Public Financing of State Political Campaigns: How Well Does It Work?

by Ann McColl Bryan and Lori Ann Harris

Many taxpayers might remember seeing "check-off" boxes on their North Carolina and federal income tax forms for $1 to go to a campaign fund. But most do not understand much about this public financing program—where the money goes, or how it is spent, or who qualifies to use it. What's the record on public financing of campaigns in North Carolina, and how might it be improved?

Since 1977, North Carolina taxpayers have been allowed to divert $1 of their tax liability from the state's General Fund to the N.C. *Political Parties* Financing Fund (formerly the N.C. Election Campaign Fund). This check-off neither increases the tax owed nor decreases the taxpayer's refund. Until 1983, taxpayers could designate which political party would receive the check-off funds. Now the funds are distributed according to the voter registration levels for the Democratic and Republican parties, giving the Democrats a 2-to-1 edge, a sore point with Republicans. North Carolina Rep. Art Pope (R-Wake) cosponsored a bill in 1989 to repeal the check-off for political parties. "Party registration doesn't reflect voting strength. Most people don't realize that this is how the funds are being split," says Pope.

The Democratic Party receives one-third of all its funding from the N.C. Political Parties Financing Fund, and the Republican Party receives one-fifth of all its monies from the fund. (See sidebar, Major Provisions of the N.C. Political Parties Financing Fund, on page 54).

The new N.C. *Candidates* Financing Fund appeared for the first time in 1988 near the bottom of the state income tax form. Taxpayers may contribute all or part of their income tax *refunds* to the fund. When the fund has accumulated enough money, it will be used to assist certified Council of State candidates in their political campaigns. The candidates will have to agree to limit total campaign expenditures and raise qualifying matching contributions in exchange for receiving public funds for their campaigns. Rep. Walter B. Jones Jr. (D-Pitt), sponsor of the law, says, "The escalation in the cost of political campaigns has locked the door to public office for the average citizen. Excessive fundraising to win an election has become the rule, rather that the exception. Voluntary public financing is necessary to correct a system that relies more on dollars than issues." The N.C. Candidates Financing Fund had a balance of $19,331.68 as of December 31, 1989. If enough money has accumulated in the Candidates Fund, grants will be distributed to certified candidates to pay for their campaigns, beginning in 1992. (See sidebar, Major Provisions of the N.C. Candidates Financing Fund, on page 55).

The North Carolina Center for Public Policy Research examined the two North Carolina public financing programs for both political parties and candidates and compared them with programs currently operating in the other 19 states that provide public financing of political activities. While most people do not consider the goals of public

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Rep. Walter B. Jones Jr. (D-Pitt), a proponent of public financing of political campaigns, talks with Sen. Thomas Taft (D-Pitt).

financing to be controversial, the type of public financing program chosen by states is often marked by partisan and political debate.

On the other hand, some people oppose any type of public financing program on a philosophical basis, questioning the use of state tax monies to finance the campaigns of political candidates. "The incumbent officeholder has a tremendous advantage before the first campaign dollar is raised and spent, due to name recognition, access to the media, and other resources inherent in the office," says Pope. Pope contends that public financing and expenditure limits "would prevent the challenger from overcoming this advantage . . . and discourage people from running for office." Jones supports public financing because he thinks it levels the playing field for all candidates.

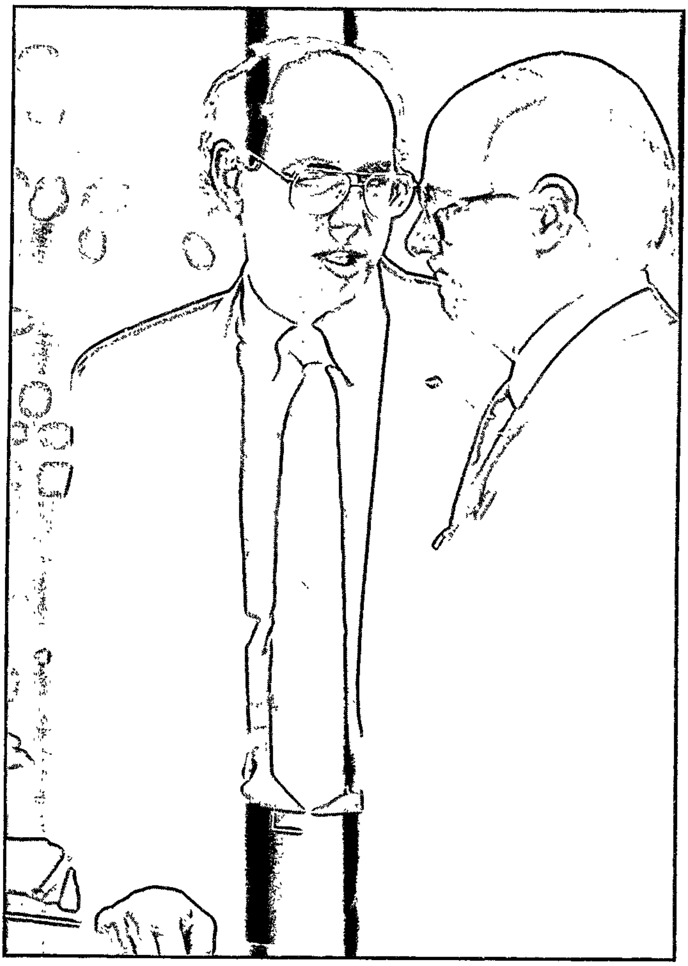
Still, the North Carolina law is on the statute books, so the Center decided it could best serve the public by analyzing how other such state laws work and how North Carolina's law could be improved. This report considers some of the tough issues states have had to face in creating public financing programs and in meeting the goals of public financing.

Public financing measures have been instituted in 26 states[1] with a variety of goals in mind. The specific goals of public financing to be examined in this report are: (1) to increase public participation in the electoral process; (2) to encourage more citizens to run for office by reducing the fundraising burden for those who are not independently wealthy; and (3) to strengthen political parties. (See Table 1, page 50, for the year of enactment of state public financing programs).

Goal 1: To Increase Public Participation in the Electoral Process

Both campaign finance programs—check-off programs that divert a certain amount of money from the state General Fund—and add-on programs—those that allow taxpayers to contribute part of their tax refund—allow the public to participate financially in the electoral process. Because *check-off* programs do not cost taxpayers any of their refund to participate, they have higher rates of participation than do *add-on* programs.

North Carolina is the only state that has both a check-off and an add-on program in operation. In 1987, the average rate of taxpayer participation in 11 state check-off programs was 16 percent and in the federal check-off program, 21 percent. The participation rate in nine state add-on programs in 1987 ranged from 0.3 percent in California to 2.3 percent in Massachusetts. By contrast, participation in the check-off for the N.C. Political Parties



Karen Tam

Rep. Art Pope (R-Wake), who has opposed public financing, chats with Rep. Harold Brubaker (R-Randolph).

Financing Fund is slightly *below* the average for the 11 states with check-off programs with a participation rate of 14 percent during the 1987 tax year. The N.C. Candidates Financing Fund, an add-on program, was not in existence in 1987. The taxpayer participation rate for the 1988 tax year was less than 0.2 percent of all taxpayers who received a refund. (See Tables 2 and 3, pages 52 and 53.)

Traditionally, the participation rates for add-on programs have never been as high as they are for check-off programs. Add-on public financing provisions in other states have taken an extra beating in the last few years because of the addition of other opportunities for earmarking funds on the income tax form, such as a wildlife fund or a child abuse fund. These programs also receive their funding from contributions from tax *refund* dollars. North Carolina has only two add-on programs—the N.C. Nongame and Endangered Wildlife Fund instituted in 1983 and the new N.C. Candidates Financing Fund instituted in 1988. The data from other state public financing programs show that the wildlife and child abuse add-on funds are consistently more popular with taxpayers and exceed the campaign funds in total contributions. Many states are continuing to add special funds to their income tax forms. From 1983 to 1988, the number of special funds on state income tax forms across the country increased from 63 to 103. (See Tables 2-4, pages 52, 53, and 56, for taxpayer participation rates in public financing programs.)

Recommendation: **The N.C. Center for Public Policy Research recommends that state officials conduct an aggressive public education campaign to increase taxpayer participation in North Carolina's public financing programs.** The importance of a public education campaign is evident in light of the decreasing taxpayer participation rate in the N.C. Political Parties Fund and the low first-year participation in the N.C. Candidates Financing Fund. The Center has found that taxpayers do not know about the new Candidates Fund and that participation in both programs might be improved if more people knew what the two programs are designed to do.

State political parties, the State Board of Elections, the Department of Revenue, the governor, and other elected officials should work together to increase public awareness of the state's public financing programs. Since public financing is a state policy, the state of North Carolina, particularly the Department of Revenue, should take a lead role in conducting an education campaign. Common Cause/North Carolina and the League of Women Voters have kicked off an educational campaign to inform North Carolinians about the N.C. Candidates Financing Fund. Other public interest organizations could also be instrumental in efforts to educate the public. Cooperation from all of the above groups is vital to the success of a public education campaign. Efforts should include, but not be limited to, the production and

Table 1. Date of Enactment of Public Financing Programs

Check-Off Programs			Add-On Programs [c]		
1.	Iowa	1973	1.	Maine	1973
2.	Rhode Island	1973	2.	Maryland[d]	1974
3.	Utah	1973	3.	Massachusetts	1975
4.	Minnesota	1974	4.	Montana[e]	1979
5.	New Jersey	1974	5.	California	1982
6.	Idaho	1975	6.	Virginia	1982
7.	**North Carolina[a]**	**1975**	7.	Alabama	1983
8.	Kentucky	1976	8.	Oregon[f]	1986
9.	Michigan	1976	9.	Arizona	1988
10.	Wisconsin	1977	10.	**North Carolina[a]**	**1988**
11.	Oklahoma[b]	1978			
12.	Hawaii	1979			
13.	Ohio	1987			

[a] North Carolina is the only state that currently has both a check-off and an add-on program.
[b] Oklahoma's $1 state income tax check-off was never implemented. An advisory opinion by the Attorney General ruled that the tax check-off was unconstitutional.
[c] Iowa instituted an add-on program in 1984 to complement its check-off program. The Iowa add-on program to fund political parties was abolished in 1986.
[d] Maryland's add-on program is inoperative. Money collected in the fund is to be distributed to gubernatorial candidates in 1990.
[e] Montana's public financing program began as a tax check-off to fund political parties. In 1979, the law was amended. Now the fund is supported through a tax add-on, and money is distributed to candidates.
[f] Oregon had an experimental check-off program that was adopted in 1977. The legislature did not reauthorize the program and it expired Jan. 1, 1980.

distribution of brochures and posters to Internal Revenue Service offices, the N.C. Department of Revenue, post offices, public libraries, local government offices, and tax return preparation firms. The state also should seek the cooperation of tax form preparers and certified public accountants by sending letters to them explaining the procedure for participating in both public financing programs and urging them to inform their clients about the programs. Other educational efforts should include: public service announcements; press conferences and news releases; editorials and guest columns in newspapers; newspaper ads; and television and radio talk shows.

The N.C. Center recommends that the explanation for the N.C. Candidates Financing Fund, as it appears in the Individual Income Tax Instruction Booklet, be rewritten by the N.C. Department of Revenue to fully explain the program. The instructions about the N.C. Candidates Financing Fund do not fully explain what the fund is, nor do they direct the taxpayer to any informed source for more information. The N.C. Nongame and Endangered Wildlife instructions provide taxpayers with an extensive description of the purposes of the fund and the programs it finances. They also direct taxpayers to the N.C. Wildlife Resources Commission for more information. The explanation of the candidates fund, as it appeared in the 1988 Individual Income Tax Instruction Booklet, was as follows:

> "You may elect to contribute all or any portion of your income tax refund (at least $1.00 or more) to the North Carolina Candidates Financing Fund. The contributions will be used in political campaigns of certified candi-

dates for the North Carolina Council of State. If you are due a refund and you wish to make a contribution, enter the amount on line 25 on the front of the income tax return, Form D-400. Once you make an election to contribute to the fund, the election is irrevocable and cannot be changed after you file your income tax return. You may claim your contribution as a tax deductible charitable contribution without being subject to the 15 percent limitation on your State income tax return for next year if you itemize your nonbusiness deductions."

The legislature's General Research Division submitted a proposed change of the language to the N.C. Department of Revenue for the 1989 Individual Income Tax Instruction Booklet. The department agreed to print selected excerpts of the proposed language.

The new explanation of the candidates fund is much better than the first explanation in the 1988 tax booklet, but there is still room for improvement. The N.C. Center for Public Policy Research recommends that the Department of Revenue further revise the candidates fund explanation in the 1990 Individual Income Tax Booklet to read as follows (recommended new language appears in italics):

"You may contribute all or any portion of your income tax refund (at least $1.00 or more) to the North Carolina Candidates Financing Fund. The General Assembly created this fund in 1988 as a first step toward controlling the rising cost of political campaigns. *The U.S. Supreme Court has ruled that the only way a state may limit a candidate's campaign spending is in exchange for public financing of that candidate's campaign. The federal government also uses the public financing method to encourage presidential candidates to agree to limit their spending.*

"The North Carolina Candidate's Financing Fund provides financial support for can-

Voters cast their ballots in rural North Carolina on May 20, 1950

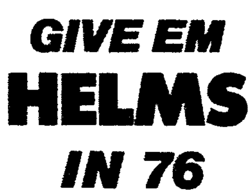
N.C. Department of Cultural Resources

Table 2. Comparison of State Check-Off Programs

	Whether Program Funds Go To Candidates (C) or to Political Parties(P)	1987 Tax Year Rate of Taxpayer Participation[a]	1987 Tax Year Check-Off Amount[b]	1987 Tax Year Check-Off Total
Hawaii	C	30 %	$2	$ 414,756
Idaho	P	10	1	39,328
Iowa	P	13	1.50	234,024
Kentucky	P	5	2	Unavailable
Michigan	C	14	2	1,575,200
Minnesota	C, P	16	5	1,796,627
New Jersey	C	32	1	1,439,641
North Carolina	**P**	**14**	**1**	**553,554**
Ohio	P	17	1	713,785
Rhode Island	C, P	14	2[c]	66,303
Utah	P	16	1	90,147
Wisconsin	C	14	1	449,211

[a] Figures are rounded off to the nearest percent.
[b] If a joint return is filed, each spouse may designate the amount indicated.
[c] Beginning in tax year 1988, Rhode Island's check-off amount increased to $5. The public financing fund receives $3, and the political parties fund receives $2.

didates seeking election to Council of State offices. Money in this fund will allow citizens who may not be wealthy or have access to wealth to run a competitive campaign for statewide elective office. In exchange for public funds, candidates agree to limit their campaign spending. If enough money accumulates in the fund, then matching grants from the fund will be made available in 1992 to the Council of State candidates. The Council of State consists of the governor, lieutenant governor, secretary of state, state treasurer, state auditor, attorney general, commissioner of agriculture, commissioner of insurance, commissioner of labor, and the superintendent of public instruction."



The N.C. Center also recommends that the General Assembly amend the income tax statutes[2] so that *all* taxpayers may contribute to the N.C. Candidates Fund via their state income tax forms. At the present time, only taxpayers who receive a refund may designate that all or part of that refund be transferred to the candidates fund.

Taxpayers who are not eligible for a refund are allowed to send their donations to the N.C. state treasurer. The extra effort needed to send a separate check to the state treasurer may deter some taxpayers (who may otherwise wish to do so) from participating. The Department of Revenue should reword the instructions to read as follows: "You may make a voluntary contribution to the N.C. Candidates Financing Fund. Your contribution to this fund is added to your income tax liability. It will *reduce* your refund, or *increase* the amount due with your return." Alabama, California, and Massachusetts are among the states that allow contributions to be made to their public financing funds in this manner.

Goal 2: To Encourage More Citizens To Run for Office by Reducing the Fundraising Burden for Those Who Are Not Independently Wealthy.

Challengers, as well as some incumbents, have traditionally met with difficulty in their efforts to secure sufficient funds to run for office. North Carolina's public financing programs have not provided substantial sums of money directly to candidates. The political party check-off brings in about half a million dollars a year—but very little of this money goes directly to the candidates. (For more on political parties, see page 56.) Direct monetary assistance is provided to candidates at the discretion of the state parties. Distribution of money from the new candidates fund will begin in 1992.

Advocates of campaign reform think that limiting the amount candidates can spend on their campaigns is essential to cutting the costs of running for office. But since the U.S. Supreme Court decision in *Buckley v. Valeo* in 1976, limits on campaign spending cannot be imposed unless coupled with public financing.[3]

Recommendation: **The legislature should amend the law that established the N.C. Candidates Financing Fund by initially reducing the number of Council of State races eligible for public financing.** The N.C. Candidates Financing Fund, now in its building stage, is very unlikely to achieve the goal of providing money to certified candidates for all 10 Council of State races in 1992. The N.C. Candidates Financing Fund had received only $19,331.68 as of Dec. 31, 1989. This indicates that North Carolina's taxpayers either do not know about the fund or are not interested in helping to finance the campaigns of statewide candidates from their refunds.

If the candidates fund cannot provide public financing to all Council of State candidates, the law should be revised to provide public financing initially for eight of the 10 Council of State offices, preferably those where spending by the candidates is traditionally lower. The Council of State offices that should be eligible for funding are secretary of state, state treasurer, state auditor, attorney general, commissioner of agriculture, commissioner of insurance, commissioner of labor, and superintendent of public in-

Table 3. Comparison of State Add-On Programs

	Whether Program Funds Go To Candidates (C) or to Political Parties(P)	Contribution Limits On Amount Taxpayers Can Contribute to Fund[a]	1987 Tax Year Rate of Taxpayer Participation	1987 Tax Year Public Financing Fund Total
Alabama	P	$1	1.1%	$ 15,554
Arizona	P	No Limit ($2 min.)	—	—
California	P	$1, $5, $10 or $25	.3	233,152
Maine	P	No Limit	1.4	20,080
Massachusetts	C	$1	2.3	83,385
Montana	C	$1	.7	2,403
North Carolina	**C**	**No Limit ($1 min.)**	—	—
Oregon	P	No Limit	.5	24,192
Virginia	P	$2	1.8	63,368

[a] If a joint return is filed, each spouse may contribute the amount indicated.

— = The program did not exist during the 1987 tax year.

Major Provisions of the N.C. Political Parties Financing Fund

Enacted: 1975 *First Year Funds Distributed:* 1977

Source of Funds: $1 check-off on individual income tax forms.

Distribution: Political parties with at least one percent of the total number of registered voters receive funds on a pro rata basis according to voter registration levels.

(1) In general election years, each party chair disburses 50 percent to the party and 50 percent to a "special committee" composed of the state chair, treasurer, congressional district chair, and two other appointees. This committee allocates the funds.
(2) In years with no general election, the chairman disburses 100 percent of funds paid over by the state treasurer to the party.

Discretion in the Use of Funds: In general election years, the "special committee" may only use funds for any "legitimate campaign expenses," including party headquarters operations, as well as for direct and in-kind contributions to candidates.

Funds *cannot* be used by the party or special committee to support candidates in the primary or to select candidates at political conventions, nor can the funds be used to support or oppose a referendum, bond election, or constitutional amendment.

Reporting Requirements: All political parties and candidates receiving funds must submit an annual report to the State Board of Elections itemizing receipts, expenditures, and disbursement of Political Parties Financing Fund monies.

Total Funds Distributed in 1988:

Democratic Party	**Republican Party**
$857,797	$335,760

struction. In 1988, these eight races cost a total of $2,432,015, while the governor's race cost $11,287,026 and the lieutenant governor's race $6,149,092.[4] The lieutenant governor and governor races, traditionally the most costly of all Council of State races, should be included when the fund has reached funding levels sufficient to support these big money campaigns. By limiting the application of the law to these eight races, the law can take effect sooner and have an impact on more offices.

The N.C. Center recommends that the 1991 and 1993 N.C. General Assembly appropriate additional revenue from the General Fund to support candidates in the 1992 and 1996 statewide elections, since funding from taxpayer participation in the candidates fund is unlikely to be sufficient to provide adequate resources for candidates to run an effective campaign. Appropriations will be needed for four to six years until the taxpayers become more aware of the fund and become accustomed to contributing to the program. The Center estimates that $3 million[5] in appropriations from the state (out of an annual budget of $12 billion) would be needed to finance *eight* Council of State races in 1992. The offices that should be eligible for funding are: secretary of state; state treasurer; state auditor; attorney general; commissioner of agriculture; commissioner of insurance; commis-

Major Provisions of the N.C. Candidates Financing Fund

Enacted: 1988 *First Year Funds To Be Distributed:* 1992

Source of Funds: Contributions by taxpayers of all or part of a refund of income taxes. The contribution qualifies as a tax deduction.

Distribution: One-to-one matching funds for candidates for all 10 statewide Council of State offices who (1) raise qualifying matching grants equal to 5 percent of the expenditure limit, (2) agree to abide by expenditure limits, (3) agree to a post-election audit, and (4) have opposition on the ballot in the general election.

Discretion in the Use of Funds: Funds may be used only for general election expenses.

Campaign Expenditure Limits: For governor—$1 multiplied by the number of votes for governor in the last general election. Other Council of State races—50¢ multiplied by the number of votes for governor in the last general election.
Governor: $2,180,025 Other Council of State races: $1,090,012.50

Reporting Requirements: Reports are due from the candidates to the State Board of Elections in August and September listing contributions and expenditures in any year in which public funds were received. A report is due 60 days after the general election. It must itemize all receipts, expenditures, and disbursement of N.C. Candidates Financing Fund monies.

Total Funds Accumulated as of Dec. 31, 1989: $19,331.68

sioner of labor; and superintendent of public instruction. To provide certified candidates in all ten races (including the governor and the lieutenant governor) with maximum public financing in the 1992 Council of State general election races would require an appropriation of about $12 million.

The N.C. Center recommends that campaign expenditure limits be revised to reflect more accurately the costs of campaigns and to ensure fair competition among candidates. Currently the statutory expenditure limit for gubernatorial candidates is one dollar ($1) multiplied by the number of votes cast for governor in the last general election. Based on 1988 voting statistics, certified gubernatorial candidates who accept public financing in 1992 would be allowed to spend $2,180,025 in the general election. Yet Robert B. Jordan III and James G. Martin, the party nominees for governor in 1988, spent $3.3 million and $3.7 million, respectively, in the general election. The Center recommends that the legislature raise the expenditure limitation formulas to $1.50 multiplied by the number of votes cast for governor in the last general election, thereby allowing certified candidates for governor to spend up to $3,270,038.

The new limit would allow gubernatorial candidates to wage a viable campaign yet still address the concern that expenditure limits work to the advantage of incumbents by prohibiting challengers from running an effective campaign. It would also help reduce the cost of campaigns. The expenditure limitation formula for the candidates for the office of lieutenant governor should be increased from fifty cents (50¢) to seventy-five cents (75¢). The new expenditure limit would allow the certified candidates for lieutenant gov-

Table 4. North Carolina Political Parties Fund

Tax Year	Participation Rate	Total Amount
1975	4.9%	$128,470
1976	5.4	144,974
1977	8.8	259,689
1978	7.4	219,494
1979	8.0	243,805
1980	7.8	241,783
1981	8.6	272,012
1982	9.7	305,459
1983	15.5	510,990
1984	15.2	526,299
1985	15.5	555,817
1986	14.8	534,879
1987	14.4	553,554
1988	13.6	531,586

ernor to spend up to $1,635,018 each, instead of the 1992 expenditure limit of $1,090,013. James C. Gardner, the 1988 Republican nominee for lieutenant governor, spent $1.09 million to win the general election while Tony Rand, the Democratic nominee, spent $1.7 million in a losing effort. The expenditure limit for the remaining eight Council of State offices is sufficient and does not warrant an increase at this time.

The N.C. Center recommends that the N.C. Candidates Financing Fund law be revised to incorporate an inflationary measure to adjust expenditure limits for the effects of inflation. In an era of ever-increasing campaign costs, the Consumer Price Index would normalize the expenditure limit to current dollars. The federal expenditure limits for the presidential campaign are adjusted for inflation.

The N.C. Center recommends that the General Assembly amend the N.C. Candidates Financing Fund law to allow a candidate who has accepted public financing to exceed the expenditure limits when an opponent is eligible for public financing but chooses not to accept. The N.C. law includes a withdrawal option for a person who is the only candidate in a race to apply for money from the candidates fund; however, upon withdrawal from the program, the candidate is not entitled to public funding. Minnesota has a provision that does just this and thereby effectively levels the playing field for candidates. An alternative might be to double-match all eligible contributions to a candidate who accepts public financing but whose opponent does not. A double-matching provision is contained in New York City's campaign financing program.

Goal 3: To Strengthen Political Parties

Political parties that receive money from campaign finance programs do not dispute the impact that the funds have on party operations. North Carolina political party officials believe the N.C. Political Parties Financing Fund has made a real difference in the parties' roles. Both major state parties have been able to increase staff and centralize services for candidates in party headquarters. "The party's role has been substantially greater since the party fund was established. It has enabled parties to be more of a factor in campaigns," says former Gov. James B. Hunt Jr.

Recommendation: **The North Carolina Center recommends that the state continue to support political parties by continuing the N.C. Political Parties Fund.** Continued support would allow the state Democratic and Republican parties to coordinate campaigns, develop party programs, and organize their get-out-the-vote efforts. The N.C. Center's first recommendation above (see page 49) calls for a public education campaign to increase taxpayer participation in both of North Carolina's public financing programs. In order to have a successful education campaign, there must be strong bipartisan support for both public financing programs. The Republican Party feels that the current distribution of political party fund monies on the basis of party registration is unfair because registration is 2-1 in favor of the Democrats, yet since 1986, Republicans have won 11 out of the last 17 major statewide races.

Until 1983, North Carolina taxpayers could specify which political party would receive their check-off money. Legislation was introduced in 1989 to do away with the check-off for political parties.[6] However, the Democratic Party and the Republican Party both attest to the benefits they receive from the fund and the importance of keeping the check-off. The fund enables the political parties to hire staff, pay bills, and support the campaign efforts of their candidates.

The N.C. Center recommends that the General Assembly revise the N.C. Political Parties Financing Fund statute to allow taxpayers to designate their check-off to a specified political party or give to a general campaign fund. Each political party would receive all funds specifically designated to it. The money contributed to the general campaign fund would be distributed to the political parties according to voter registration. This recommendation is a compromise that would be fair to both political parties and help garner the bipartisan support that the N.C. Political Parties Fund needs.

The universally prescribed goals of public financing programs should be the goals of North Carolina's public financing programs. The state's two programs, the North Carolina Political Parties Fund and the N.C. Candidates Financing Fund, must be set up to achieve the goals of 1) increasing public participation in the electoral process; 2) encouraging more candidates to run by reducing the fundraising burden for those who are not independently wealthy; and 3) strengthening political parties. The N.C. Center believes that the recommendations above will help to achieve these objectives and put the state's two public financing programs on a sound course for the future.

FOOTNOTES

[1] Twenty-one states currently use a check-off or add-on mechanism to finance state political campaigns. (See Table 1.) Three states also have public financing programs funded by other means. Maryland, Oklahoma, and Oregon have inoperative public financing programs. Because North Carolina has one of each, it is counted twice in the group of 26.

[2] G.S 105-163.16.

[3] *Buckley v. Valeo,* 424 U.S. 1, 248 (1976).

[4] These figures include expenditures in the primary election and general election by *all* candidates for office.

[5] This $3 million estimate is significantly lower than the actual amount ($8.7 million) needed if *all* Council of State nominees for eight offices accepted funding and spent the maximum amount allowable under the law. None of these 16 Council of State nominees exceeded the $1.09 million expenditure limit in the 1988 general election. In accordance with the law, candidates who receive public funds are required to raise qualifying contributions equal to five percent of the expenditure limit ($54,000). Only nine of the 16 Council of State nominees would have qualified for public funds based on the 1992 expenditure limit of $1.09 million.

[6] House Bill 1167 was introduced on April 11, 1989 by Reps. Larry Etheridge (R-Wilson), Art Pope (R-Wake), Trip Sizemore (R-Guilford), and Robert Grady (R-Onslow). The bill was assigned to the Judiciary Subcommittee on Election Laws and Constitutional Amendments but was not taken up for consideration and is ineligible for consideration in the 1990 short session beginning May 21, 1990.