



HOUSE BILL 388: Campaign Contribution/Expenditure Thresholds.

2023-2024 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	August 16, 2023
Introduced by:	Reps. Cleveland, Kidwell, Ward, Crutchfield	Prepared by:	Jessica Sammons
Analysis of:	Second Edition		Staff Attorney

OVERVIEW: *House Bill 388 would increase the threshold for certain campaign contributions and expenditures from \$50 to \$100 as follows:*

- **For contributions:**
 - *The maximum contribution that can be made before the reporting of the contributor's name, address, and principal occupation is required.*
 - *The maximum contribution that can be made in cash.*
- *For exempt sales, the maximum purchase of goods or services from each purchaser for a political party executive committee or affiliated party committee to not treat the purchase as a contribution.*
- **For expenditures:**
 - *The maximum amount of a nonmedia expenditure before the reporting of the expenditure must be made individually and separately, rather than in the aggregate.*
 - *The maximum amount of a nonmedia expenditure that can be made in cash.*
- **For donations to a legal expense fund:**
 - *The maximum donation that can be made before the reporting of the donor's name is required.*
 - *The maximum donation that can be made in cash.*

CURRENT LAW: All political committees, including political parties, candidates, affiliated committees, and referendum committees must report contributions and expenditures in accordance with Article 22A of Chapter 163.

Contributions:

A "contribution" is "any advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, made to, or in coordination with, a candidate to support or oppose the nomination or election of one or more clearly identified candidates, to a political committee, to a political party, to an affiliated party committee, or to a referendum committee..." G.S. 163-278.6(13).

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The treasurer of each candidate and of each political committee must file with the State Board of Elections reports setting forth all contributions received by or on behalf of a candidate or political committee. The report must list the name and complete mailing address of each contributor, the amount contributed, the principal occupation of the contributor, and the date the contribution was received. However, a treasurer is not required to report the name, address, or principal occupation of any individual who contributes \$50 or less to the treasurer's committee during an election.

No contribution may be made anonymously or in the name of another. All monetary contributions over \$50 must be made in the form of a check, draft, money order, credit card charge, debit, or other noncash method that can be subject to written verification and must state the name of the intended recipient of the contribution.

Expenditures:

An "expenditure" is "any purchase, advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, whether or not made in an election year, and any contract, agreement, or other obligation to make an expenditure, to support or oppose the nomination, election, or passage of one or more clearly identified candidates, or ballot measure." G.S. 163-278.6(51).

A treasurer of each candidate, political committee, and referendum committee must keep detailed accounts of expenditures made by or on behalf of the candidate, political committee, or referendum committee. The identity of the payee must be able to be determined for each expenditure. All expenditures for nonmedia expenses (except postage) of more than \$50 must be made by a verifiable form of payment (i.e., noncash). Expenditures for nonmedia expenses of \$50 or less may be made by check or by cash payment.

Nonmedia expenditures of more than \$50 must be accounted for and reported individually and separately with a specific description to provide a reasonable understanding of the expenditure, including the name and address of an individual if the expenditure was made to an individual. Nonmedia expenditures of \$50 or less may be accounted for and reported in an aggregated amount, provided the treasurer lists the amount, dates, and the purposes for which the expenditure was made.

Exempt Sale:

For certain contributions referred to as "Exempt Sale" under G.S. 163-278.8A, political party executive committees and affiliated committees are granted the ability to not include the purchase price of goods or services, such as t-shirts, buttons, and food items, sold by that political party executive committee or affiliated committee as a contribution provided all of the following apply:

- The treasurer submits a sales plan to the Executive Director of the State Board of Elections for approval prior to conducting the sale.
- The price charged for each item is reasonably close to its market price.
- The total amount raised from all sales under all plans by the committee does not exceed \$20,000 per election cycle.
- The total purchase by each purchaser is \$50 or less.
- The treasurer includes, in the appropriate reports, any in-kind contribution made to the political party in providing the goods or services sold under the plan.

Under an Exempt Sale, treasurers are not required to obtain the name or other identifying information for each purchaser of the goods or services. Instead, the treasurer records the amount raised from sales under the plan and the number of purchases made.

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Donations to Legal Expense Fund:

Legal expense funds may be used for the limited purpose of expenses incurred in relation to an actual or potential legal action brought by or against an elected official in their official capacity. The treasurer of each legal expense fund must file quarterly reports with the State Board of Elections containing all donations, expenditures, and loans. For each donation, the report must list the name and complete mailing address of each donor, the amount donated, the principal occupation of the donor, and the date the donation was received. However, a treasurer is not required to report the name of any donor who donates \$50 or less in a calendar quarter. Donations of \$50 or less may be made in cash.

BILL ANALYSIS: The bill would increase the threshold requirements for campaign contributions and expenditures from \$50 to \$100 as follows:

- For contributions:
 - A treasurer would not be required to report the contributor's name, address, and principal occupation for any contribution of \$100 or less.
 - A contribution of \$100 or less may be made in cash.
- For expenditures:
 - An expenditure for nonmedia expenses of \$100 or less may be made in cash.
 - An expenditure for nonmedia expenses of \$100 or less may be accounted for and reported in an aggregated amount, rather than individually.
- For exempt sales, a political party executive committee or affiliated party committee would not have to treat the purchase price of good or services sold by that political party executive committee or affiliated committee as a contribution if the total purchase for each purchaser is \$100 or less.
- For donations to a legal expense fund:
 - A treasurer would not be required to report the donor's name for any donation of \$100 or less.
 - A donation of \$100 or less may be made in cash.

EFFECTIVE DATE: Effective when it becomes law and applies to political campaign contributions received on or after that date and expenditures made on or after that date.