.G.S. § 163-278.7(f). This training may be received in-person, on-line, or via mail transmission of reading material when access to email/internet is limited. In-person training sessions are held in Raleigh, and at regional locations around the state.

The State Board of Elections website has a schedule of all upcoming training sessions. To attend an in-person training session or to access the online training go to the [Mandatory Treasurer Training](#) location on our website. If you have questions send an email to campaign.reporting@ncsbe.gov, or call 919-814-0700. These mandatory training sessions offer essential information to a treasurer or any campaign staff member about current campaign finance requirements and recent changes in the law. Most importantly, these sessions provide instruction for the proper documentation of information and completion of required reports. The in-person training sessions provide the opportunity for questions and sharing of methods to accomplish compliance.

The website also provides access to all campaign finance disclosure reports for every candidate whose reports are required to be filed with the State Board of Elections. All other reporting forms may also be obtained by contacting the county board of elections. The State Board of Elections website provides downloadable and editable forms for committees that file on paper; free software is available for committees that file electronically. Upcoming events and report deadlines are also featured on our website.

Anyone who needs assistance with campaign finance disclosures should contact our office in order to speak to or arrange an appointment with a State Board staff member.

Candidate Committees

Candidate Committee Quick Overview

This section highlights some key rules for candidate committees. Please review the North Carolina Campaign Finance Manual for detailed instructions and analysis of each.

Allowable Forms of Payment, Contributor Data, Prohibited Sources and Contribution Limits

All contributions received by a candidate committee must comply with the following:

Contributions LESS THAN \$50

- May be made in cash. N.C.G.S. § 163-278.14(b).
- The committee must collect the name and complete mailing address of the contributor. N.C.G.S. § 163-278.14(b)

Contributions GREATER THAN \$50

- Must be in the form of a check, credit card charge, draft, money order, debit or other method subject to written verification. N.C.G.S. § 163-278.14(b).
- Must specifically designate the intended contributee chosen by the contributor. N.C.G.S. § 163-278.14(b).
- In addition to the name and address, the committee must collect the (1) the job title or profession of the contributor; and (2) the contributor's employer's name or employer's specific field of business activity. N.C.G.S. § 163-278.11(a)(1).

A candidate committee cannot accept contributions from the following sources:

Corporations	Business Entities
Labor Unions	Professional Associations
Insurance Companies	

Some nonprofits may make contributions, however, in order to contribute, the nonprofit must meet all requirements of N.C.G.S. § 163-278.19(h) at the time of the contribution.

A candidate committee cannot accept contributions from unregistered political committees.

A candidate committee cannot accept more than \$6,800 from an individual or a political committee in a primary or general election N.C.G.S. § 163-278.13.

A candidate or a candidate's spouse may make unlimited contributions. N.C.G.S. § 163-278.13(d).

A committee may accept unlimited contributions from state, district or county political party executive committees. N.C.G.S. § 163-278.13(h). "Clubs" and other party groups cannot give more than \$6,800.

General Assembly and Council of State Candidate Committees CANNOT

Accept contributions from North Carolina registered lobbyists. See N.C.G.S. § 163-278.13B. You can find a list of registered lobbyists here: [Secretary of State - Lobbying](#)

Accept contributions from a lobbyist's agent, a lobbyist principal, a PAC that employs or contracts with a lobbyist, or a PAC whose parent entity employs or contracts with a lobbyist while the General Assembly is in regular session. N.C.G.S. § 163-278.13C.

Anonymous contributions N.C.G.S. § 163-278.14.

Anonymous contributions are prohibited.

Contributions made in the name of another are prohibited.

No candidate or political committee may knowingly accept a contribution made anonymously or made in the name of another. All such contributions are subject to forfeiture.

All expenditures made by a candidate committee must comply with the following:

All purchases and expenditures of a candidate committee must comply with N.C.G.S. § [163-278.16B](#). A candidate committee may only make an expenditure if it is explicitly allowed by N.C.G.S. § 163-278.16B. All candidates and treasurers should review this statute in detail.

All expenditures for media expense must be in the form of a check, credit card charge, draft, money order, debit or other verifiable form of payment. N.C.G.S. § 163-278.8(c).

- Media includes broadcasting stations, carrier current stations, newspapers, magazines, periodicals, outdoor advertising facilities, billboards, newspaper inserts, and any corporation or individual whose business is polling public opinion, analyzing or predicting voter behavior or voter preferences. N.C.G.S. § 163-278.6(11).
- The committee must report the name of the payee, the address of the payee, the date of the expenditure, the specific purpose of the expenditure, and the total sum paid to the payee in the current election cycle. N.C.G.S. § 163-278.11(a)(2).

Expenditures for nonmedia expenses of LESS THAN \$50

- May be made in cash. N.C.G.S. § 163-278.8(d).
- The name of the payee is not required to be disclosed. However, the committee must still report the amount, date and purpose for each expenditure. N.C.G.S. § 163-278.8(d).

Expenditures for nonmedia expenses of GREATER THAN \$50

- Must be in the form of a check, credit card charge, draft, money order, debit or other verifiable form of payment. N.C.G.S. § 163-278.8(d)
- The committee must report the name of the payee, the address of the payee, the date of the expenditure, the specific purpose of the expenditure, and the total sum paid to the payee in the current election cycle. N.C.G.S. § 163-278.11(a)(2).

Candidate Committees

NOTE: Special sections are included to address information that is specific to certain types of candidate committees:

See: [Federal Candidate Committee](#) information

See: [Legal Expense Fund](#) information

Appointment of Treasurer

All candidates for any elected office in North Carolina must have an appointed treasurer who resides in North Carolina. N.C.G.S. § 163-278.7 states that a candidate shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate elections board. A candidate may serve as his or her own treasurer, or may appoint someone else to serve. **Note, however, that certain persons are ineligible to serve as treasurers:**

- A candidate's spouse may not serve as treasurer for the candidate committee. N.C.G.S. § 163-278.7(a).
- Persons who are not residents of North Carolina may not serve as treasurers. N.C.G.S. § 163-278.7(a).
- No member of a county board of elections or of the State Board of Elections is eligible to serve as a treasurer for a candidate committee. N.C.G.S. § 163-19; § 163-30.
- No person who serves as a precinct official may simultaneously serve as a treasurer for any candidate or political party. N.C.G.S. § 163-41.
- A registered lobbyist is ineligible to serve as a treasurer for a candidate for election to the General Assembly or as treasurer for a candidate for election to any constitutional offices of the state. N.C.G.S. § 120C-304(d) and § 163-278.13C.²
- Members of the parole commission are prohibited from serving as treasurers. N.C.G.S. § [148-52.1](#).

Candidates who do not appoint a treasurer assume the treasurer's duties and responsibilities. The appointment of treasurer is made on the *Statement of Organization* form (**CRO-2100A**). Candidates for Council of State offices, North Carolina House of Representatives, North Carolina Senate, district attorney, and all judicial offices shall file their campaign finance paperwork with the campaign finance office of the North Carolina State Board of Elections. Candidates for county and municipal elected

² For more information regarding lobbyists and campaign finance, see "[Campaign Finance Restrictions on Lobbyist Activities](#)".

offices shall file their campaign finance paperwork with their county board of elections office.

An individual appointed as treasurer has multiple responsibilities. He or she must maintain all financial records of the committee. These records should describe every transaction of the committee, and should include documentation supporting all contributions and expenditures. The treasurer is responsible for the timely and accurate filing of all required reports. Committees whose treasurers fail to file reports in a timely manner may incur a financial penalty.

The treasurer listed on the last filed *Statement of Organization* (**CRO-2100A**) is the treasurer of record, responsible for the compliance of the committee and subject to penalties and sanctions provided by the North Carolina General Statutes.

To notify the board of a change in treasurer, the candidate shall complete and submit a new *Statement of Organization* (**CRO-2100A**) within ten days of the change. Failure to complete this form in a timely manner could result in a penalty for a late report filing.

Even candidates who have the assistance of a treasurer are strongly recommended to take the treasurer training, to ensure knowledge of prohibited contributions, contribution limits, reporting requirements, and other important rules and regulations.

Treasurers who do not complete the mandatory training requirement in a timely manner are not eligible to sign required disclosure reports. As noted above, there is a three-month period between the time a person has been named to be treasurer and the deadline by which he or she must have obtained the training. During that three-month period, the named treasurer may sign the disclosure reports, though she or he has not yet had training. **However, in no case should a treasurer sign an untrue statement.** Those persons serving as treasurers who, within that ninety-day window, must sign the report without having had the training should strike through the language "*and that I have been trained by the State Board,*" initial the line, and then sign on the space provided.

For example:

I certify that the Committee or Fund is in compliance with all applicable provisions of Articles 22A and 22M of Chapter 163 of the NC General Statutes and that no funds are commingled with prohibited or other non-disclosed funds. I further certify that this report is complete, true and correct ~~and that I have been trained by the NC State Board of Elections.~~ *JBD*

John B. Doe	<i>John B. Doe</i>	2/27/17
Printed Name of Signer	Signature of Appointed Treasurer	Date

When the three-month period has passed without the named treasurer having received the training, he or she has lost eligibility to sign disclosure reports. With the exception of those persons falling within that three-month window, only candidates, treasurers, or assistant treasurers who have been trained are eligible to sign disclosure reports.

A complete listing of in person and online training sessions and registration information may be found on the Campaign Finance section of our web site via the following link [Mandatory Treasurer Training](#). Please call our office at 919-814-0700 or contact us via email at campaign.reporting@ncsbe.gov if you have questions.

Organizing the Committee

If an individual is seeking elective office in North Carolina, whether for Council of State, NC House of Representatives, NC Senate, district attorney, judicial, county, or municipal office, he or she is deemed to have a committee. The "committee" may consist of only one person -- the candidate -- but this committee-of-one is still subject to the regulations of [candidate political committees](#).

To determine when a candidate "organized," staff at the State Board of Elections will inquire about the committee's "first activity."

The "First Activity" – Organizing a Candidate Committee

A candidate committee is required to register within ten days of taking the first among certain activities that are deemed to have begun the committee's organization.

The first of the following activities by the candidate starts the ten days:

1. Receiving money or an item of any value in support of the campaign; or

2. Spending money in support of the campaign; or
3. Giving consent for anyone else to receive money or spend money for the purpose of bringing about that individual's nomination or election for office; or
4. Filing a notice of candidacy.

Examples of a “first activity”:

Some examples may help clarify the idea of a “first activity” that indicates a committee has been organized:

1. Candidate A, who has taken no other action in support of her candidacy, received a personal check from a friend who is aware of her interest in running. Candidate A didn't open a bank account to deposit the funds until a week later. She figures that “nothing official” has happened until the check is deposited into that campaign finance account. This is incorrect. Her ten days started when she accepted her friend's check, not when she deposited it into an account.
2. Candidate B wakes up one morning with the inspiration to run for office. He decides that he'll make an announcement the following week in the paper. The wife of Candidate B, eager to get things started, rushes out that day and rents a post office box for the campaign. Candidate B figures that until he receives a monetary contribution, nothing “official” has happened. This is incorrect. His ten days started when his committee received an item of value that was meant for his campaign (the P. O. Box). The wife of Candidate B spending funds to rent the P. O. Box constitutes what is called an [in-kind](#) contribution from her to her husband's committee.
3. Candidate D took no action toward pursuing office until the statutorily appointed time for candidates to file notice. She paid for the filing fee with a personal check. Staff at the Board of Elections advised that she must also submit organizational paperwork, including an Organizational Report. Candidate D recognized that by filing her [notice of candidacy](#), she was required to organize her committee. But when she filed her

“Organizational Disclosure Report,” she reported no transactions. Candidate D was mistaken to think that her personal check covering the filing fee did not count for purposes of reporting. She has made an in-kind contribution to her own committee by paying for the filing fee, and should have disclosed that on her Organizational Report.

Within 10 calendar days of the “[first activity](#),” candidates must complete organization by filing certain paperwork. The specific paperwork to be filed depends upon whether a candidate is eligible for and wishes to file under threshold or whether the candidate must file disclosure reports.

Certifying Under Threshold N.C.G.S § 163-278.10A

Candidates running for Council of State, North Carolina House of Representatives, North Carolina Senate, judicial office, or district attorney are **not eligible** to certify under threshold.

Only candidates running for county or municipal office, local school board, soil and water conservation district board of supervisors or sanitary district board are eligible. These committees must determine whether they intend to receive and/or spend more than \$1,000 on the campaign during the [election cycle](#). If the candidate determines NOT to receive or spend more than \$1,000 during the election cycle, he or she may complete a *Certification of Threshold* form (**CRO-3600**), which must be submitted to the board of elections where the committee registers. Once that form has been filed, the committee is not required to file disclosure reports until they exceed \$1,000 or until January 1 following the election for that office, whichever occurs first.

Committees filing under threshold must still comply with all legal requirements for recording the details of committee transactions. **Committees that certify under threshold and fail to follow these requirements risk forfeiture of funds.**

Continuing Responsibilities for Committees Under Threshold

Committees that have certified under threshold should bear in mind that:

1. Even personal funds that are spent for the benefit of the committee count toward the \$1,000 total.
2. The length of an [election cycle](#) depends upon the candidate’s office, which means that at a minimum it is a two-year period.

🚩 Even if a committee has certified to remain [under threshold](#) and is therefore exempt from reporting requirements, that committee treasurer is required to document all contributions in the committee's internal records and must be prepared to present those records. He or she must follow the same rules for obtaining and maintaining information as do treasurers for committees that are required to report regularly.

Committees that file this certification but **exceed the one thousand dollar (\$1,000) threshold** during the [election cycle](#) must immediately file an amended *Certification of Threshold (CRO-3600)* to show a change in status from being under threshold to being [over threshold](#). The treasurer must then submit a disclosure report as described below.

How to report once threshold is exceeded: In addition to re-submitting form **CRO-3600** to withdraw threshold status, the treasurer must submit the next due disclosure report according to the appropriate [reporting schedule](#). The “period start date” will be either the beginning of the election cycle or the beginning of the committee's organization, whichever is more recent. The “period end date” will be whatever it is scheduled to be for that report. By way of explaining the unusual period covered by the report, the treasurer shall enter the phrase, “withdrew threshold” in field 10 on the Disclosure Report Cover (CRO-1000).

The committee will continue to file reports, even if it resumes spending and receiving less than \$1,000. A committee may not “re-certify” under threshold until the next election cycle.

Threshold status does not carry forward into the next election cycle unless the candidate or treasurer files a new *Certification of Threshold (CRO-3600)* at the beginning of the next election cycle. A candidate's election cycle begins on January 1 of the year following the year in which he or she ran for office. **If the candidate or treasurer does not file a new threshold certification at the start of the new election cycle, the assumption is that the committee no longer intends to remain under threshold. The committee will then be required to file disclosure reports.**

Basic Registration Forms for a Candidate Committee

Whether or not a candidate files under threshold, he or she must complete the following forms:

1. **Statement of Organization (CRO-2100A) – Candidate Committee form.** This form provides basic information about the committee, such as its name, address, the office being pursued, and the party registration of the candidate (if applicable). This form also functions to amend committee information.

What is in a name? A candidate committee must select a name that is not being used by active or inactive committees registered in North Carolina. The name that the candidate wishes to use for the committee, (rather than the candidate's personal name) is to be entered in field 1(a) on this form. The campaign finance office of the State Board of Elections or the county board of elections office will assist in determining whether a given name is in use.

2. **Certification of Financial Account (CRO-3500).** All campaign funds must be maintained in a separate bank account used exclusively by the committee. No committee funds may be commingled with any other funds.³

CRO-3500 requires an account code. The account code is a series of numbers or letters selected by the candidate or treasurer to identify the account without disclosing the actual account number. Candidates should NOT use bank account numbers as account codes. While the Form CRO-3500 is not a public document and will not be scanned for online viewing, there is still risk in electronically sharing actual bank account numbers.

The campaign finance requirement that committees provide account information on form **CRO-3500** may conflict with bank policies that require that a committee be already established in a legally recognized fashion before the bank will open an account. Campaign Finance staff will work with committees to resolve this issue. Please see the section later in this manual, [“Working with Bank Policies”](#)

³An exception to the requirement for a separate bank account is the case of a candidate using only his or her funds and none other for the campaign. As long as the candidate is accepting no funds from others, he or she is not required to set up a separate campaign finance account. That candidate shall mark the second box on the form and sign to certify that the committee will not raise nor spend any money except the candidate's personal funds.

Candidate Designation of Funds (CRO-3900) and Personal Representative Designation of Committee Funds (CRO-3900A).

These forms are optional but recommended because contributions made to a candidate committee do not become part of the personal estate of the candidate.

Candidates should be aware that if neither form **CRO-3900** nor **CRO-3900A** is submitted, funds that remain in a candidate's account at the time of his or her death that are not otherwise obligated will be paid to the North Carolina Escheat Fund.

The purpose of form **CRO-3900** is to provide a candidate the means to designate how his or her campaign funds should be disbursed in the event of the candidate's death or incapacitation.

The purpose of form **CRO-3900A** is to permit the personal representative of the estate of a deceased candidate who did not file a form **CRO-3900** prior to death to file written designation of how the funds should be disbursed.

Note:

- i. All outstanding debts and obligations shall be paid by the committee before any funds are disbursed pursuant to the designation.
- ii. The designation for disbursement of funds upon the death of the candidate is subject to the same restrictions for the use of those funds that are described in "Expenditures of Campaign Funds" in this manual. See also N.C.G.S. § 164-278.16B.

Additional Registration Requirements for Committees that are Over Threshold



When the candidate is not filing under the \$1,000 threshold, his or her committee has a status that is referred to as being “[over threshold](#),” and must submit the forms noted above and an **Organizational Report**.

What is an Organizational Report?

The Organizational Report is the first report required of a committee that is not eligible to certify under threshold. For candidates, this means all “state level” offices that file reports with the State Board of Elections, such as Governor, Lt. Governor, North Carolina House of Representatives, North Carolina Senate, judicial, district attorney or Council of State. Candidates who file for offices in municipal or county government may also file “[over threshold](#)” when they know they will spend more than \$1,000 during an election cycle.

The contents of the **Organizational Report** shall include any contributions received or expenditures made in ten calendar days from the committee's “[first activity](#),” as explained above. The date of that first activity establishes the “[period start](#) date” on the Organizational Report. The committee must submit the organizational paperwork to the appropriate board of elections by the tenth day from this date.

If the committee uses the entire ten days, the tenth day will be the “[period end date](#)” on the Organizational Report. If the committee does not use the entire ten days, the “period end date” will be whatever date the committee completed its organization and filed the organizational report. The day after will be the “period start date” on the next report due.

Report Contents

The Organizational Report (and all subsequent disclosure reports filed manually) will always consist, at a minimum, of the Disclosure Report Cover (**CRO-1000**) and the Detailed Summary (**CRO-1100**).

Other forms to be included depend upon the transactions that have taken place within the period of the report.

The Disclosure Report Cover (CRO-1000) has multiple important functions. The three key components that staff processing the form will look for upon receiving the report are:

1. Identification of the committee (as listed on the Statement of Organization submitted by the committee);
2. Identification of the period that the report covers; and
3. The signed certification statement. All disclosure reports must bear a signed certification statement. Without the signature under the certification statement, the paperwork will be treated as noncompliant. Please see [“Report Certification”](#).

The Detailed Summary (CRO-1100) has multiple functions as well:

1. For treasurers filing manually, it serves as a guide to other forms that are required to describe types of transactions. Lines 5 through 11(e); 13 through 17; and 20 through 28 list the types of transactions treasurers are expected to manage. On each line, following the name of a given type of transaction is the name of the form that is needed to describe that transaction. For example:
6) Contributions from Individuals (CRO-1210)
2. The **CRO-1100** alerts campaign finance staff to look for the other forms indicated by the lines that have been filled out on the Detailed Summary page. If staff sees an amount entered on line 6, he or she will look for a CRO-1210 form to accompany the report. If an amount has been entered on line 13, staff will expect to find form CRO-1310 included with the report, and so forth. If those forms are missing, the report is not fully compliant and must be amended.
3. The **CRO-1100** acts as a balance sheet by requiring the submitting treasurer to add all receipts, add all expenditures, and subtract the latter from the former to show the funds on hand within that committee at the close of a given report period.
4. The **CRO-1100** also permits the public to assess a committee’s fundraising activity during an election cycle. Please see this explanation of how the first and second columns function in **Appendix D**.

As noted above, the other forms that will accompany the report are determined by transactions that occurred within the “period start” and “period end” dates of this organizational effort.

A fictional example may help explain the relationship between the organization of a committee and the contents of an Organizational Report. ***Our fictional candidate, John Doe Green, will act as his own treasurer.***

“Mr. Green” Gets Organized

John Doe Green has been talking to his family about running for the North Carolina House of Representatives since the New Year. In fact, he was so interested, he obtained treasurer training that April, which helped prepare him to comply with state law once his campaign got underway:

- On May 5th, his mother writes and hands him a check for \$300.00 and tells him to get the campaign rolling.
- The next day, May 6, Mr. Green goes to an electronics store and purchases a printer for the campaign, using his own funds in the amount of \$200.00.
- Next, he goes to his bank and deposits the check from his mother to open an account to be used exclusively for purposes of handling campaign funds.
- On Friday, he tells three of his buddies at the bowling alley, Larry, Moe and Curly, about his campaign and they contribute \$25.00 apiece.
- That weekend, Mr. Green orders some office supplies online, using his campaign finance account to pay.
- The next Monday, the 11th, he makes a personal loan to the committee in the amount of \$3,000.
- In the next few days he reads over material in the Campaign Finance Manual, signs up for treasurer training, and downloads forms from the State Board of Elections website.
- On May 15th, he visits the State Board of Elections. Along with the Statement of Organization (2100A) and the Certification of Financial Account (3500), Mr. Green delivers his Organizational Report to the clerk at the front desk.

The following discussion about how our fictional candidate’s Organizational Report is created treats the reader as a manual filer by

referring to some of the typical forms that are included.⁴ (***Note that committees that use the electronic software provided by the State Board of Elections will not need to select forms other than the Disclosure Report Cover (CRO-1000) because the software will automatically arrange the data entered into the proper categories.***)

Disclosing Transactions: What forms are required?

*The following examples of the contents of our fictional candidate's organizational report are **only examples**, and not instruction for what each organizational report should contain.*

Bearing in mind the [activities](#) that occurred in his committee in the period between May 5th and May 15th, Mr. Green reviews the list of transactions on form **CRO-1100** and determines that his report will contain the following forms in addition to **CRO-1000** and **CRO-1100**:

1. **Contributions from Individuals (CRO-1210)** Because the value of Mr. Green's mother's \$300.00 contribution was greater than \$50.00, her contribution must be recorded on CRO-1210, which requires disclosure of her name, address and occupation, as well as date of contribution, amount and form of payment. On the same form, he will disclose his \$200 purchase (with personal funds) of the printer, showing the payment method as "in-kind." Form 1210 contains a field that says "in-kind" to record just this sort of transaction. Mr. Green will add in the value of his in-kind contribution along with the \$300.00 contribution from his mother. The sum of both contributions, "\$500.00," will be entered on line 6 of the *Detailed Summary* form.
2. **Aggregated Contributions from Individuals (CRO-1205)**
 - i. Because the value of the contributions from his three buddies were only \$25.00 apiece, these contributions may be disclosed on a CRO-1205, which does not require the contributor's names, addresses or occupation and employment information to be disclosed. It does require date, amount and form of

⁴ Most organizational reports, even from committees that eventually decide to use the software, are filed manually, but this is not always the case.

payment.⁵ Mr. Green may not list the contributions as one lump sum of \$75.00; each contribution must always be listed separately. The total of \$75.00 will be entered on line 5 of the Detailed Summary.

3. **“In Kind” Contribution (CRO-1510).** Unless the committee is using software to file reports, the in-kind contribution, which was Mr. Green’s purchase of a printer using his own funds, is always reported TWICE. As noted above, it is shown as a contribution to the committee on CRO-1210. The in-kind contribution is also entered on CRO- 1510 to demonstrate that the value represented by the object is not money in the bank. Since CRO-1510 occurs on the “disbursements” section of CRO-1100, the amount of that in-kind contribution is going to be subtracted from the total of the receipts. Mr. Green will follow instructions on the form by entering the amount of the in-kind on line 17 of his Detailed Summary form.
4. **Disbursements (CRO-1310).** Since Mr. Green paid for office supplies from the campaign finance account instead of with personal funds, the expenditure is recorded on this form. Mr. Green will follow instructions on the form by entering the amount of the disbursement on line 13a of his Detailed Summary form.
5. **Loan Proceeds (CRO-1410).** Mr. Green does not have to characterize a contribution from himself as a loan to reimburse himself later (using form **CRO-1320**, *Refunds and Reimbursements from the Committee*), but he is wise to do so when the amount is substantial. If Mr. Green died in the middle of his campaign, the fact that this contribution is documented as a loan means that his estate may receive it from the committee. In fact, his estate may reclaim available committee funds to satisfy the loan whether or not the loan was mentioned in a *Candidate Designation of Committee Funds (CRO-3900)*.

⁵ Although Mr. Green need not disclose the names, addresses and employment information for these contributors at this time, he is wise to collect the information now; he is certainly going to ask his buddies for more money as time passes, and he might as well have all that he will need to disclose for the eventual point by which Larry, Moe and Curley have cumulatively contributed more than \$50.00 apiece during the election.

Following directions on the form, Mr. Green will enter the amount of the loan on line 9 of his Detailed Summary form.

6. **Loan Proceeds Statement (CRO- 6100).** This form is always required along with a **Loan Proceeds** form (**CRO-1410**).

Shortly after Mr. Green delivers his [signed report](#) to the State Board of Elections, a staff member begins processing it. Staff will use the information on his Statement of Organization (**CRO-2100A**) and the Certification of Financial Account (**CRO-3500**) to set his committee up in the Campaign Finance database. Within hours of the paperwork being scanned, it will be visible to interested parties who wish to review it from the [State Board of Elections website](#).

Having delivered his report, Mr. Green goes home to read the portion of the manual called “[Continuing Responsibilities for Committees Over Threshold](#).”

“What is an “ID Number”

The ID Number is a number issued by some boards of election (including the State Board of Elections) that functions as a unique identifier to a committee to distinguish it from other committees – future, present or past – that have similar names.⁶ **It is neither an EIN (Employer Identification Number), nor a social security number.**

The Committee ID number is generated when the committee’s organizational paperwork is processed by staff. Thus, newly organized committees will have no ID number to enter in the fields on CRO forms 2100A, 1000 or 1100.

Currently, the ID number is not the primary way staff refer to the committee or access its information.

Working with Bank Policies

In North Carolina, banks have different security protocols for setting up campaign finance accounts for candidate or other political committees. Some request that the candidate obtain an Employee Identification Number (also known as EIN). The EIN is not a number associated with requirements of the Board of Elections. Candidates

⁶Not all county boards issue ID numbers. Candidates who were issued ID numbers for committees registered at a county election board will be issued a new ID number if they register with the state board.

and treasurers should **not** enter the EIN on the fields that require the committee ID number.

Some banks have been willing to accept the Board of Elections-issued committee ID number instead of the EIN to satisfy security protocols.

If a bank is willing to accept a committee ID number to satisfy a security protocol, staff at those boards of election that issue committee ID numbers will process the candidate's basic organizational paperwork without the finance account information having been completed.

In such a circumstance, the candidate committee should submit the *Certification of Financial Account* (**CRO-3500**) with the word "pending" entered in the field for the bank account number. Board of elections staff will process the rest of the paperwork, register the committee, and provide the campaign ID number generated by the registration.

Once the candidate committee can provide the committee ID number to the bank, and the bank in turn provides the candidate committee a bank account number, the committee shall provide the campaign finance account information to the Board of Elections on a properly completed form CRO-3500. All forms CRO-3500 are kept in a secure location under lock and are unavailable for public viewing.

Committee treasurers should not transmit a complete bank account number and bank information via email. Nor may board of elections staff accept this information by telephone. Whether or not a bank seeks a committee ID number as a form of verification, staff at the State Board of Elections and county boards of elections are happy to assist bank officers to confirm that a given committee is registered with their respective boards. In many counties and at the state level, it is possible for bank officers to access the committee information online and see that it is duly registered.

Continuing Responsibilities for Committees Over Threshold

Candidate committees that filed an organizational report will file subsequent disclosure reports on a regular [schedule](#).

Provided the committee treasurer has kept the Board of Elections updated on his or her mailing or email address, the treasurer should expect to receive notice in advance of each report due. Treasurers are

cautioned that if a P. O. Box is used as a committee address, it must be checked regularly.

Treasurers are also able to consult the schedule applicable to the type of office being sought by their candidate committees. Schedules for reports due at state and local levels (when applicable) are provided on the State Board of Elections website [at this link](#) from the Campaign Finance page.

Common mistakes made by new candidate committees:

“I lost the election. I don’t have to worry about these reports anymore!”

This assumption is incorrect. The reporting requirement continues until the committee certifies as inactive or closes.

“Campaign’s over! I can close down this P. O. Box!”

Not so fast! If a committee listed a P. O. Box as its address on CRO forms **2100A** and subsequently closes the box, the treasurer must notify the Board of Elections of a new contact address. Otherwise, the committee is at risk of missing notifications and thus incurring penalties for reports still due.

“I have no money left – so I’ve got nothing to report!”

But wait, there’s more! The reporting requirement continues even if all funds have been disbursed and the campaign has ended.

 **The committee treasurer must take specific action to place the committee in [inactive status](#) or to [close the committee](#). Unless these actions are taken, the candidate committee remains obligated to file reports.**

Filing on paper or electronically?

Candidate committees for [statewide office](#) that show a total for the election cycle in excess of five thousand dollars (\$5,000) in contributions, expenditures, or loans must file electronically.

A candidate committee that makes contributions in excess of five thousand dollars (\$5,000) to candidates for [statewide office](#) or makes independent expenditures in excess of five thousand dollars (\$5,000) that affect contests for [statewide office](#) must file electronically.

All other candidate committees must file electronically that show a cumulative total of more than \$10,000 in contributions, loans, or expenditures during an election cycle.



Candidate committees that are required to file electronically but fail to do so are subject to penalties.

Paper Filing

A complete list of forms for manual filing may be found at [Reporting Forms](#).

Electronic Filing

Electronic filing is an alternative for all committees and a requirement for some candidate committees. Electronic filers use software to generate an electronic file, which is then attached to an email sent to the State Board of Elections. (The faxing or emailing of a pdf or word document is **not** electronic filing).

Filing electronically through the free software provided by the State Board of Elections has built-in advantages. It provides:

- an audit feature that identifies possible violations or discrepancies as the report is being compiled
- tracking of all transactions entered into the system
- tracking of election sum totals for each contributor
- function for including only those transactions required for a given reporting period

The State Board encourages all committees to use electronic filing.

One-on-one software training is available at the State Board of Elections office in Raleigh or via phone. For more information on filing electronically, please contact our office at 919-814-0700 or visit our website.

Contributions

Definition of Contribution:

A "contribution" is any advance, conveyance, deposit, distribution, transfer of funds, loan, payment or subscription of money or anything of value whatsoever to a candidate, political committee, political party committee, independent expenditure political committee, or referendum committee. N.C.G.S. § 163-278.6(13).

Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions.

The term “contribution” also encompasses any contract, agreement, or other obligation to make a contribution. A debt forgiven by an entity or person to whom it is owed is also considered a contribution. The term does not include an [“independent expenditure.”](#)

All contributions are subject to the regulations of the North Carolina General Statutes.

A contribution that is made by the candidate or candidate’s family is subject to the same disclosure rules as any other contribution received by the candidate.

 **One of the treasurer’s chief responsibilities is to become familiar with the limitations and prohibitions on contributions.**

Loans

Candidates are not required to characterize their contributions to their own committees as “loans” in order to be reimbursed. Any contribution may be returned including contributions made by the candidate.⁷ However, candidates who wish to characterize their contributions to their committees as loans may do so.

Candidate committees may receive loans from individuals and other entities that are not prohibited from making contributions. **Loans are considered contributions and are subject to the same limitations as contributions.** Loans must be documented on specific forms: *Loan Proceeds (CRO-1410)*, and the *Loan Proceeds Statement (CRO-6100)*.

The *Loan Proceeds Statement* requires the lender to provide the name of the lending institution and any guarantors responsible for the loan. A candidate making the loan to his or her committee does not have to assign a rate of interest or a time by which the loan must be repaid; nor does the candidate have to provide security for the loan.

The loan amount from an individual -- other than the candidate or the candidate’s spouse -- must not exceed six thousand eight hundred dollars (\$6,800) for that election. If the lender has previously made a

⁷ See form **CRO-1320** Refunds and Reimbursements from the committee.

contribution, the loan amount added to the previous contribution cannot exceed six thousand eight hundred dollars (\$6,800) for that election. Nor may a guarantor on a loan to the committee make any contribution which, when added to the amount of that loan, exceeds six thousand eight hundred dollars (\$6,800) for each candidate.

A loan to the committee given by an entity other than the candidate or the candidate's spouse may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A lender wishing to forgive the loan must complete the *Forgiven Loan Statement* (**CRO-6200**). If a candidate committee has a loan that has not been repaid or forgiven, the committee may not close until the entire amount of the loan has been satisfied.

The 48 Hour Report N.C.G.S. § 163-278.9(a)(2)

The 48 Hour Report applicable to candidate, party and political action committees is a time-sensitive informational report submitted on a specific form, the *48 Hour Notice* (**CRO-2220**). During [specific periods](#) before the primary and general elections, a committee that receives a contribution (including an in-kind contribution) or transfer of funds of **one thousand dollars (\$1,000) or more** shall disclose the receipt details on form **CRO-2220** to the appropriate board of elections within 48 hours of receipt. The receipt of the funds rather than the time of deposit starts the 48 hours. Given the time-sensitive nature of this report, committees are permitted to transmit this form by fax or email. If the *48 Hour Notice* form is transmitted by fax or email, it is not necessary for the treasurer to also submit a hard copy.

The *48 Hour Notice* form represents an exception to the general rule that whenever a document requires a signature, the Board of Elections may accept only the original of that document.⁸

48 Hour Reports are only to be filed during specific periods:

The time periods during which these 48 Hour Notices are required are:
For the Primary Election: Beginning the day after the “period end date” of the 1st Quarter Plus report and ending the day of the Primary Election.

⁸The 48 Hour Reports required of referendum committees, independent expenditure filers and electioneering communication filers are also accepted via scan or fax.

For the General Election: Beginning the day after the “period end date” of the Third Quarter Plus report and ending the day of the General Election.

 **Treasurers should note** that any contribution that is reported on a 48 Hour Notice must ALSO be disclosed on the next due disclosure report.

Please Note: Municipal candidates are NOT required to file 48 Hour Reports. All other statewide and nonstatewide candidates are required to file 48 Hour Reports.

Contribution Limitations

Contribution Limitations for State and Local Candidates N.C.G.S. § 163-278.13

 A candidate may not accept and a contributor may not give more than six thousand eight hundred dollars (\$6,800) per election.

If there is a primary for the office of the candidate and a general election, the candidate may receive \$6,800 through the day of the primary and \$6,800 from the day after the primary through the end of the election year (for even numbered election years, in odd numbered election years the general election period ends on the day of the general election).

If the candidate is on the ballot in a second primary, he or she is entitled to receive an additional \$6,800 from the day after the primary through the day of the second primary.

If a candidate is not on the ballot for the second primary, he or she is not entitled to the additional \$6,800.

A candidate and candidate’s spouse may contribute unlimited amounts to the candidate and are not subject to the limitations. Any national, state, district or county executive committee of any political party recognized under N.C.G.S. § 163-96 is exempt from the contribution limitations as well. Please also see [Contribution Prohibitions](#).

Campaign Finance Restrictions on Lobbyist Activities N.C.G.S. § 163-278.13C

 No lobbyist may make a contribution at any time to a member of the General Assembly or Council of State or to a candidate who has been

nominated by a party or has filed a *Notice of Candidacy*⁹ for the General Assembly or Council of State. Additionally, no lobbyist may collect any contributions from one or more contributors, take possession of such contributions, or transfer or deliver contributions to a member of or candidate for the General Assembly or Council of State.

A lobbyist who has filed a [*Notice of Candidacy*](#) may make a contribution to his or her own candidate campaign committee. Additionally, the lobbyist could take possession of contributions intended for his or her own candidate campaign committee without violating the ban.

Any questions about the ban on lobbyist contributions should be directed to the campaign finance office of the State Board of Elections.

Limitations on Fundraising during Legislative Sessions

N.C.G.S. § 163-278.13B

 A political committee that employs or contracts with, or whose parent entity employs or contracts with, a NC registered lobbyist (“limited contributor”) may not contribute to a member of or candidate for the General Assembly, member of or candidate for the Council of State, or affiliated committee (“limited contributee”) while the General Assembly is in “regular session.”

- A “limited contributee” may not solicit from a “limited contributor” any contribution to be made to a “limited contributee” or any other candidate, officeholder, or political committee.
- A “limited contributee” may not solicit a third party to directly or indirectly solicit a contribution from a “limited contributor” **or** have the third party relay to the “limited contributor” the solicitation of the “limited contributee”.
- No “limited contributor” shall make or offer to make a contribution to a “limited contributee”.
- No “limited contributor” shall make a contribution to any candidate, officeholder, or political committee and direct or request that contribution to be made to a “limited contributee.”

⁹ The *Notice of Candidacy* is not a campaign finance form. This form is used by candidates during the filing period for the office in question to request inclusion on the appropriate ballot.

- No “limited contributor” shall transfer anything of value to any entity and direct that entity to use what was transferred as a contribution to a “limited contributee.”
- No “limited contributee” or the real or purported agent of a “limited contributee” prohibited from solicitation shall accept a contribution from a “limited contributor.”
- No “limited contributor” shall solicit a contribution from any individual or political committee on behalf of a “limited contributee.” This does not apply to a “limited contributor” soliciting a contribution on behalf of a political party executive committee if the solicitation is solely for a separate segregated fund kept by the political party limited to use for activities that are not candidate-specific, including generic voter registration and get-out-the-vote efforts, pollings, mailings, and other general activities and advertising that do not refer to a specific individual candidate.
- ❖ A contribution is **“made”** during regular session if the check or other instrument is dated during the session, or if the check or other instrument is delivered to the “limited contributee” during session, or if the “limited contributor” pledges during the session to deliver the check or other instrument at a later time.
- ❖ A contribution is **“accepted”** during regular session if the check or other instrument is dated during the session, or if the “limited contributee” receives the check or other instrument during session and does not return it within 10 days.
- ❖ A violation of these limitations is a Class 2 misdemeanor.
- ❖ The exception to these limitations is that the limitations on fundraising do not apply to a “limited contributee” during the three weeks prior to a second primary where the “limited contributee” will be a candidate on the ballot.

Contribution Prohibitions

 It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a candidate.¹⁰ N.C.G.S. § 163-278.19. The

¹⁰Note: There is no exception to the prohibition against receiving business funds. However, some owners of small businesses have only one bank account,

prohibition of contributions from these entities also applies to “[in-kind contributions](#),” such as the donation of items to committees for fundraisers, or to the sponsoring of holes at golf tournaments, the provision or discount of a service, such as a restaurant meal, or the provision or discount of a product to the committee or committee member.

❖ Political committees that are not registered with the appropriate board of election in North Carolina are prohibited from contributing to committees in North Carolina.

❖ A registered political committee other than the exempt political executive and affiliated party committees may contribute only as much as six thousand eight hundred dollars (\$6,800) per election to candidate committees.

❖ Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association or have received contributions more than the contribution limitations for political committees (\$6,800 per election) may not contribute to a candidate committee.

❖ Anonymous contributions are prohibited. N.C.G.S. 163-278.14(a). A committee shall not receive funds without knowing and recording the name of the person who contributed. For the same reason, collection of funds for which contributor contact information is not obtained, such as a “pass-the-hat” collection, is prohibited.

❖ Contributions made in the name of another are prohibited. N.C.G.S. § 163-278.14(a).

For example, Mr. Welloff may not give his employee money for the purpose of the employee’s making a contribution. Mrs. Bigheart may not give a contribution with instructions that it be recorded in the name of her friend. Another common violation occurs when a treasurer receives a personal check bearing two names and assumes that the amount of the check is meant to be a contribution evenly split between the two names. The treasurer may only make this determination after specific authorization from both persons whose names appear on the check. Otherwise, the

and use that single account for both business and personal purposes. North Carolina campaign finance law permits treasurers to accept a check that bears the name of a business provided certain requirements are met. Please see how to report a [contribution from a business](#) account for further information.

contribution is to be attributed only to the person who signed the check.

🚩 Checks or money orders that do not clearly designate the intended recipient chosen by the contributor are prohibited. N.C.G.S. 163-278.14(b).

🚩 Any [cash](#) contribution greater than \$50.00 is prohibited. N.C.G.S. § 163-278.14(b). All contributions greater than \$50.00 must be made by a [verifiable form of payment](#), such as a personal check, money order, demand draft, cashier's check, debit or credit card. N.C.G.S. § 163-278.14(b). This prohibition also applies to candidates who wish to withdraw funds from their personal account to be deposited in a campaign finance account.

The State Board of Elections will seek a forfeiture of all prohibited contributions. All forfeitures are deposited into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

Committees [over threshold](#) must disclose all contributions in regular reports. Provided the treasurer has kept the Board of Elections informed of current contact information, he or she shall receive Official Notice by mail or email for the due dates of pending reports. The [reporting schedule](#) is also available at the State Board of Elections website.

Each treasurer must track how much each contributor gives to the committee. No matter how small the contribution, the name of the contributor, date and form of payment must always be obtained.

As long as a contributor has contributed no more than fifty dollars [\$50.00] during an election, the treasurer is not required to disclose that contributor's name, address, occupation or employment information on form **CRO-1210**, which requires those fields. Instead, that contribution may be disclosed on an *Aggregated Contributions from Individuals* form (**CRO-1205**), which requires only the date, form of payment and amount of each contribution. Every individual contribution must be documented separately on this form. **Note:** The contributor's name, the date and amount of contribution must be recorded and kept by the treasurer, because each contributor's contributions must be tracked throughout each election. For example:

On January 1st of an even-numbered year (when reports are filed quarterly), Mrs. Bigheart contributed \$20.00 to her favorite candidate's campaign. On the first quarter report, the treasurer reported the contribution on form CRO-1205. On April 25th, Mrs. Bigheart contributed another \$30.00, which the treasurer reported for the second quarter report on form CRO-1205. On September 2nd, Mrs. Bigheart gave only \$1.00. The treasurer reported that contribution on a form CRO-1210 on the third quarter report, because as of September 2nd, Mrs. Bigheart had given more than \$50.00 during the period of one election.

Once a contributor has given as much as fifty dollars and one cent [\$50.01] during an election, the treasurer must from that point throughout the rest of the election, report that contributor's name, address, **principal occupation** information along with the form of payment, date and amount on a *Contributions from Individuals* form (**CRO-1210**).

Principal Occupation

Committees must report the principal occupation of the contributor on the date the contribution is made. See N.C.G.S. § 163-278.11(a)(1). A committee fulfills this requirement by disclosing the contributor's "job title or profession" **and** "employer's name or employer's specific field of business activity." *Id.* Please refer to the NAICS classification for specific business fields for a list of acceptable fields: <https://www.census.gov/eos/www/naics/>).

Below are examples of how to disclose a contributor's principal occupation:

- For an employed contributor, the committee must disclose the contributor's job title or profession, and the employer's name or employer's specific field of business activity.
- For a self-employed contributor, the committee must disclose the contributor's job title or profession, and the name of the contributor's business or contributor's specific field of business activity.
- For a contributor who principally earns income as a consultant or an independent contractor, the committee must disclose the contributor's job title or profession, and either (1) the name of the principal client of the contributor, or (2) the specific field of business activity of the principal client or clients of the contributor.
- For a contributor who is not earning income, but maintains an active professional license in North Carolina or in another jurisdiction, the contributor's profession must be listed.

If the contributor does not fall into one of the categories described above at the time the contribution is made, the committee may list the contributor as having “no job title or profession” and “not employed.” The committee may not list the contributor as “retired.” This term does not adequately convey the current occupation of the contributor.

Treasurers may accept a **check that bears the name of a business** provided they are able to verify that the contributor has only one bank account and that this single account exists for both professional and personal use. In this circumstance, the treasurer must obtain the contributor’s signature on a completed *Contribution from a Business Account Statement* form **(CRO-6300)**, and provide that signed form along with a photocopy of the check to the board of elections where the committee’s reports are filed. Treasurers shall also maintain a copy of both the form and the photocopied check with their committee’s records.

Treasurers are responsible for affirming the identity of the contributor when accepting a personal check bearing two names. The treasurer shall not assume that the amount of the check is meant to be a contribution evenly split between the two names. The treasurer may only make this determination after specific authorization from both persons whose names appear on the check. Otherwise, the contribution is to be attributed only to the person who signed the check.

Contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs count toward an individual’s \$50 threshold for identity disclosure, and must also be reported.

🚩 Treasurers may accept cash in an amount no greater than fifty dollars [\$50.00] from a contributor *per day*. In fact, a contributor may desire to contribute \$50.00 in cash on Monday, \$50.00 in cash on Tuesday, and so on; this is permissible. However, in no case may any contributor give more than \$50.00 in cash in a single day.

In-kind contributions (contributions of goods or services) must also be reported. The contributor shall provide the committee with a statement setting forth the fair market value of the in-kind contribution.

🚩 **Manual filers**¹¹ shall always document *in-kind* contributions on **both** a receipt form (whether CRO-1205, CRO-1210, CRO-1220 or CRO-1230) **and** on the *In-Kind Contributions* form **(CRO-1510)**. Reporting on both

¹¹ "Manual filers" are those who are filing on paper rather than through electronic transmission of a file generated by the software.

forms serves to balance the account with a net impact of \$0 to the committee's "cash on hand." ***Electronic filers***¹² simply make the entry in receipts, noting under "form of payment" that it is "in-kind"; the software populates the appropriate forms.

¹² Electronic filers use software to generate an electronic file, which is then attached to an email and submitted to the State Board of Elections.

Expenditures of Campaign Funds

All expenditures of campaign funds must be reported.

Candidates must restrict their campaign fund expenditures to nine permitted purposes provided by law. According to N.C.G.S. § 163-278.16B, these **permitted purposes** are as follows:

1. Expenditures resulting from the campaign for public office by the candidate or candidate's campaign committee.

The general rule for determining whether an expenditure is permitted is to ask whether the expenditure would have been made absent the campaign for public office. If the answer is "yes" to that question, the expenditure should not be made.

2. Expenditures resulting from holding public office.

As discussed above, if the expenditure would have been made if the candidate were not holding public office, then the candidate should not use campaign funds to make the expenditure. If the expenditure would only be made due to the fact that the candidate is holding office, the expenditure is permitted.

3. Contributions to an organization described by [section 170\(c\)](#) of the Internal Revenue Code, provided that the candidate, the candidate's spouse, children, parents, brothers, or sisters are not employed by the organization. See [Tax Exempt Organization Search](#) to search exempt organizations.
4. Contributions to a national, state, district or county committee of a political party or a caucus of the political party.
5. Contributions to another candidate committee.
6. To return all or a portion of a contribution to the contributor.
7. Payment of any penalties against the candidate or candidate's campaign committee imposed by the Board of Elections or a court of competent jurisdiction.
8. Payment to the Escheat Fund established by Chapter 116B of the General Statutes.
9. Donations, limited to \$4,000 per calendar year, to a [legal expense fund](#) (as established by N.C.G.S. Chapter 163, Article 22M).

Relevant Advisory Opinions

The following advisory opinions may be helpful to review in determining whether or not an expenditure is permitted under N.C.G.S. § 163-278.16B. Copies of the advisory opinions issued by the Executive Director of the State Board of Elections can be found here:

[Office of Administrative Hearings](#)

Written Opinion 2019-11-12 - Candidate Salaries
<u>Written Opinion 2013-09-23</u> - Tournament Prizes
<u>Written Opinion 2013-01-16</u> - Contracted Compliance Services
Written Opinion 2012-08-23 - Organization and Publication of Governor's Papers
<u>Written Opinion 2011-07-12</u> - Mileage Reimbursement
<u>Written Opinion 2011-02-08</u> - Research and Issue-Advocacy Efforts
<u>Written Opinion 2010-06-02</u> - Travel Expenses
<u>Written Opinion 2009-12-23</u> - Court Costs and Fines
<u>Written Opinion 2009-07-20</u> - Donation of School Supplies
<u>Written Opinion 2009-04-02</u> - Public Website
Written Opinion 2007-01-12 - Housing for Members of the General Assembly

Expenditures for Media Purposes

Any expenditure that is made for media purposes must be paid by a [verifiable form of payment](#) and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the date of the last election must also be reported.

Non-Media Expenditures

All non-media expenditures, except for postage, must be paid with a [verifiable form of payment](#) (not cash) if they exceed \$50. All expenditures that are greater than \$50 must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election totals for the payee must also be included.

Expenditures for non-media purposes that are less than \$50 may be shown as a total of several purchases made at the same time (such as a box of pencils, erasers, ink-stamp and similar supplies) and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be disclosed.

Purpose Descriptions

Treasurers must keep detailed accounts of all expenditures for media and nonmedia expenses. N.C.G.S. § 163-278.8. When filing campaign finance disclosure reports, the treasurer must list the name and complete mailing address of each payee, the amount paid, **THE PURPOSE**, and the date the payment was made. N.C.G.S. § 163-278.11(a)(2). The following is a list of generally acceptable and unacceptable purpose descriptions. Staff **will not** seek a more detailed purpose description during an examination of campaign finance reports if the committee uses one of the acceptable purpose descriptions listed below. Staff **will** seek further detail or information about the expenditure if there are questions regarding the payee, amount or date of the expenditure, or if a campaign finance complaint is filed alleging an inaccurate purpose description.

Staff **will** seek a more detailed purpose description if the committee uses an unacceptable purpose description.

Committees are no longer required to enter a purpose code in box h on from CRO-1310. For electronic filing, a "O" may be entered. The purpose should be listed in box k.

Acceptable purpose descriptions:

Office and/or Headquarters Expenditures

1. Office Supplies
2. Office Furniture
3. Office Equipment
4. Office Space (e.g., rent or mortgage payments)
5. Office Fixture
6. Utility Payment
7. Cell Phone Services/Equipment

Event Expenditures

8. Audio Visual Equipment
9. Event Supplies
10. Event Space
11. Event Food & Beverages
12. Event Advertising

Advertising/GOTV Expenditures

13. Television (N.C.G.S. § 163-278.38Z(11))
14. Radio (N.C.G.S. § 163-278.38Z(8))
15. Print Media (N.C.G.S. § 163-278.38Z(7))
16. Internet Ads
17. Website Expense
18. Polling Services
19. Voter List
20. Postage
21. GOTV-Door-to-Door (i.e., canvassing)
22. GOTV-Poll Workers
23. GOTV-Phone Calls
24. GOTV-Transportation

Administrative Expenditures

25. Filing Fee
26. Bank Fee
27. Payment Processing Fee
28. Software Expense
29. Compliance Services
30. Legal Expense
31. Civil Penalty

Staff/Consultant Expenditures

- 32. Salary/Benefits Staff
- 33. Staff/Volunteer Gift
- 34. Consultant-Media
- 35. Consultant-Fundraising
- 36. Consultant-GOTV

Travel-Related Expenditures

- 37. Vehicle Expense
- 38. Meal
- 39. Registration Fee
- 40. Travel – Transportation
- 41. Travel – Lodging
- 42. Travel – Meals
- 43. Travel – Gas
- 44. Travel Reimbursement – Transportation
- 45. Travel Reimbursement – Lodging
- 46. Travel Reimbursement – Meals
- 47. Travel Reimbursement – Gas
- 48. Travel Reimbursement – Mileage

Contributions / Donations

- 49. Contribution to Candidate
- 50. Contribution to Political Party
- 51. Contribution to PAC
- 52. Contribution to IE PAC
- 53. Contribution to Referendum Committee
- 54. Contribution to Legal Expense Fund
- 55. Refund of Contribution
- 56. Charitable Donation

Unacceptable purpose descriptions:

- 1. Campaign Expense
- 2. Campaign Material
- 3. Consultant
- 4. Consulting
- 5. Contract
- 6. Election Day Expense
- 7. Event
- 8. Event Expense
- 9. Event Reimbursement
- 10. Expense(s)
- 11. Expense Reimbursement
- 12. Fees

13. GOTV or Get-Out-the-Vote
14. Invoice
15. Misc.
16. Miscellaneous
17. Miscellaneous Expense
18. Other
19. Reimbursement
20. Services
21. Travel
22. Travel Reimbursement
23. Worker

Non-Monetary Gift

If a committee makes an in-kind contribution to another committee, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). The amount or “value” of the non-monetary gift is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. The retention of receipts is not a requirement, but may be helpful to the committee during audits.

Debts and Obligations

All committees must document all debts and obligations owed by the committee and those debts and obligations owed to the committee. If a committee receives a good or service for which it did not immediately pay, then the date the good was ordered (*i.e.*, the date the debt was incurred) would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A committee may not close until all debts and obligations have been paid. Any debt or obligation that is not paid is considered a contribution to the committee. Contributions that exceed the limitation or that were made from prohibited contributors constitute violations and will result in forfeiture by the committee.

Notices of Reports Due/Notification When Treasurer Information Changes

All candidate committees that have not filed under the one thousand dollar (\$1,000) threshold shall receive official notices for all reports due from the appropriate Board of Elections.

 Committees must keep the appropriate board of elections updated on any change in the treasurer information because all official notices are sent to the current treasurer of record. Committees that change treasurers without notifying the appropriate board of elections office risk significant delay in receiving official notices, or may fail to receive notice at all. A treasurer who receives the notice late or fails to receive the notice is at risk of filing late or forgetting to file. Late filings are subject to penalty.

 Caution for treasurers who use Post Office Boxes as a contact address. Mail from the State Board of Elections to a P. O. Box address is frequently returned as a result of the treasurer not checking the box within a certain period of time.

Elected Officers who have established a separate Legal Expense Fund will receive a separate official notice for reports due. The reporting schedule for Legal Expense Funds is different from the candidate committee quarterly reporting schedule. These reports are due 10 business days after the end of each calendar quarter in both even- and odd-numbered years.

Report Certification: The Significance of the *signature*

🚩 All disclosure reports must be certified by the treasurer as true and accurate. In previous years, treasurers were required to obtain the services of a notary to provide an affidavit that the report's contents were true. Currently, an **original signature** below the certification statement contained on the *Disclosure Report Cover (CRO-1000)* serves as affirmation that the report being submitted is true and accurate as filed.

Without that original signature, the document or documents submitted will be treated as "miscellaneous correspondence." The result will be a penalty for the committee unless the treasurer is able to submit a properly signed report before the due date.

The date next to the signature should reflect the date that the report was actually signed; the signature should not be affixed prior to the expiration of the report period (the "period end date"), since no one may affirm what happened on a day prior to that day's occurrence. Reports bearing signatures that pre-date the expiration of the report period will require amendment.

North Carolina requires what is called a "wet signature," which means that the signature must be an original, not a photocopy or a stamp. That is why photocopies, faxes or email scans of Disclosure Reports and other documents requiring signature (with few exceptions)¹³ are not accepted. **If a photocopied signature is submitted instead of the original, the report is treated as "miscellaneous correspondence."** Fines may result. We recommend that **blue ink** be used for the signature to avoid mistaking a photocopy for an original.

What Constitutes "Timely Filing?"

🚩 Disclosure reports are filed timely if they are received by the due date of the report or postmarked by the due date of the report.

Treasurers should not assume that a postmark will be automatically applied by the post office. The postal service is no longer required to

¹³ The "48 Hour Notice" (form 2220) may be faxed or scanned and attached to an email. This form of transmission is permitted because of the short time frame within which this form must be filed. The information it contains will be subject to the certification statement of the next due Disclosure Report, since the transaction being disclosed must also be included on that report. The 48 Hour Reports required of referendum committees, independent filers and electioneering communication filers may also be submitted via fax or scan.

cancel a stamp with a postmark; instead, customers have the option of requesting the postmark.

Treasurers should not rely upon meters to show timely filing. Meter marks are not considered evidence of timely filings because the dates on postage meters can be manually adjusted forward or backward. If a report only bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing date is after the due date, the report will be considered late.

Disclosure reports must be filed with the elections board office **where they are due**. Misdirecting a report to a different elections board could result in penalties for late filings. All reports not postmarked on or before the due date or not received by the elections board office where they are due on or before the due date will be considered late and assessed penalties for late filing. **Committees that file electronically must mail the signed coversheet postmarked by the due date (or hand delivered on or before the due date) to the State Board of Elections (State and Federal Committees) or the County Board of Elections (County and Municipal Committees) and email the electronic file in a .cfd file format to campaign.reporting@ncsbe.gov by midnight on the report due date. A .pdf version of the report will not be accepted.**

Any treasurer who intentionally files a report late to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not exceed three times the amount of the contributions and expenditures that were willfully concealed by intentional delay.

The campaign finance office of the State Board of Elections strongly encourages treasurers to send all disclosure reports by certified mail or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the certified mail receipt or delivery service receipt will serve as proof of timely filing.

Civil Penalties

Candidate committees are assessed penalties for late-filed reports. A candidate committee's report that does not affect a statewide election is penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the committee made any contributions to or in support of a statewide candidate during that reporting period. If the candidate committee files a late report that affects a statewide election, the committee is penalized at a rate of \$250 per day not to exceed

\$10,000. In calculating penalties, only days during which the elections board office is open are counted toward the penalty amount.

The State Board may waive a penalty if there is good cause for the waiver. A committee seeking a waiver of a penalty must provide a written affidavit that sets forth any facts or circumstances that may support a waiver of the penalty. N.C.G.S. § 163-278.34(d). An Affidavit to Request a Waiver of Civil Late Penalties form is available on the State Board's website. Waiver requests are considered, and voted on, at State Board meetings.

A committee may also contest the penalty by filing a Petition for a Contested Case with the Office of Administrative Hearings ("OAH"). N.C.G.S. § 163-278.34(e). A petition must be filed within 30 days of receipt of the Notice of Penalty Assessment. Petitioners are required to pay a \$20.00 filing fee to OAH. For further information, please visit [NC Office of Administrative Hearings](#).

A committee that fails to file a report entirely will receive a Notice of Noncompliance. If the committee does not file the missing report within 20 days of the issuance of the Notice of Noncompliance, the committee's active status will be terminated. A committee that is terminated is ineligible to receive or make contributions until it has filed the missing report and paid any penalty for the missing report. 08 NCAC 01 .0104.

Inactive Status

Candidate committees that do not desire to disburse all funds or intend to receive any contributions or make expenditures for a period of time may file a *Certification of Inactive Status* form (**CRO-3200**) at the time of filing a disclosure report. By filing this form, the committee certifies that it will remain inactive (which means that it will not receive any contributions nor make any expenditures)¹⁴ until a *Certification to Return to Active Status* form (**CRO-3300**) is filed.

Candidates and their treasurers should note that simply sending in a certification of inactive status will not result in that status being recognized. **Certifications for inactive status must be submitted with whatever report is next due at the time the decision to go inactive is made.**¹⁵

¹⁴The routine extraction of bank fees by a bank from the committee's campaign finance account does not affect a committee's inactive status.

¹⁵Treasurers are encouraged to confer with the State Board of Elections in the event that emergency circumstances warrant earlier certification.

During the time the committee is inactive, disclosure reports need not be filed. When the committee's intent changes, the *Certification to Return to Active Status (CRO-3300)* form must be completed and all subsequent disclosure reports must be filed.

Closing the Committee

Candidates who wish to close their committees may do so at any time during the election cycle provided they are not on ballots in the next pending election. To close the committee, the treasurer must arrange for the payment of all penalties and outstanding debts, the repayment or forgiveness of all loans, and disbursement of all funds in the bank account.

If the candidate committee filed a certification to remain under the \$1,000 threshold, the only other documentation required to be filed with the elections board is the *Certification to Close Committee* form (**CRO-3400**).

If the candidate committee did not file under threshold, a "Final Report" is required in addition to the *Certification to Close Committee* form (**CRO-3400**). The "Final Report" reflects all campaign finance activity starting with the first day not covered on the last report and ending either on the day the last disbursement is made or when the decision to close the committee is made, whichever occurs later.¹⁶

After the required paperwork has been filed by the committee with the appropriate board of elections office, the treasurer will consider the committee to be "closed pending" until a letter has been received from the elections board stating that a final audit has been conducted and the committee is closed.

The treasurer should maintain all records for two years after the conclusion of the election cycle.

¹⁶ In other words, the "period start date" on the Final Report is the day after the "period end date" on the previous report. The "period end date" on the Final Report is either the date of the last disbursement, or, if the decision to close were made after the last disbursement, the "period end date" is the date that decision was made.

Federal Candidate Committee

Outdated content has been removed from this version of the Campaign Finance Manual. Please refer to the North Carolina State Board of Elections website for information regarding Federal Political Committees.

www.ncsbe.gov/campaign-finance/federal-political-committees

Legal Expense Fund (Committee) Article 22M, Chapter 163

A separate fund (committee) may be established for the purpose of funding an existing or potential legal action taken by or against an [elected officer](#)¹⁷ in his or her official capacity. An elected officer who accepts donations for this purpose must establish and register this fund unless the only donations received for this purpose are from the elected officer, his or her spouse, parents, and siblings. Otherwise, legal expense funds are subject to disclosure and restrictions.

An elected officer may not create more than one legal expense fund for the same legal action or for legal actions arising out of the same set of transactions and occurrences. However, he or she may keep a legal expense fund open in order to raise donations for subsequent legal actions and potential legal actions.

Contractual arrangements, such as an arrangement for liability insurance, made in the normal course of business and not made for the purpose of lobbying are not considered “donations.” These contractual arrangements do not by themselves require the candidate to create a legal expense fund. However, if a legal expense fund is required to be established by virtue of the acceptance of other reportable donations, these contractual arrangements shall be reported as expenditures.

Appointment of Treasurer

Every legal expense fund shall appoint a treasurer and provide verification of the treasurer’s name and address to the State Board of Elections.¹⁸ If a treasurer resigns or is removed, the legal expense fund shall appoint a successor within 10 calendar days of the vacancy and certify the name and address of the successor to the State Board of Elections. All legal expense funds must be registered with the State Board of Elections.

Detailed Accounts

Legal expense fund committee treasurers shall keep detailed accounts of all donations received and all expenditures made by or on behalf of the legal expense fund. Donations from the elected officer or his or her family are to be reported in the same manner as other donations. All records must be kept

¹⁷The term “elected officer” rather than “candidate” is used to refer to the person for whom the legal expense fund is established.

¹⁸ While a treasurer for a candidate committee is appointed by the candidate, the treasurer for a legal expense fund is, by definition, “An individual appointed by an elected officer *or other individual or group of individuals* collecting money for a legal expense fund.” [italics added] See N.C.G.S. § 163-278.300(9).

current within seven days after the date of receiving a donation or making an expenditure.

The treasurer shall provide disclosure of all banks and depositories used for a legal expense fund, including all account numbers. An agent of the State Board is authorized to inspect these accounts in the course of an investigation.

Disclosure Reports

Legal expense fund treasurers are also required to file disclosure reports that detail the activities of the legal expense fund. Within 10 calendar days of the creation of the legal expense fund, organizational paperwork must be filed with the State Board of Elections.

The organizational paperwork includes the following:

- *Statement of Organization-Legal Expense Fund* **(CRO-2100F)**
- *Certification of Treasurer-Legal Expense Fund* **(CRO-3100B)**
- *Certification of Financial Account Information* **(CRO-3500)**

All reports filed require the treasurer to sign the reports as true and correct to the best of the treasurer's knowledge. The certification shall be treated as having been made under oath; any individual making a certification under Article 22M knowing the information to be untrue is guilty of a Class I felony.

Reporting Schedule: After the filing of the organizational paperwork, the legal expense fund will be required to make quarterly filings in both even and odd numbered years. Reports are due within 10 business days after the end of the calendar quarter.

There are a few differences in the disclosure requirements for legal expense funds as compared to candidate committees.

1. Donations:

- All donations must be reported. However, the name, address and occupational information is only required for donors that have made donations that are in excess of \$50 for the calendar quarter. If a donor has contributed \$50 or less during that calendar quarter, only the dates and amounts of those donations are required to be disclosed.

2. Expenditures:

- All expenditures must be reported. The disclosure must include the name and complete mailing address of each payee, the amount paid, the purpose, and the date such payment was made. The report should also include sum-to-date totals. The payee shall be the entity to whom the legal expense fund is obligated to make the expenditure and a specific itemization of the goods and services purchased must be provided, including the detailed purpose for the expenditures.

3. Loans:

- All proceeds from loans shall be recorded separately and shall reflect the amount of the loan, the source, the loan period, the rate of interest, and the security pledged, if any, and all makers and endorsers.

Restrictions

Legal expense funds are subject to limitations with respect to both donations and expenditures. Review the following restrictions carefully before accepting donations or making expenditures.

1. Donation limitations:

- All donations in excess of \$50 must be in the form of a check, draft, money order, credit card charge, debit or other noncash method that can be subject to written verification. No noncash method may be received unless it contains a specific designation by the donor of the identity of the intended recipient.
- No legal expense fund shall accept donations from a corporation, labor union, insurance company, professional association, or business entity in excess of \$4,000 per calendar year. Additionally, any donation made by an affiliated entity of any of these donors, when added with the initial affiliated entity, must not exceed \$4,000 per calendar year. **For example**, if ABC Corporation makes a \$2,000 donation to the John Doe Legal Expense Fund and its sister company DEF Corporation makes a \$3,000 donation, an excessive donation in the amount of \$1,000 has been made to the John Doe Legal Expense Fund. This restriction is true for affiliated labor unions, insurance companies, professional associations and business entities. Disclosure of these donations should be provided on the *Legal Expense Fund-Other Receipt Sources* form (**CRO-1270**).

- No legal expense fund for a candidate for or member of the General Assembly or Council of State shall accept a donation during a legislative session from a lobbyist, that lobbyist's agent, that lobbyist's principal or a political committee that employs or contracts with or whose parent entity employs or contracts with a lobbyist.
 - No legal expense fund shall accept donations from a candidate or candidate campaign committee in excess of \$4,000 per calendar year.
2. Permitted uses of legal expense funds:
- **The elected officer's campaign cannot be funded from a legal expense fund.**
 - A legal expense fund may only use its funds for reasonable expenses actually incurred by the elected officer in relation to a legal action or potential legal action brought by or against the elected officer in that elected officer's official capacity.
3. Upon closing a legal expense fund, the treasurer may only distribute the remaining funds to the following:
- The Indigent Persons' Attorney Fee Fund under Article 36 of Chapter 7A of the General Statutes.
 - The North Carolina State Bar for the provision of civil legal services for indigents.
 - an organization described in section 170(c) of the Internal Revenue Code of 1986, provided that the candidate or the candidate's spouse, children, parents, or siblings are not employed by the organization.
 - A donor, in return of part or all of that donor's previous donation to the legal expense fund.
 - the Escheat Fund established by Chapter 116B of the General Statutes.

Please direct any questions about a legal expense fund to the State Board of Elections.

Candidate Committee reporting schedule

The reporting schedule for political committees is available via the following link to our website.

[Reporting Schedules](#)

Note to committees organized after the start of the current reporting period: If a committee was not organized until after the start of the current reporting period, the “period start date” for the first report due after the committee’s organizational report will pick up from the date that the organizational report ended.

For example:

John Jones organized his committee early in 2020. His organizational report had a period end date of February 4th. Therefore, his committee’s Mid-Year Semi Annual Report will have a “period start date” of February 5th instead of January 1st.

Mary Smith organized her committee in the fall. Her organizational report had a period end date of October 1st. Therefore, her committee’s Year-End Semi-Annual Report will have a “period start date” of October 2nd instead of July 1st.

Reminder to legal expense fund committees: The reporting schedule for Legal Expense Funds is different from the candidate committee quarterly reporting schedule. These reports are due 10 business days after the end of each *calendar* quarter in both even- and odd-numbered years.

Notices of reports that are due are sent by the board of elections to committee treasurers. The committee’s treasurer is required to notify the appropriate board of elections office either state or county (where the committee’s reports are filed) if the treasurer’s information changes.

Where to file the reports:

Reports for candidates for all council of state offices, judicial offices, district attorney offices and North Carolina Senate and North Carolina House of Representatives offices are filed with the campaign finance office of the State Board of Elections at 430 N. Salisbury Street, Third Floor, Raleigh, NC 27603. The mailing address is PO Box 27255, Raleigh, NC 27611-7255.

Reports for candidates for all county, municipal and school board offices are filed with the county elections board where the candidate resides. Refer to our

website ([NC County Board of Elections Information](#)) for the address of all county boards of elections offices.

Federal Political Committees

Outdated content on the following pages has been removed from this version of the Campaign Finance Manual. Please refer to the North Carolina State Board of Elections website for information regarding Federal Political Committees.

www.ncsbe.gov/campaign-finance/federal-political-committees

Political Party Committees

General Requirements

Appointment of Treasurer

All political party committees must have an appointed treasurer who resides in North Carolina. N.C.G.S. § 163-278.7 states that a political committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the Board. The appointment of treasurer is made on the *Statement of Organization-Party Committee* form (**CRO-2100C**). All political party committees should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. To notify the Board of a change in treasurer, the committee should file an amended *Statement of Organization-Party Committee* form (**CRO-2100C**). It is extremely important for the committee to complete the amended *Statement of Organization-Party Committee* within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the committee. These records should document every transaction of the committee, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the committee. Further, the treasurer is responsible for the accuracy of the reports and for compliance with campaign finance laws.

Mandatory Treasurer Training

Every treasurer of a North Carolina political committee must receive treasurer training from the State Board within three months of appointment and again once every four years. This training requirement can be accomplished by attending in-person training at the office of the State Board of Elections, at a regional location or by completing online training available on from the State Board of Elections ([Mandatory Treasurer Training](#)).

Treasurers that do not complete the mandatory training requirement in a timely manner are not eligible to sign required disclosure reports. Only candidates, treasurers, or assistant treasurers that have been trained are eligible to sign disclosure reports. Reports submitted by a treasurer that has not received training are subject to penalties.

A complete listing of training session dates can be found on our website. Please visit the training link above to register for an upcoming treasurer training session.

Organizing the Committee

Within 10 days of a political party committee organizing, the committee must register with the Campaign Finance Office of the State Board of Elections. The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Party Committee* (**CRO-2100C**) and the *Certification of Financial Account Number Information* (**CRO-3500**). Every political party committee must complete these two forms within 10 days of organizing or accepting contributions or making expenditures, whichever occurs first. A political party committee must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections can assist you with ensuring that your committee name is unique.

All contributions must be maintained in a separate bank account(s) used exclusively by the committee. No committee funds shall be commingled with any other funds.

After completing the *Statement of Organization-Party Committee* and the *Certification of Financial Account Number Information* forms, the party committee must determine if it intends to receive or spend over \$1,000 during the election cycle. If the committee will NOT raise or spend over \$1,000 cumulatively during the election cycle (refer to the definition of election cycle in the GLOSSARY), a *Certification of Threshold* form (**CRO-3600**) can be submitted. This Certification states that the party committee will not receive or spend over \$1,000 cumulatively during the election cycle. Please refer to the section on Threshold requirements for specific information regarding this status.

If the party committee does intend to raise or spend over \$1,000, an **Organizational Report** is required with the *Statement of Organization-Party Committee* (**CRO-2100C**) and the *Certification of Financial Account Number Information* (**CRO-3500**). The **Organizational Report** is the first required disclosure report for committees not certifying under the Threshold. The contents of the **Organizational Report** would include any contributions received and/or expenditures made within the first ten days of the committee. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-**

1100) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even simpler. Once these steps have been taken, the committee is ready to begin. As stated earlier, all organizational documents discussed in this section are due within the first 10 days of receiving a contribution or making an expenditure or registering the committee, whichever is earlier.

Reporting Forms

If the committee spends over \$5,000 to affect a statewide contest or if the committee raises or spends in excess of \$10,000 during their election cycle, then reports must be filed electronically. Otherwise, reports can either be filed on paper or electronically. For committees required to file electronically, and for those desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has electronic software available at no charge. This software is discussed in the next section.

If you decide to use paper forms, a complete list of current forms can be found on our website at [Required NC Campaign Reporting Forms](#). Some of our forms are specific to certain types of committees. Please contact our office for assistance if you have questions about which form to use to disclose a specific transaction type.

Electronic Filing

Electronic filing is an alternative for all committees and a requirement for committees that spend over \$5,000 to affect statewide contests or if the committee raises or spends in excess of \$10,000 during their election cycle. FREE software is available from our website and includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported.

Software training is available at the State Board of Elections office in Raleigh. To register for training contact the Campaign Finance Office at campaign.reporting@ncsbe.gov.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates. N.C.G.S. § 163-278.6(13). Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be familiar with the limitations and prohibitions on contributions. The following limitations affect political party committees.

Limitations N.C.G.S. § 163-278.13

National, State, district and county executive committees of NC recognized parties and Affiliated Party Committees (Party caucus groups of NC House, NC Senate, Council of State)

- These political party committees are not subject to the six thousand eight hundred dollars (\$6,800) per election contribution limitation that other political committees and subordinate political party committees face. In fact, National, State, district and county executive committees of political parties recognized under N.C.G.S. § 163-96 have no contribution limitations. A contributor may give any amount to these political party committees and the political party committee may give any amount to any other North Carolina political committee.

Auxiliary or subordinate political party committees (county auxiliary groups such as men's and women's clubs, precinct committees, etc.) and those not recognized by N.C.G.S. § 163-96 can only accept and a contributor can only give up to six thousand eight hundred dollars (\$6,800) per election. Therefore, if there is a primary and a general election, the committee can only receive six thousand eight hundred dollars (\$6,800) through the day of the primary and six thousand eight hundred dollars (\$6,800) from the day after the primary through the December 31 of the general election year.

Prohibitions

It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to any political party committee. N.C.G.S. § 163-278.19.

Political committees not registered with North Carolina are also prohibited from contributing to political party committees.

Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or

professional association may not contribute to a political party committee. N.C.G.S. § 163-278.13(i).

Anonymous contributions are prohibited in North Carolina. This includes any funds raised for which contributor contact information is not obtained, such as “pass-the-hat” collections. Contributions made in the name of another are also prohibited. In addition, all checks or money orders must contain a specific designation of the intended recipient chosen by the contributor. N.C.G.S. § 163-278.14.

All contributions in excess of \$50 must be made by check, draft, money order, credit card, debit, or other noncash method. N.C.G.S. § 163-278.14.

Any such contributions received shall be turned over to the State Board of Elections for deposit into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

Committees not certified to remain under the \$1,000 reporting threshold are required to report all contributions. All contributors whose cumulative total of contributions exceeds \$50 for the election must be reported with the contributor’s name, address, occupational and employer information.

Contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure and count toward an individual’s \$50 threshold for identity reporting.

Contributions received from an individual who has not exceeded \$50 since the last election are not required to be reported by name, address, occupational and employer information. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

In-kind contributions (contributions of goods or services) must also be reported. The contributor should provide the committee with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on a receipt form (CRO-1205, -1210, -1220, -1230 as appropriate) and also on the In-Kind Contributions form (CRO-1510). Reporting on both forms serves to balance the account by adding the value to the total receipts and total expenditures, with a net impact of \$0 to the committee’s cash on hand.

Political party **executive** committees (not auxiliary or subordinate committees) are eligible to raise contributions through an Exempt

Purchase Price Sale (“Exempt Sale”). An Exempt Sale is a sale of goods or services, such as t-shirts, buttons, and food items, in which:

- ☐ The price for each item is reasonably close to its market price; and
- ☐ The total purchases for each contributor is \$50 or less; and
- ☐ The treasurer submits a sales plan (form CRO-2600) to the Executive Director of the State Board of Elections for approval prior to conducting the sale; and
- ☐ The total amount raised from all sales under all plans by the committee does not exceed \$20,000 per election cycle.

Under an Exempt Sale, treasurers are not required to obtain the name, address, and employer information for each contributor. Instead, the treasurer records the total number of each item sold and the amount raised. The proceeds from exempt sales are disclosed on form CRO-1265.

Expenditures

There are very few restrictions on how a party committee may spend its money. However, all expenditures must be reported, along with the specific purpose of the expenditure. National, State, district, and county executive committees or affiliated committees (Caucus groups of NC House, NC Senate and Council of State) of political parties recognized by N.C.G.S. § 163-96 have no limitations on how much they can contribute to other political committees. Subordinate or auxiliary political party committees and those not recognized under N.C.G.S. § 163-96 must adhere to the six thousand eight hundred dollar (\$6,800) contribution limitation when contributing to other political committees.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by a verifiable form of payment and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the last election must also be reported.

All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election sum-to-date totals for the payee must also be included.

Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. Use CRO-1315, Aggregated Non-Media Expenditures to reports these transactions. The name of the payee is not required to be disclosed. However, the date of each expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included.

Any expenditure for postage may be paid in cash in any amount.

If a committee has something of value that is not monetary and they make an in-kind contribution to another committee, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

Political party committees may receive loans from individuals and other entities permitted to make contributions. Loans are contributions and are subject to the same limitations as contributions. If a political party committee receives a loan there is specific paperwork that must be completed. The treasurer of the political party committee must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan, if applicable.

National, State, district, and county executive committees of political parties recognized by N.C.G.S. § 163-96 can receive loans in any amount from qualified contributors. They may also make loans to political committees in any amount.

Auxiliary or subordinate political party committees and political party committees not recognized by N.C.G.S. § 163-96 may only receive and make loans up to six thousand eight hundred dollars (\$6,800) for each election. If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed six thousand eight hundred dollars (\$6,800) for that election. Any guarantor on the loan may not make any contribution that totaled with the amount of the loan they have guaranteed would exceed six thousand eight hundred dollars (\$6,800).

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A

“lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a political party committee has a loan that has not been repaid or forgiven, the committee may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the committee and those debts and obligations owed to the committee. If a committee receives a good or service for which it did not pay at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A committee may not close until all debts and obligations have been paid. Any debt or obligation that is not paid would be considered a contribution to the committee. Contributions over the limitation and from prohibited contributors would result in violations by the committee.

Threshold Requirements

Political party committees have the option of being exempt from the reporting requirements if they certify that during the entire election cycle they will neither raise nor spend more than one thousand dollars (\$1,000) cumulatively. This certification is made on the *Certification of Threshold* form (**CRO-3600**). After this certification has been filed, the political party committee is not required to file disclosure reports unless it exceeds \$1,000 in contributions or expenditures. However, the political party committee is required to keep detailed records of all contributions and expenditures and to produce such records upon request of the Campaign Finance Office of the State Board of Elections.

Political party committees that make the certification and exceed the one thousand dollar (\$1,000) threshold during the election cycle must immediately file an amended *Certification of Threshold* form (**CRO-3600**). In addition, all contributions and expenditures from the beginning of the election cycle through the end of the current reporting period must be reported on the next required disclosure report. Filing under the threshold only exempts the political party committee from reporting requirements, not requirements to keep internal records of all committee transactions.

Threshold status must be renewed at the beginning of every election cycle by filing a new *Certification of Threshold* form (**CRO-3600**). Otherwise, it is assumed that the party committee is not under the threshold for the new election cycle and reports will be required to be timely filed.

Notices of Reports Due

All registered political party committees that have not filed under the one thousand dollar (\$1,000) threshold will receive official notices for all reports due. All official notices are sent to the current treasurer of record. Political party committees that change treasurers without notifying the State Board of Elections might experience a delay when receiving official notices.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet* (**CRO-1000**) serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed with the elections board office where they are due. Misdirecting a report to a different elections board could result in penalties for late filings. Meter marks are not permissible as postmarks since the dates on postage meters can be manually adjusted forward or backward. If a report only bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the elections board office where they are due on or before the due date will be considered late and assessed penalties for late filing. Committees that file electronically must mail their signed coversheet by the report deadline date.

Any treasurer that intentionally files a report late in order to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not exceed three times the amount of the contributions and expenditures willfully attempted to be concealed.

The Campaign Finance Office of the State Board of Elections strongly encourages treasurers to send all disclosure reports by certified mail or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the

certified mail receipt or delivery service receipt will serve as proof of timely filing.

Civil Penalties

Political party committees may receive penalties for late-filed reports. A political party committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the committee made any contributions to or in support of a statewide candidate during the reporting period. If the political party committee did file a report that affected a statewide election, the committee would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

The State Board may waive a penalty if there is good cause for the waiver. A committee seeking a waiver of a penalty must provide a written affidavit that sets forth any facts or circumstances that may support a waiver of the penalty. N.C.G.S. § 163-278.34(d). An Affidavit to Request a Waiver of Civil Late Penalties form is available on the State Board's website. Waiver requests are considered, and voted on, at State Board meetings.

A committee may also contest the penalty by filing a Petition for a Contested Case with the Office of Administrative Hearings ("OAH"). N.C.G.S. § 163-278.34(e). A petition must be filed within 30 days of receipt of the Notice of Penalty Assessment. Petitioners are required to pay a \$20.00 filing fee to OAH. For further information, please visit [NC Office of Administrative Hearings](#).

A committee that fails to file a report entirely will receive a Notice of Noncompliance. If the committee does not file the missing report within 20 days of the issuance of the Notice of Noncompliance, the committee's active status will be terminated. A committee that is terminated is ineligible to receive or make contributions until it has filed the missing report and paid any penalty for the missing report. 08 NCAC 01 .0104.

Inactive Status

Political party committees that do not desire to disburse all funds and close their committee, but also do not intend to receive any contributions or make any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the committee certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the committee is inactive, disclosure reports are not required to be filed. When the committee

intends to resume receiving contributions or making expenditures, the treasurer should complete and file a *Certification to Return to Active Status* form and all subsequent disclosure reports should be filed.

Closing the Committee

Political party committees that wish to close their committee may do so at any time during the election cycle. In order to close the committee, all penalties and outstanding debts must be paid, outstanding loans must be resolved, and all remaining funds in the bank account must be disbursed. If the political party committee filed under the \$1,000 threshold, the only other documentation required would be the *Certification to Close Committee* form (**CRO-3400**). If the political party committee did not file under the \$1,000 threshold, a “Final Report” will be required in addition to the *Certification to Close Committee* form (**CRO-3400**). The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or, if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the committee with the State Board of Elections, the treasurer will consider the committee “closed pending” until a letter has been received from the elections board stating that a final audit has been conducted and the committee is “closed.” The treasurer should maintain all records for two years after the conclusion of the election cycle.

Political Party Committee

The reporting schedule for political committees is available via the following link to our website.

[Reporting Schedules](#)

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 430 North Salisbury Street, Third Floor, Raleigh, NC 27603. The mailing address is PO Box 27255, Raleigh, NC 27611-7255.

Political Party Headquarters Building Funds

Organization and Allowable Contributions

A political party executive committee may establish a Political Party Headquarters Building Fund (“Building Fund”). A Building Fund may accept donations from corporations, business entities, labor unions, professional associations, and insurance companies. The donations may be monetary or in-kind (goods or services). However, the Building Funds may only be used for the specific purposes authorized in N.C.G.S. § 163-278.19B. Funds CANNOT be transferred from a Building Fund account to other committee accounts.

In order to establish a Political Party Headquarters Building Fund, the political party executive committee must file a Statement of Organization – Party Committee (CRO-2100C) and Certification of Financial Account Number Information (CRO-3500). The full name of the committee listed on the Statement of Organization must include the name of the executive committee and the term “Building Fund.”

The Building Fund must be maintained as a separate, segregated fund of the political party executive committee. Building Funds must not be comingled with other executive committee funds.

The treasure must file separate disclosure reports for the Building Fund. Building Funds reports are filed on the same schedule as political party executive committees. Reporting forms are the same. Reports must be filed even if no donations are received or expenditures made in a given reporting period. Failure to file a report may result in civil penalties.

Specific Use of Building Funds

All donations made to a political party’s headquarters building fund are subject to the following rules: (N.C.G.S. § 163-278.19B)

- The donations solicited and accepted are designated to the political party headquarters building fund, which must be for a “principal” headquarters.
- Potential donors to that fund are advised that all donations will be exclusively for the political party headquarters building fund.
- The political party establishes a separate segregated bank account into which shall be deposited only donations for the political party headquarters building fund.
- The donations deposited in the separate segregated bank account for the political party headquarters building fund will be spent only to purchase a headquarters building, to construct a headquarters building, to renovate a headquarters building, to pay a mortgage on a headquarters building, pay rent

for a headquarters building, to pay utilities for a headquarters building, or to repay donors if a headquarters building is not purchased, constructed, or renovated. Donations can also be spent on personnel compensation and in-kind benefits to up to three personnel whose functions are primarily administrative in nature, such as providing accounting, payroll or campaign finance reporting services if no more than 10% of their work time is spent on political advocacy in each calendar year.

- Donations deposited into that account shall not be used for travel or fundraising expenses or requirements of any kind, or for any equipment other than fixtures.

Reports Due

The political party executive committee shall report donations to and spending from the political party headquarters building fund on the schedule described below. Even if the political party executive committee has filed under the threshold and is exempt from reporting, all funds into and from a political party headquarters building fund must be reported on the reporting schedule below. Please refer to the **Party Committee Reporting Schedule** for specific dates. All reports will be submitted to the Campaign Finance Office of the State Board of Elections.

Political Party Headquarters Building Funds

The reporting schedule for political committees is available via the following link to our website.

[Reporting Schedules](#)

Where do I file these reports?

All reports should be filed with the Disclosure Office of the State Board of Elections at 430 North Salisbury Street, Third Floor, Raleigh, NC 27603. The mailing address is PO Box 27255, Raleigh, NC 27611-7255.

Political Committees (PACs)

General Requirements

Appointment of Treasurer

All non-federal political committees (PACs) must have an appointed treasurer who resides in North Carolina. N.C.G.S. § 163-278.7 states that a political committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. The appointment of treasurer is made on the *Statement of Organization-Political Action Committee* form (**CRO-2100D**). Political committees (PACs) supporting candidates for statewide office, legislative, judicial offices, district attorney, or candidates in more than one county should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. PACs supporting candidates for office in a single county or municipality should file their form with the county board of elections office where the affected candidates file their disclosure reports. The *Statement of Organization-Political Action Committee* form (**CRO-2100D**) should be used by a PAC to officially notify the Board of a change in treasurer. The treasurer listed on the last filed *Statement of Organization-Political Action Committee* form will be the treasurer of record and is considered responsible for the compliance of the committee. It is important for the committee to complete the amended *Statement of Organization-Political Action Committee* form within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

All money must be maintained in a separate bank account(s) used exclusively by the committee. No committee funds shall be commingled with any other funds.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the committee. These records should document every transaction of the committee, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the committee. Further, the treasurer is responsible for the accuracy of the reports and for compliance with campaign finance laws.

Mandatory Treasurer Training

Every treasurer of a North Carolina political committee must receive treasurer training from the State Board within three months of appointment and again once every four years. This training requirement

can be accomplished by attending in-person training at the office of the State Board of Elections, at a regional location or by completing online training available on from the State Board of Elections ([Mandatory Treasurer Training.](#))

Treasurers that do not complete the mandatory training requirement in a timely manner are not eligible to sign required disclosure reports. Only candidates, treasurers, or assistant treasurers that have been trained are eligible to sign disclosure reports. Reports submitted by a treasurer that has not received training are subject to penalties.

A complete listing of training session dates can be found on our website. Please visit the training link above to register for an upcoming treasurer training session.

Organizing the Committee

A group or combination of two or more individuals whose major purpose is to support or oppose one or more clearly identified candidates or candidates of a clearly identified political party is a political committee (PAC). In order for political committees (PACs) to support or oppose candidates in North Carolina, they must first register with the appropriate board of elections office. For political committees (PACs) supporting or opposing candidates within a single county, organization would take place at the county board of elections office. For political committees (PACs) supporting or opposing candidates for statewide office, judicial candidates, district attorney candidates, legislative candidates, candidates for offices that cross county boundaries, or candidates in more than one county, organization would take place at the Campaign Finance Office of the State Board of Elections.

The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Political Action Committee* form (**CRO-2100D**), *Certification of Financial Account Number Information* form (**CRO-3500**) and the **Organizational Report**. Every political committee must complete these two forms and the **Organizational Report** within 10 days of organizing or of accepting contributions or making expenditures in order to support or oppose candidates. A political committee (PAC) must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with ensuring that your committee name is unique.

After completing the *Statement of Organization-Political Action Committee* and the *Certification of Financial Account Number Information* forms, an **Organizational Report** must be completed. The **Organizational Report**

is the first required disclosure report for political committees (PACs). The contents of the **Organizational Report** would include any contributions received or expenditures made in order to support or oppose candidates. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even more simplified. Once these steps have been taken, the committee is ready to begin.

Reporting Forms

Disclosure reports are required from all PACs.

If the committee spends over \$5,000 to affect a statewide contest or if the committee raises or spends more than \$10,000 during the election cycle, then reports must be filed electronically. Otherwise, reports can either be filed on paper or electronically. For committees required to file electronically, and for those desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has electronic software available at no charge. This software is discussed in the next section.

If you decide to use paper forms, a complete list of current forms can be found on our website at [Campaign Finance Reporting Forms](#). Some of our forms are specific to certain types of committees. Please contact our office for assistance if you have questions about which form to use to disclose a specific transaction type.

Independent Expenditure PACs (IE PACs)

A political committee can certify that they will not directly or indirectly make contributions to candidate committees or other committees that make contributions to candidates. If this certification is made, an IE PAC can accept unlimited contributions and make unlimited independent expenditures. N.C.G.S. § 163-278.13(j).

Please keep in mind, an independent expenditure is an expenditure that is **not** a coordinated expenditure. N.C.G.S. § 163-278.6(53). A coordinated expenditure is “an expenditure that is made in concert or cooperation with, or at the request or suggestion of, a candidate, a candidate campaign committee . . . the agent of the candidate, or the

agent of the candidate campaign committee.” N.C.G.S. § 163-278.6(20). If expenditures of an IE PAC are coordinated, they are not independent expenditures, they are contributions. An IE PAC that makes contributions to candidates or to committees that make contributions to candidates may be subject to civil penalties.

Since 2012, North Carolina has recognized the ability of registered IE PACs to also accept unlimited contributions from corporations, business entities, professional associations, labor unions and insurance companies. However, disclosure of these contributions is still required. For more information, please review [Written Opinion 2012-04-13](#).

A corporation, business entity, professional association, labor union or insurance company that contributes to a registered IE PAC may also be subject to reporting requirements under N.C.G.S. § 163-278.12(b). For more information, see [Special Contributors](#).

IE PACs follow the same reporting schedule, and make reports using the same disclosure forms, as all other registered PACs.

Electronic Filing

Electronic filing is an alternative for all committees and a requirement for committees that spend over \$5,000 to affect statewide contests or if the committee raises or spends more than \$10,000 during the election cycle. FREE software is available from our website and includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported.

Software training is available at the State Board of Elections office in Raleigh. To register for training contact the Campaign Finance Office at campaign.reporting@ncsbe.gov.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates or candidates of a clearly identified political party. Contributions may be monetary or non-monetary (“in-kind”). Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be familiar with the limitations and prohibitions on contributions. The following information is for all PACs.

Limitations

A PAC may not accept and a contributor may not give more than six thousand eight hundred dollars (\$6,800) per election. Therefore, a State PAC may receive six thousand eight hundred dollars (\$6,800) through the day of the primary and six thousand eight hundred dollars (\$6,800) from the day after the primary through the end of the year.

Prohibitions

It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a PAC. N.C.G.S. § 163-278.19.

Political committees not registered with North Carolina are also prohibited from contributing.

Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association or received contributions in excess of the contribution limits for a PAC may not contribute to a PAC.

Anonymous contributions are prohibited in North Carolina. This includes any funds raised for which contributor contact information is not obtained, such as “pass-the-hat” collections. Contributions made in the name of another are also prohibited. In addition, all checks or money orders must contain a specific designation of the intended recipient chosen by the contributor.

All contributions in excess of \$50 must be made by check, draft, money order, credit card, debit, or other noncash method.

Any such contributions received shall be turned over to the Board for deposit into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

PACs are required to report all contributions. All contributors contributing over \$50 cumulatively for the election must be reported with the contributor’s name, address and occupational information.

Contributions received from an individual that has not exceeded \$50 since the day after the last election are not required to be reported with

the contributor's name, address or occupational information. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

If an individual exceeds \$50 in cumulative contributions for the election, the treasurer is required to disclose the name of that individual on the next required disclosure report and all contributions made by that individual since the date of the last election. Additionally, contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure and count toward an individual's \$50 threshold for identity reporting.

In-kind contributions (contributions of goods or services) must also be reported. The contributor should provide the committee with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on a receipt form (CRO-1205, -1210, -1220, -1230 as appropriate) and also on the In-Kind Contributions form (CRO-1510). Reporting on both forms serves to balance the account by adding the value to the total receipts and total expenditures, with a net impact of \$0 to the committee's cash on hand.

Limitations on Fund-raising during Legislative Sessions

A political committee that employs or contracts with or whose parent entity employs or contracts with a NC registered lobbyist ("limited contributor") may not contribute to a member of or candidate for the General Assembly or member of or candidate for the Council of State ("limited contributee") while the General Assembly is in "regular session." N.C.G.S. § 163-278.13B. A "regular session" of the General Assembly is defined as the date set by law or resolution that the General Assembly convenes until the General Assembly adjourns sine die or recesses or adjourns for more than 10 days.

- A "limited contributee" may not solicit from a "limited contributor" any contribution to be made to a "limited contributee" or any other candidate, officeholder, or political committee.
- A "limited contributee" may not solicit a third party to directly or indirectly solicit a contribution from a "limited contributor" **or** have the third party relay to the "limited contributor" the solicitation of the "limited contributee".
- No "limited contributor" shall make or offer to make a contribution to a "limited contributee".
- No "limited contributor" shall make a contribution to any candidate, officeholder, or political committee and direct or request that contribution to be made to a "limited contributee."

- No “limited contributor” shall transfer anything of value to any entity and direct that entity to use what was transferred as a contribution to a “limited contributee.”
- No “limited contributee” or the real or purported agent of a “limited contributee” prohibited from solicitation shall accept a contribution from a “limited contributor.”
- No “limited contributor” shall solicit a contribution from any individual or political committee on behalf of a “limited contributee.” This does not apply to a “limited contributor” soliciting a contribution on behalf of a political party executive committee if the solicitation is solely for a separate segregated fund kept by the political party limited to use for activities that are not candidate-specific, including generic voter registration and get-out-the-vote efforts, pollings, mailings, and other general activities and advertising that do not refer to a specific individual candidate.
- ❖ A contribution is “**made**” during regular session if the check or other instrument is dated during the session, or if the check or other instrument is delivered to the “limited contributee” during session, or if the “limited contributor” pledges during the session to deliver the check or other instrument at a later time.
- ❖ A contribution is “**accepted**” during regular session if the check or other instrument is dated during the session, or if the “limited contributee” receives the check or other instrument during session and does not return it within 10 days.
- ❖ A violation of these limitations is a Class 2 misdemeanor.
- ❖ The exception to these limitations is that the limitations on fund-raising do not apply to a “limited contributee” during the three weeks prior to a second primary where the “limited contributee” will be a candidate on the ballot.

Expenditures

There are very few restrictions on how a PAC may spend its money. However, all expenditures must be reported, along with the specific purpose of the expenditure. The limitations on expenditures exist mainly in contributing to other political committees. Unless the political committee is a political party executive committee exempt from the contribution limitations, a PAC would be limited to contributing six thousand eight hundred dollars (\$6,800) per election to other North Carolina political committees.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by a verifiable form of payment and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the last election must also be reported.

All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election sum-to-date totals for the payee must also be included.

Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included. Any expenditure for postage may be paid in cash in any amount.

If a committee has something of value that is not monetary and they make an in-kind contribution to another committee, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

PACs may receive loans from individuals and other entities allowed to make contributions. Loans are contributions and are subject to the same limitations as contributions. If a PAC receives a loan there is specific paperwork that must be completed. The treasurer of the PAC must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan. The loan amount must not exceed six thousand eight hundred dollars (\$6,800). If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed six thousand eight hundred dollars (\$6,800) for that election. Any guarantor on the loan may not make any contribution that totaled with the amount of the loan they have guaranteed would exceed six thousand eight hundred dollars (\$6,800).

A loan can only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a PAC has a loan that has not been repaid or forgiven, the committee cannot close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the committee and those debts and obligations owed to the committee. If a committee receives a good or service for which it did not pay at the time, then the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A committee cannot close until all penalties have been paid, debts and obligations have been paid, and outstanding loans have been paid or forgiven. Any debt or obligation that is not paid would be considered a contribution to the committee. Contributions over the limitation and from prohibited contributors would result in violations by the committee.

Administrative Support

PACs that are registered in North Carolina and that identified a parent entity at the time of organization can receive reasonable administrative support from the parent entity designated on the *Statement of Organization-Political Action Committee* (**CRO-2100D**) if the parent entity is a corporation, business entity, labor union, professional association, or insurance company. Such reasonable support may include, but is not specifically limited to, record keeping, computer services, billings, mailings to members of the committee, membership development, fund-raising activities, office supplies, office space, and such other support that is necessary for the administration of the committee. Additionally, the allocable portion of the compensation of any officer or employee of the parent entity that devoted more than 35% of their time during normal business hours of the parent entity must be reported. Administrative support **does not** include contributions or expenditures made in support of or opposition to candidates.

The parent entity shall provide in writing the approximate cost of all administrative support given to the PAC. The PAC is required to report administrative support on its disclosure reports using the *Administrative Support* form (**CRO-1710**). The PAC is required to attach a copy of the written approximate cost received from the parent entity.

Notices of Reports Due

All PACs that are registered in North Carolina will receive official notices for all reports due. All notices are sent to the current treasurer of record. PACs that change treasurers without notifying the appropriate Board of Elections office might experience a delay in receiving official notices. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet (CRO-1000)* serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed with the elections board office where they are due. Misdirecting a report to a different elections board could result in penalties for late filings. Meter marks are not permissible as postmarks since the dates on postage meters can be manually adjusted forward or backward. If a report only bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the elections board office where they are due on or before the due date will be considered late and assessed penalties for late filing. Committees that file electronically must mail their signed coversheet by the report deadline date.

Any treasurer that intentionally files a report late in order to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not exceed three times the amount of the contributions and expenditures willfully attempted to be concealed.

The Campaign Finance Office of the State Board of Elections strongly encourages treasurers to send all disclosure reports by certified mail or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the certified mail receipt or delivery service receipt will serve as proof of timely filing.

Civil Penalties

PACs can incur penalties for late-filed reports. A report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the committee made any contributions to or in support of a statewide candidate during the reporting period. If the PAC did file a report that affected a statewide election, the committee would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

The State Board may waive a penalty if there is good cause for the waiver. A committee seeking a waiver of a penalty must provide a written affidavit that sets forth any facts or circumstances that may support a waiver of the penalty. N.C.G.S. § 163-278.34(d). An Affidavit to Request a Waiver of Civil Late Penalties form is available on the State Board's website. Waiver requests are considered, and voted on, at State Board meetings.

A committee may also contest the penalty by filing a Petition for a Contested Case with the Office of Administrative Hearings ("OAH"). N.C.G.S. § 163-278.34(e). A petition must be filed within 30 days of receipt of the Notice of Penalty Assessment. Petitioners are required to pay a \$20.00 filing fee to OAH. For further information, please visit [NC Office of Administrative Hearings](#).

A committee that fails to file a report entirely will receive a Notice of Noncompliance. If the committee does not file the missing report within 20 days of the issuance of the Notice of Noncompliance, the committee's active status will be terminated. A committee that is terminated is ineligible to receive or make contributions until it has filed the missing report and paid any penalty for the missing report. 08 NCAC 01 .0104.

Inactive Status

PACs that do not desire to disburse all funds and close their committee, but also do not intend to receive any contributions or make any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the committee certifies that it will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the committee is Inactive, disclosure reports are not required to be filed. If at some point the committee intends to resume receiving contributions or making expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Political committees (PACs) that wish to close may do so at any time during the election cycle. In order to close the committee, all penalties and outstanding debts must be paid, all outstanding loans must be forgiven or repaid, and all funds in the bank account must be disbursed. A “Final Report” must be filed in addition to the *Certification to Close Committee* form (**CRO-3400**). The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or, if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the committee with the appropriate board of elections office, the treasurer will consider the committee “closed pending” until a letter has been received from the elections board stating that a final audit has been conducted and the committee is “closed.” The treasurer should maintain all records for two years after the conclusion of the election cycle.

State PACs, County PACs & Independent Expenditure PACs

The reporting schedule for political committees is available via the following link to our website.

[Reporting Schedules](#)

Where do I file these reports?

PACs registered with the State Board of Elections file reports with the Disclosure Office of the State Board of Elections at 430 North Salisbury Street, Third Floor, Raleigh, NC 27603. The mailing address is PO Box 27255, Raleigh, NC 27611-7255.

PACs registered with a county elections board file reports with the same county elections board. Refer to our website [NC County Board of Elections Information](#) for the address of all county boards of elections offices.

Municipal PACs

The reporting schedule for political committees is available via the following link to our website.

[Reporting Schedules](#)

Where do I file these reports?

All reports should be filed with the PAC's local board of elections office.

Refer to our website [NC County Board of Elections Information](#) for the address of all county board of elections office.

Independent Expenditure Filers

An independent expenditure is an expenditure made to support or oppose one or more clearly identified candidates that is not made in concert or cooperation with, or at the request or suggestion of the candidate the expenditure supports, or the opponent of the candidate the expenditure opposes. See N.C.G.S. § 163-278.6(53) and N.C.G.S. § 163-278.6(20).

In addition to individuals, corporations, professional associations, labor unions and other business entities may make independent expenditures. So long as these expenditures are independent, and not coordinated with any candidate, there is no limit on how much an individual or corporation may spend.

However, individuals and entities making independent expenditures with a value in excess of \$100.00 in an election are required to file disclosure reports. These individuals and entities are referred to as Independent Expenditure Filers.

Independent Expenditure Filers that support or oppose statewide candidates, legislative candidates, judicial candidates, or candidates for district attorney file disclosure reports with the State Board. Independent Expenditure Filers that support or oppose statewide ballot issues also file with the State Board.

Independent Expenditure Filers that support or oppose county or municipal candidates file disclosure reports with the county board of elections. Independent Expenditure Filers that support or oppose ballot issues contained within one county also file with the county board of elections.

An Independent Expenditure Filer must disclose expenditures within 30 days of expenditures exceeding \$100.00 in an election or 10 days before an election the independent expenditures affect, whichever occurs earlier. After the initial disclosure report, the Independent Expenditure Filer will continue to file reports on the same schedule as political committees until the end of the election.

In some circumstances, donations made to Independent Expenditure Filers must also be disclosed. Donations are only disclosed if made to further an independent expenditure. If any of the following apply, the donation must be disclosed:

1. The donor designates, requests, or suggests that the donation be used for an independent expenditure or for multiple independent expenditures, and the filer agrees to use the donation for an independent expenditure.
2. The filer expressly solicited the donor for a donation for making or paying for an independent expenditure.

3. The donor and the filer engaged in substantial written or oral discussion regarding the donor's making, donating, or paying for an independent expenditure.

4. The donor or the filer knew or had reason to know of the filer's intent to make independent expenditures with the donation. N.C.G.S. § 163-278.12(f).

An Independent Expenditure Filer that makes expenditures with a value in excess of \$5,000.00 during an election must file disclosure reports electronically. All other Independent Expenditure Filers may choose between filing reports electronically, or on paper. Forms for reporting Independent Expenditures are CRO-2210A, 2210B, and 2201C available on the State Board's website.

Independent Expenditure Filers are also required to make 48 Hour Reports. An Independent Expenditure Filer that makes an expenditure of \$5,000 or more, or receives a donation of \$1,000 or more, before an election but after the period covered by the last report due, must file a 48 Hour Report with the State Board or county board of elections. Independent Expenditure Filers shall submit their 48 Hour Report using forms CRO-2210A, 2210B, and 2201C. 48-Hour Reports may be submitted via fax or email to the relevant board.

Special Contributors

A corporation, business entity, labor union, professional association, insurance company or other entity that is not a registered political committee or referendum committee but makes a contribution to a political committee or referendum committee, may be required to file a disclosure report as a Special Contributor under N.C.G.S. § 163-278.12(b).

Corporations, business entities, labor unions, professional associations, and insurance companies are limited by N.C.G.S. § 163-278.19. In general, these entities cannot make contributions to political committees. However, they may make contributions to independent expenditure political committees or to political committees if they meet the specific requirements of N.C.G.S. § 163-278.19(h). When contributions are made to these entities, disclosure requirements may apply.

If a corporation that is not a registered political committee or referendum committee makes contributions with a value in excess of \$100.00 in an election it, in addition to the recipient committee, is required to file a disclosure report. The corporation is referred to as a Special Contributor.

Special Contributors that support statewide candidates, legislative candidates, judicial candidates, or candidates for district attorney file disclosure reports with the State Board. Special Contributors that support statewide ballot issues also file with the State Board.

Special Contributors that support county or municipal candidates file disclosure reports with the county board of elections. Special Contributors that support ballot issues contained within one county also file with the county board of elections

A Special Contributor must disclose contributions within 30 days of contributions exceeding \$100.00 in an election or 10 days before an election the contributions affect, whichever occurs earlier. After the initial disclosure report, the Special Contributor will continue to file reports on the same schedule as political committees until the end of the election.

In some circumstances, donations made to Special Contributors must also be disclosed. Donations are only disclosed if made to further a contribution. If any of the following apply, the donation must be disclosed:

1. The donor designates, requests, or suggests that the donation be used for a contribution or for multiple contributions, and the filer agrees to use the donation for a contribution.
2. The filer expressly solicited the donor for a donation for making or paying for a contribution.

3. The donor and the filer engaged in substantial written or oral discussion regarding the donor's making, donating, or paying for a contribution.
4. The donor or the filer knew or had reason to know of the filer's intent to make contributions with the donation. N.C.G.S. § 163-278.12(f).

PLEASE EXERCISE CAUTION – N.C.G.S. § 163-278.14 still applies and prohibits any donor from making a contribution in the name of another.

A Special Contributor that makes contributions with a value in excess of \$5,000.00 during an election must file disclosure reports electronically. All other Special Contributors may choose between filing reports electronically, or on paper. Forms for reporting Independent Expenditures are CRO-2215A, 2215B, and 2215C available on the State Board's website.

Special Contributors are also required to make 48 Hour Reports. A Special Contributor that makes a contribution of \$5,000 or more, or receives a donation of \$1,000 or more, before an election but after the period covered by the last report due, must file a 48 Hour Report with the State Board or county board of elections. Special Contributors shall submit their 48 Hour Report using forms CRO-2215A, 2215B, and 2215C. 48-Hour Reports may be submitted via fax or email to the relevant board.

Referendum Committees

General Requirements

Appointment of Treasurer

All referendum committees must have an appointed treasurer who resides in North Carolina. N.C.G.S. § 163-278.7 states that a referendum committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. The appointment of treasurer is made on the *Statement of Organization-Referendum Committee* form (**CRO-2100E**). Referendum committees established in support of or opposition to a statewide ballot issue or a ballot issue for multiple counties should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. Referendum committees established in support of or opposition to a single county or municipality ballot issue should file their form with the county board of elections office conducting the referendum. The *Statement of Organization-Referendum Committee* form (**CRO-2100E**) should be used by a referendum committee to officially notify the elections board of a change in treasurer. The treasurer listed on the last filed *Statement of Organization-Referendum Committee* form is the treasurer of record and is considered responsible for the compliance of the committee. If at any time the referendum committee changes treasurers it is important for the committee to complete the amended *Statement of Organization-Referendum Committee* form within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the committee. These records should document every transaction of the committee, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the committee. Further, the treasurer is responsible for the accuracy of the reports and compliance with campaign finance laws.

Mandatory Treasurer Training

Every treasurer of a referendum committee shall receive, prior to every election in which the referendum committee is involved, training from the State Board of Elections as to the duties of the office. The treasurer may designate an employee or volunteer of the committee to receive the training.

Organizing the Committee

A group or combination of two or more individuals that has the primary purpose to support or oppose the passage of any referendum on the ballot is a referendum committee. In order for referendum committees to support or oppose the passage of a ballot issue in North Carolina, they must first register with the appropriate board of elections office. For referendum committees supporting or opposing the passage of a ballot issue within a single county or municipality, organization would take place at the county board of elections office. For referendum committees supporting or opposing the passage of a statewide or multiple county ballot issue, organization would take place at the Campaign Finance Office of the State Board of Elections.

The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Referendum Committee* form (**CRO-2100E**), *Certification of Financial Account Number Information* form (**CRO-3500**) and the **Organizational Report**. Every referendum committee must complete these two forms and the **Organizational Report** within 10 days of accepting contributions or making expenditures in order to support or oppose a ballot issue.

All money must be maintained in a separate bank account(s) used exclusively by the committee. No committee funds shall be commingled with any other funds.

A referendum committee must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with ensuring that your committee name is unique.

After completing the *Statement of Organization-Referendum Committee* and the *Certification of Financial Account Number Information* forms, an **Organizational Report** must be completed. The contents of the **Organizational Report** should include any contributions received or expenditures made in order to support or oppose the passage of a ballot issue. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions should be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even more simplified. Once these steps have been taken, the committee is ready to begin.

Reporting Forms

Disclosure reports are required from all referendum committees. These reports can either be filed on paper or electronically. Electronic filing is an alternative for all committees and a requirement for committees that spend over \$5,000 to affect statewide contests or if the committee raises or spends more than \$10,000 during the election cycle. This software is discussed in the next section. If you decide to use the paper forms, these forms may be found on our website at [Campaign Finance Reporting Forms](#). Some of the forms in our system are specific to certain types of committees.

Electronic Filing

Electronic filing is an alternative for all committees and a requirement for committees that spend over \$5,000 to affect statewide contests or if the committee raises or spends more than \$10,000 during the election cycle. FREE software is available on the State Board of Elections website and includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available at the State Board of Elections office in Raleigh. Training dates are listed on our website at [Mandatory Treasurer Training](#).

For more information on filing disclosure reports electronically, please contact our office at 919-814-0700 or visit our website.

Contributions

Contributions are anything of value that support or oppose the passage of any referendum on the ballot. Contributions may be monetary or non-monetary (“in-kind”). Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be familiar with the limitations and prohibitions on contributions. The following information is for all referendum committees.

Limitations

There are no contribution limitations on referendum committees. Individuals and other entities may contribute in any amount and the referendum committee may receive contributions in any amount.

Prohibitions

It is **lawful** for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a referendum committee. Registered referendum committees that receive any contribution from a corporation, labor union, insurance company, business entity, or professional association **cannot** contribute to any other political committee.

Anonymous contributions are prohibited in North Carolina. This includes any funds raised for which contributor contact information is not obtained, such as “pass-the-hat” collections. Contributions made in the name of another are also prohibited. In addition, all checks or money orders must contain a specific designation of the intended recipient chosen by the contributor.

All contributions in excess of \$50 must be made by check, draft, money order, credit card, debit, or other noncash method.

Any prohibited contributions received shall be turned over to the State Board of Elections for deposit into the NC Civil Penalty and Forfeiture Fund.

Reporting Contributions

Referendum committees are required to report all contributions. All contributors contributing over \$50 cumulatively for the election must be reported with the contributor’s name, address and occupational information.

Contributions received from an individual that has not exceeded \$50 cumulatively since the day after the last election are not required to be reported with the contributor’s name, address or occupational information. The date, amount, payment method, account, and election sum-to-date shall be disclosed for all contributions, regardless of amount.

If an individual exceeds \$50 in cumulative contributions for the election, the treasurer must disclose the name of that individual on the next required disclosure report and all contributions made by that individual since the date of the last election or primary election. Additionally, contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure and count toward an individual’s \$50 threshold for identity reporting.

In-kind contributions (contributions of goods or services) must also be reported. The contributor should provide the committee with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on a receipt form (CRO-1205, -1210, -1220, -1230 as appropriate) and also on the In-Kind Contributions form (CRO-1510). Reporting on both forms serves to balance the account by adding the value to the total receipts

and total expenditures, with a net impact of \$0 to the committee's cash on hand.

Expenditures

If a referendum committee has received contributions from any corporation, business entity, labor union, professional association or insurance company or contributions in excess of the limitations for a PAC, then the committee cannot make a contribution to any other political committee. Otherwise, there are very few restrictions on how a referendum committee can spend its money.

However, all expenditures must be reported, along with the specific purpose of the expenditure.

Any expenditure that is made for media purposes must be paid with a verifiable form of payment and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid since the last election must also be reported.

All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election sum-to-date totals for the payee must also be included.

Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included.

If a committee has something of value that is not monetary and it makes an in-kind contribution to another entity, the committee must reflect this expenditure on the Non-Monetary Gifts Given to Other Committees form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the Detailed Summary form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

Referendum committees can receive loans from individuals and other entities, but not from candidate committees. Loans are contributions and are subject to the same disclosure requirements as contributions. If a referendum committee receives a loan there is specific paperwork that must be completed. The treasurer of the referendum committee must have the "lender" complete and

sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan, if applicable.

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a referendum committee has a loan that has not been repaid or forgiven, the committee cannot close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the committee and those debts and obligations owed to the committee. If a committee receives a good or service for which it did not pay at the time, then the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A committee cannot close until all debts and obligations have been paid.

Notices of Reports Due

All referendum committees that are registered in North Carolina will receive official notices for all reports due. All notices are sent to the current treasurer of record. Referendum committees that change treasurers without notifying the appropriate elections board will experience a delay in receiving official notices. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet* (**CRO-1000**) serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed with the elections board office where they are due. Misdirecting a report to a different elections board could result in penalties for late filings. Meter marks are not permissible as postmarks since the dates on postage meters can be manually adjusted forward or backward. If a report only

bears a meter mark, the report filing date will be the date that the report is received at the elections board office where it is due. If the filing date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the elections board office where they are due on or before the due date will be considered late and assessed penalties for late filing. Committees that file electronically must mail their signed coversheet by the report deadline date.

Any treasurer that intentionally files a report late in order to conceal contributions or expenditures is subject to the assessment of civil penalties and the cost of any investigation. The civil penalty shall not exceed three times the amount of the contributions and expenditures willfully attempted to be concealed.

The Campaign Finance Office of the State Board of Elections strongly encourages treasurers to send all disclosure reports by certified mail or by other delivery services with proof of pickup and delivery dates. In the event that a postmark is not legible or a report is lost in the mail, the certified mail receipt or delivery service receipt will serve as proof of timely filing.

Civil Penalties

Referendum committees will incur penalties for late filed reports. A referendum committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the committee made any contributions or expenditures to affect a statewide ballot issue. If the referendum committee did file a report that affected a statewide election, the committee would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in the committee having their active status terminated. Once the status of the committee is terminated, the committee is not eligible to receive contributions or make expenditures until overdue reports are filed and penalties are paid.

Inactive Status

Referendum committees that do not desire to close, but also do not intend to receive any contributions or make any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the committee certifies that it will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the committee is Inactive, disclosure reports are not required to be filed. If at some point the committee intends to resume receiving contributions or making expenditures, the *Certification to*

Return to Active Status form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Referendum committees that wish to close can do so at any time. In order to close, all penalties and outstanding debts must be paid, all loans must be repaid or forgiven, all funds must be disbursed and a “Final Report” must be filed in addition to the *Certification to Close Committee* form (**CRO-3400**). If the referendum committee has funds they need to distribute in order to close the account and desires to disburse such funds to another organization, the treasurer of the referendum committee must request in writing from the Executive Director of the State Board of Elections permission to disburse the funds to the desired organization. If the referendum committee received any funds from entities not allowed to contribute to other political committees (such as business or corporate entities), or in amounts not allowed by other PACs, a disbursement cannot be made to another political committee. The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made, or if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the committee with the appropriate elections board, the treasurer will consider the committee “closed pending” until a letter has been received from the elections board stating that a final audit has been conducted and the committee is “closed.” The treasurer should maintain all records for two years after the conclusion of the election cycle.

State Referendum Committees

The reporting schedule for political committees is available via the following link to our website.

[Reporting Schedules](#)

Where do I file these reports?

All reports should be filed with the Disclosure Office of the State Board of Elections at 430 North Salisbury Street, Third Floor, Raleigh, NC 27603. The mailing address is PO Box 27255, Raleigh, NC 27611-7255.

County/Municipal Referendum Committees

The reporting schedule for political committees is available via the following link to our website.

[Reporting Schedules](#)

Where do I file these reports?

All reports should be filed with the local board of elections office.

Refer to our website [NC County Board of Elections Information](#) for the address of all county board of elections offices.

Basic Disclosure Requirements for Print, Radio and Television Advertisements

Print media, radio, and television advertisements that are a reportable contribution, expenditure, independent expenditure, or electioneering communication must include a legend or statement disclosing certain information about the advertisement. G.S. § 163-278.39.

- ✓ Please note, there is a specific exception in G.S. § 163-278.39C for advertisements sponsored by individuals who make independent expenditures of less than \$1,000 in a political campaign.

The disclosure legend is only required for print media, radio, and television advertisements. North Carolina does not currently require disclosures on Internet or social media advertisements. Defined in G.S. § 163-278.38Z(7), print media includes:

- ✓ Billboards (see definition in 08 NCAC 21 .0501)
- ✓ Cards
- ✓ Newspapers
- ✓ Newspaper Inserts
- ✓ Magazines
- ✓ Mass Mailings
- ✓ Pamphlets
- ✓ Fliers
- ✓ Periodicals
- ✓ Outdoor Advertising Facilities

Effective December 1, 2021, a billboard is any sign, flat surface, or other display greater than 50 square feet. 08 NCAC 21 .0501. Yard signs, posters, and magnetic signs with a print area of equal to or less than 50 square feet do not require a disclosure legend. 08 NCAC 21 .0501 also clarifies that flags and banners are not billboards.

Contents of the Disclosure Legend

- ✓ The sponsor of the advertisement must be disclosed. The sponsor is the candidate, political committee, referendum committee, individual, or other entity that purchased the advertisement. G.S. § 163-278.38Z(10). The disclosure legend shall include the statement “Paid for by ____ [Name of candidate, candidate committee, political party organization, political action committee referendum committee, or individual].” G.S. § 163-278.39(a)(1).
- ✓ If sponsored by a political committee or referendum committee, the name in the “Paid for by ____” statement shall be the same name that appears on the committee’s Statement of Organization. G.S. § 163-278.39(a)(2).
- ✓ If an advertisement is jointly sponsored, the disclosure legend shall name all sponsors.
- ✓ If the print media advertisement supports or opposes one or more clearly identified candidates, the advertisement shall disclose whether the advertisement was authorized by any candidate. The disclosure legend shall state either "Authorized by [name of candidate], candidate for [name of office]" or "Not authorized by a candidate." An “Authorized by” statement is not required if the advertisement is sponsored by the candidate or candidate committee. G.S. § 163-278.39(a)(3).
- ✓ If the print media advertisement identifies a candidate the sponsor is opposing, the advertisement shall name the candidate who is intended to benefit from the advertisement. This subdivision applies only when the sponsor coordinates or consults about the advertisement or the expenditure for it with the candidate who is intended to benefit. G.S. § 163-278.39(a)(4).

Sample Disclosure Legend for a PAC:

Paid for by Citizens for John Smith.

Authorized by John Smith, candidate for City Council.

Size Requirements for Print Media Advertisements

G.S. § 163-278.39(b)

- ✓ The height of the disclosure legend shall be at least five percent (5%) of the height of the printed space of the advertisement, however, the type shall be no less than 12-point font.
- ✓ In an advertisement in a newspaper or a newspaper insert, the disclosure legend may be less than five percent (5%) of the height of the advertisement so long as the type is no less than 28-point font.
- ✓ If a single advertisement consists of multiple pages, folds, or faces, the disclosure legend only needs to appear on one page, fold or face.

Size Requirements for Television Advertisements

G.S. § 163-278.39(b)

- ✓ The visual disclosure legend shall constitute four percent (4%) of the vertical picture height.
- ✓ Where the television advertisement is paid for by a candidate or candidate committee, the visual disclosure legend shall appear simultaneously with an easily identifiable photograph of the candidate for at least two seconds.

Radio Advertisements

G.S. § 163-278.39(b)

- ✓ In a radio advertisement, the disclosure statement shall last at least two seconds. The statement shall be spoken so that its contents may be easily understood.

Responsibilities of the Media

Article 22A of Chapter 163 of the General Statutes, specifically N.C.G.S. § 163-278.17, states that it shall be the responsibility of the media outlet to require written authority for each expenditure from each candidate, treasurer, or other individual authorizing an expenditure. Refer to the definition of “communications media or media” in the Definition section of this manual for those outlets that would be required to obtain this written authority.

Media authorizations obtained by media outlets are considered public records and must be made available to the public for inspection during normal business hours. Failure to comply with this statute is a Class 2 misdemeanor.

A sample “Media Authorization Form” is included for use by media outlets. Questions concerning media responsibilities should be directed to the State Board of Elections.

NEWSPAPER NAME: _____ DATE: _____

AUTHORIZATION FOR POLITICAL ADVERTISING IN ABOVE NEWSPAPER

I, _____, hereby authorize the publication of advertisement(s) on behalf of the candidacy of _____, who is seeking the office of _____. I further certify that I am authorized to place this advertisement in accordance with the Campaign Reporting Act of the General Statutes of North Carolina.

The advertising is for publication on the following date(s): _____.

Amount paid for advertising in this certification and/or authorization:
\$ _____.

Check Number _____. Account listed as: _____.

SIGNED _____
(Candidate, treasurer or individual authorizing expenditure)

Title _____

Address _____

City _____ State _____ Zip _____

If agency/public relation firm, please complete the following:

Name of Agency _____

Address _____

City _____ State _____ Zip _____

Independent Expenditure

What is an independent expenditure?

An independent expenditure is an expenditure that is made to support or oppose the nomination of one or more clearly identified candidates but that is not coordinated with any of the candidates or agents of the candidates.

Who may make independent expenditures?

Any individual or any other entity may make independent expenditures. “Any other entity” includes business entities, corporations, labor unions, insurance companies and professional associations.

What information must be reported?

Any expenditure(s) made to further the independent expenditures and any donations made to the entity making the independent expenditures that were given for the purpose of making the independent expenditures.

Disclosure reporting responsibilities for individuals or entities making independent expenditures

If an individual or entity makes independent expenditures in excess of \$100, the individual or entity will report those expenditures to the appropriate board of elections. If the candidates or ballot issues supported or opposed are contained within one county, and the candidate is not running for a legislative or judicial or district attorney office, the report shall be filed with the county board of elections. If the candidates or ballot issues supported or opposed are in more than one county, or are legislative, judicial or district attorney candidates, or are statewide candidates, the report shall be filed at the State Board of Elections.

Forms for reporting Independent Expenditures are **CRO-2210A**; **CRO-2210B**; and **CRO-2210C**.

48 Hour Report for an Independent Expenditure Filer:

Any individual or person who makes an independent expenditure shall disclose by report to the State Board of Elections within 48 hours of incurring an expense of five thousand (\$5,000) or more or receiving a donation of one thousand dollars (\$1,000) or more for making an independent expenditure

before an election but after the period covered by the last report due before that election.

Although other committees referenced in this manual use a unique form for a 48 Hour Report, independent expenditure filers shall submit their 48 Hour Reports using **CRO-2210A, CRO-2210B and CRO-2210C** for reporting of independent expenditures. However, for purposes of meeting the time sensitive nature of the requirement, the submission of the 48 Hour Report by an independent expenditure filer may be accomplished via fax or email.

Reporting Schedule for Independent Expenditures

Independent expenditures should be reported within 30 days after they exceed \$100 or 10 days before an election the independent expenditures affect, whichever occurs earlier. After the initial report of independent expenditures, an individual or entity making independent expenditures must comply with the reporting schedule for a political committee active in the affected election.

Electioneering Communication

What is an electioneering communication?

An electioneering communication is any broadcast, cable, satellite communication, mass mailing or phone bank that has all of the following characteristics:

1. Refers to a clearly identified candidate for elected office. It does not expressly advocate for the election or defeat of the candidate.
2. In the case of the general election in November of the even-numbered year is aired or transmitted within 30 days of the election for that office.
3. May be received by either:
 - a. 50,000 or more individuals in the state in an election for statewide office or 7,500 or more individuals in any other election if the form of broadcast, cable, or satellite communication.
 - b. 20,000 or more households, cumulative per election, in a statewide election or 2,500 households, cumulative per election, in any other election in the form of mass mailing or telephone bank.

What communications are not considered electioneering communications?

1. A communication appearing in a news story, commentary, or editorial distributed through the facilities of any broadcasting station, unless those facilities are owned or controlled by any political party, political committee, or candidate.
2. A communication that constitutes an expenditure or independent expenditure under Article 22A.
3. A communication that constitutes a candidate debate or forum conducted pursuant to rules adopted by the Board, or that solely promotes the debate or forum, and is made by or on behalf of the person sponsoring the debate or forum.
4. A communication made while the General Assembly is in session which, incidental to advocacy for or against a specific piece of legislation

pending before the General Assembly, urges the audience to communicate with a member or members of the General Assembly concerning that piece of legislation.

5. A communication that meets all of the following criteria:
 - a. Does not mention any election, candidacy, political party, opposing candidate, or voting by the general public
 - b. Does not take a position on the candidate's character or qualifications and fitness for office
 - c. Proposes a commercial transaction
6. A public opinion poll conducted by a news medium, as defined in N.C.G.S. § 8-53.11(a)(3), conducted by an organization whose primary purpose is to conduct or publish public opinion polls, or contracted for by a person to be conducted by an organization whose primary purpose is to conduct or publish public opinion polls. This section shall not apply to a "push poll". For purposes of this sub-subdivision, "push poll" shall mean the political campaign technique in which individual or organization attempts to influence or alter the view of respondents under the guise of conducting a public opinion poll.
7. A communication made by a news medium, as defined in N.C.G.S. § 8-53.11(a)(3), if the communication is in print.

Disclosure Requirements for Electioneering Communications

Every entity that incurs an expense for the direct costs of producing or airing electioneering communications in an aggregate amount in excess of \$5,000 shall file with the Board a statement that provides the following information:

1. The identification of the entity incurring the expense, any entity that shares or exercises direction or control over the activities of that entity, the custodian of the books, and the accounts of the entity incurring the expense.
2. The principal place of business of the entity incurring the expense if the entity is not an individual.

3. The amount of each expense incurred during the period covered by the statement, and the identification of the entity to whom the expense was incurred.
4. The elections to which the electioneering communications pertain and the names, if known, of the candidates identified or to be identified.
5. The names and addresses of all entities that provided funds or anything of value whatsoever in an aggregate amount of more than one thousand dollars (\$1,000), during the reporting period. If the donor is an individual, the statement shall also contain the principal occupation of the donor. (Names of individuals or entities are only provided if one of the following four circumstances occur:
 - a. Donor designates, requests or suggests that the donation be used for an electioneering communication and the filer agrees.
 - b. The filer expressly solicited the donor for the donation for making the electioneering communication.
 - c. The donor and the filer engaged in substantial written or oral discussion regarding the donor's making, donating, or paying for an electioneering communication.
 - d. The donor or the filer knew or had reason to know the filer's intent to make the electioneering communication with the donation.

North Carolina law requires that when the expense incurred for the electioneering communication is greater than \$5,000, the reports must be filed electronically. Please see N.C.G.S. § 163-278.9.

The initial report shall be filed no later than the 10th day following the day the entity incurs an expense for the direct costs of producing or airing an electioneering communication. After this initial report, the entity shall follow the same reporting schedule as other political committees participating in the affected election.

Forms for reporting electioneering communications are **CRO-2310**; **CRO-2320**; **CRO-2330** and **CRO-2340**.

48 Hour Report for an Electioneering Communication:

An individual or person who produces or airs an electioneering communication shall disclose by report to the State Board within 48 hours of incurring an expense of five-thousand dollars (\$5,000) or more or receiving a donation of one

thousand dollars (\$1,000) or more for making an electioneering communication before an election but after the period covered by the last report due before that election. Please see N.C.G.S. § 163-278.12C.

Although other committees referenced in this manual use a unique form for a 48 Hour Report, election communication filers shall submit their 48 Hour Reports using **CRO-2310, CRO-2320, CRO-2330 and CRO-2340** as applicable. However, for purposes of meeting the time sensitive nature of the requirement, the submission of the 48 Hour Report by an electioneering communication filer may be accomplished via fax or email scan.

Assistance identifying an electioneering communication

An entity that produces a communication to be distributed to the relevant electorate within the time periods listed above may (but is not required to) ask the State Board of Elections for a determination as to whether or not that communication is an electioneering communication prior to the airing of that communication.

Are there prohibitions regarding the funds that can be used for electioneering communications?

There are no prohibitions on the source or amount of funds used to make disbursements for electioneering communications.

Penalties for non-compliance?

Failure to comply with the disclosure requirements and restrictions placed on electioneering communications could result in criminal and civil penalties.