



# HOUSE BILL 700: Digital Campaign Finance Disclosure Changes.

2019-2020 General Assembly

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<b>Committee:</b>	House Elections and Ethics Law. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	June 17, 2019
<b>Introduced by:</b>	Reps. Grange, Harrison, Lewis, Hawkins	<b>Prepared by:</b>	Erika Churchill, Jessica Sammons, and Kara McCraw,
<b>Analysis of:</b>	PCS to First Edition H700-CSST-16		Committee Counsel

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**OVERVIEW:** *The proposed committee substitute would require qualified digital communications to be subject to the disclosure requirements for campaign advertisements, effective January 1, 2020.*

**CURRENT LAW:** G.S. 163A-1411(41) defines an electioneering communication as a broadcast, cable, or satellite communication, mass mailing, or telephone bank that includes all of the following characteristics:

1. Refers to a clearly identified candidate for elected office.
2. In an even-numbered general election in November, is aired or transmitted within 30 days of the time set for early voting.
3. May be received by the following:
  - For a broadcast, cable, or satellite communication: 50,000 or more individuals in a statewide election or 7,500 or more individuals in any other election.
  - For a mass mailing or telephone bank: 20,000 or more households, cumulative, in a statewide election, or 2,500 households, cumulative, in any other election.

Some communications are specifically excluded as electioneering communications, including news stories, commentaries, or editorials distributed through the facilities of certain broadcasting stations; expenditures or independent expenditures; certain candidate debates or forums; certain communications made while the General Assembly is in session related to advocacy for or against a specific piece of legislation; certain commercial transactions; certain public opinion polls; and communications made in certain print news media.

G.S. 163A-1424 requires every individual or person incurring an expense for the direct cost of producing or airing electioneering communications aggregating in excess of \$5,000 to report certain information to the appropriate board of elections, including identifying those incurring the expense, the amount of the expenses during the period of the statement, to whom the expense was incurred, the elections to which it pertains, if any, the names of candidates identified, if known, and the names and addresses of those donating an aggregate of more than \$1,000 during the reporting period.

G.S. 163A-1476 makes it unlawful to sponsor an advertisement in the print media, television, or radio that constitutes an expenditure, independent expenditure, electioneering communication, or contribution required to be disclosed under the campaign finance laws without including the following:

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1. A legend or statement indicating the sponsor that paid for the advertisement.
2. If the advertisement in print media supports or opposes the nomination or election of a clearly identified candidate, whether the advertisement was authorized by the candidate.
3. If the advertisement in print media oppose the nomination or election of a clearly identified candidate, the candidate the advertisement is intended to benefit.

Dependent on the type of media, certain specific size requirements for the disclosure statements are required by law. Misrepresentation of the sponsorship or authorization of the advertisement is a Class 1 misdemeanor. The disclosure requirements do not apply to an individual making uncoordinated independent expenditures aggregating less than \$1000 in a political campaign, or to individuals incurring expenses with respect to a referendum.

**BILL ANALYSIS:** The PCS would add a definition of "qualified digital communications" to the campaign finance laws, and include that term as a means by which an electioneering communication could be communicated. A qualified digital communication would be "any communication placed or promoted on a public-facing Web site, Web application, or digital application, including a social network, advertising network, or search engine, when a fee is required to be paid for such placement or promotion."

The PCS would also impose the basic disclosure requirements upon advertisements appearing through a qualified digital communication. Specific to the size requirements, in a qualified digital communication, the legends are to appear either:

- In letters at least as large as the smallest text in the qualified digital communication, or
- In a heading or similar section of text displayed above or within the qualified digital communication that is visually distinct from the text of the qualified digital communication with a reasonable degree of color contrast between the background and legend.

Additionally, for qualified digital communications, the sponsor is to file a report with the State Board of Elections containing all of the following:

- The name of the sponsor.
- The city and state where the sponsor is located.
- The amount spent by the sponsor for the qualified digital communication.
- A description of the qualified digital communication.
- The dates, or date range, on which the qualified digital communication ran.
- The candidate(s) intended to benefit from the qualified digital communication, if the sponsor is not the candidate or the candidate's campaign committee.
- The audience targeted by the qualified digital communication, if less than the entire district in which the identified candidate(s) are seeking election.
- The manner in which the qualified digital communication was distributed.
- Which Web site, Web application, or digital application, including any social network, advertising network, or search engine, was paid the fee to place or promote the qualified digital communication.

**EFFECTIVE DATE:** January 1, 2020.