

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1  
Judiciary Committee Substitute Adopted 2/5/97  
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Short Title: Campaign Reform Act of 1997.

(Public)

Sponsors:

Referred to:

February 3, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO REFORM THE CAMPAIGN LAWS OF NORTH CAROLINA.  
3 The General Assembly of North Carolina enacts:  
4 -LOWER THE CONTRIBUTION LIMIT AND CLOSE THE LOOPHOLES FOR  
5 PARTY CONTRIBUTIONS, FAMILY CONTRIBUTIONS, AND SECOND  
6 PRIMARIES.

7 Section 1. (a) G.S. 163-278.13 reads as rewritten:

8 "§ 163-278.13. Limitation on contributions.

9 (a) No individual or political committee shall contribute to any candidate or other  
10 political committee any money or make any other contribution in any election in excess  
11 of ~~four~~ two thousand dollars (~~\$4,000~~) (\$2,000) for that election.

12 (b) No candidate or political committee shall accept or solicit any contribution  
13 from any individual or other political committee of any money or any other contribution  
14 in any election in excess of ~~four~~ two thousand dollars (~~\$4,000~~) (\$2,000) for that election.

15 (c) Notwithstanding the provisions of subsections (a) and (b) of this section, it  
16 shall be lawful for a candidate or a candidate's ~~spouse, parents, brothers and sisters~~ spouse to  
17 make a contribution to the candidate or to the candidate's treasurer of any amount of

1 money or to make any other contribution in any election in excess of ~~four~~ two thousand  
2 dollars ~~(\$4,000)~~ (\$2,000) for that election.

3 (d) For the purposes of this section, the term 'an election' means any primary,  
4 second primary, or general election in which the candidate or political committee may be  
5 involved, without regard to whether the candidate is opposed or unopposed in the ~~election.~~  
6 election, except that where a candidate is not on the ballot in a second primary, that  
7 second primary is not 'an election' with respect to that candidate.

8 (e) This section shall ~~not~~ apply to ~~any national, State, district or county district,~~  
9 ~~county, precinct, or other executive committee committees~~ of any political party. The  
10 limitation in this section on contributions to or from political party executive committees  
11 shall apply collectively to all executive committees of the same political party nationally  
12 or within the State. For the purposes of this section only, the term 'political party' means only  
13 those political parties officially recognized under G.S. 163-96. Contributions by political  
14 party executive committees under G.S. 163-278.42 are subject to the limitations of this  
15 section.

16 (e1) No referendum committee which received any contribution from a corporation,  
17 labor union, insurance company, business entity, or professional association may make  
18 any contribution to another referendum committee, to a candidate or to a political  
19 committee.

20 (f) Any individual, candidate, political committee, or referendum committee who  
21 violates the provisions of this section is guilty of a Class 2 misdemeanor."

22 (b) This section becomes effective January 1, 1998, and applies to all elections  
23 occurring on or after that date.

24 –ELECTRONIC FILING.

25 Section 2. (a) G.S. 163-278.9 is amended by adding a new subsection to read:

26 "(j) Treasurers for the following entities shall file the reports required by this  
27 section electronically, according to rules which shall be promulgated by the State Board  
28 of Elections:

29 (1) Candidates for statewide office or the General Assembly;

30 (2) The executive committees of political parties;

31 (3) Political committees that make contributions to candidates for statewide  
32 office or the General Assembly or make independent expenditures that  
33 affect contests for statewide office or the General Assembly."

34 (b) The State Board of Elections shall implement G.S. 163-278.9(j), as enacted  
35 by subsection (a) of this section, without additional appropriations of funds by the  
36 General Assembly.

37 (c) This section becomes effective January 1, 1998, and applies to all reports due  
38 on or after that date.

39 –QUARTERLY AND SEMIANNUAL REPORTING.

40 Section 3. (a) G.S. 163-278.9(a) reads as rewritten:

41 "(a) ~~The~~ Except as provided in G.S. 163-278.10A, the treasurer of each candidate  
42 and of each political committee shall file under verification with the Board the following  
43 reports:

- 1           (1) Organizational Report. – The appointment of the treasurer as required  
2           by G.S. 163-278.7(a), the statement of organization required by G.S.  
3           163-278.7(b), and a report of all contributions and expenditures not  
4           previously reported shall be filed with the Board no later than the tenth  
5           day following the day the candidate files his notice of candidacy or the  
6           tenth day following the organization of the political committee,  
7           whichever occurs first. Any candidate whose campaign is being  
8           conducted by a political committee which is handling all contributions  
9           and expenditures for his campaign shall file a statement with the Board  
10          stating such fact at the time required herein for the organizational report.  
11          Thereafter, the candidate's political committee shall be responsible for  
12          filing all reports required by law.
- 13          ~~(2) Preprimary Report. — The treasurer shall file a report with the Board no  
14          later than the tenth day preceding the primary election.~~
- 15          ~~(3) Postprimary Report(s). — The treasurer shall file a report with the Board  
16          no later than the 30th day after the primary election if the candidate was  
17          eliminated in the primary. If there is a second primary, the treasurer  
18          shall file a report with the Board no later than the 30th day after the  
19          second primary election if the candidate was eliminated in the second  
20          primary.~~
- 21          ~~(4) Preelection Report. — The treasurer shall file a report with the Board not  
22          later than the tenth day preceding the general election.~~
- 23          ~~(5) Repealed by Session Laws 1985, c. 164, s. 1.~~
- 24          (5a) Quarterly Reports. – During even-numbered years during which there is  
25          an election for that candidate or in which the campaign committee is  
26          supporting a candidate, the treasurer shall file a report with the Board  
27          not later than seven days after the end of each calendar quarter, covering  
28          the prior calendar quarter, except that:
- 29                a.        The report for the first quarter shall also cover the period in April  
30                through the seventeenth day before the primary, the first quarter  
31                report shall be due seven days after that date, and the second  
32                quarter report shall not include that period if a first quarter report  
33                was required to be filed.
- 34                b.        The report for the third quarter shall also cover the period in  
35                October through the seventeenth day before the election, the third  
36                quarter report shall be due seven days after that date, and the  
37                fourth quarter report shall not include that period if a third  
38                quarter report was required to be filed.
- 39          ~~(6) Annual—Semiannual Reports. – If contributions are received or  
40          expenditures made during a calendar year, for which no reports are  
41          otherwise required by this Article, any and all such contributions and  
42          expenditures shall be reported by the last Friday in January—July,  
43          covering the period through the last day of June, and shall be reported~~

1 by the last Friday in January, covering the period through the last day of  
2 December. of the following year."

3 (b) The State Board of Elections shall study the feasibility of requiring monthly  
4 reporting by campaign treasurers during even-numbered years, with weekly reports  
5 required during the month before each primary and election. The State Board shall report  
6 in writing to the General Assembly by March 1, 1998.

7 (c) Subsection (a) of this section becomes effective January 1, 1998, and  
8 applies to all financial activity occurring on or after that date. Subsection (b) of this  
9 section is effective when it becomes law.

10 –DONOR'S OCCUPATION.

11 Section 4. (a) G.S. 163-278.11(a)(1) reads as rewritten:

12 "(1) Contributions. – A list of all contributions required to be listed under  
13 G.S. 163-278.8 received by or on behalf of a candidate, political  
14 committee, or referendum committee. The statement shall list the name  
15 and complete mailing address of each contributor, the amount  
16 contributed, the occupation and employer of the donor, and the date  
17 such contribution was received. The total sum of all contributions to  
18 date shall be plainly exhibited. Forms for required reports shall be  
19 prescribed by the Board."

20 (b) This section becomes effective February 1, 1998, and applies to all reports  
21 due on or after that date.

22 –REPORTING IN LOCAL ELECTIONS.

23 Section 5. (a) G.S. 163-278.6(1) reads as rewritten:

24 "(1) The term 'board' means the State Board of Elections with respect to all  
25 candidates for State and multi-county district offices and the county or  
26 municipal board of elections with respect to all candidates for single-  
27 county district, county and municipal offices. The term means the State  
28 Board of Elections with respect to all statewide ~~referenda~~ referenda and  
29 the county or municipal board of elections conducting all local  
30 referenda."

31 (b) G.S. 163-278.6(18) reads as rewritten:

32 "(18) The term 'public office' means any office filled by election by the people  
33 on a statewide, county, municipal or district basis, and this Article shall  
34 be applicable to such elective offices whether the election therefor is  
35 partisan or nonpartisan, provided candidates for municipal and county  
36 offices in those municipalities and counties having less than 50,000  
37 10,000 population, according to the most recent decennial census  
38 figures, shall not be required to file reports required by this Article, but  
39 this Article shall otherwise be applicable to such candidates for  
40 municipal and county offices."

41 (c) G.S. 163-278.6(18a) reads as rewritten:

42 "(18a) The term 'referendum' means any question, issue, or act referred to a  
43 vote of the people of the entire State by the General Assembly

1           Assembly, a unit of local government, or by the people under any  
2           applicable local act and includes constitutional amendments and State  
3           bond issues. The term 'referendum' ~~does not include~~ includes any type of  
4           municipal, county, or special district referendum."

5           (d) G.S. 163-278.40(2) reads as rewritten:

6           "(2) The term 'city' means any incorporated city, town, or village with a  
7           population of ~~50,000~~ 10,000 or over, according to the most recent  
8           decennial federal census."

9           (e) This section becomes effective January 1, 1998, and applies to elections  
10          beginning in 1998.

#### 11          -REPORTING IN LOCAL ELECTIONS.

12          Section 5. (a) G.S. 163-278.6(1) reads as rewritten:

13           "(1) The term 'board' means the State Board of Elections with respect to all  
14           candidates for State and multi-county district offices and the county or  
15           municipal board of elections with respect to all candidates for single-  
16           county district, county and municipal offices. The term means the State  
17           Board of Elections with respect to all statewide ~~referenda~~ referenda and  
18           the county or municipal board of elections conducting all local  
19           referenda."

20          (b) G.S. 163-278.6(18) reads as rewritten:

21           "(18) The term 'public office' means any office filled by election by the people  
22           on a statewide, county, municipal or district basis, and this Article shall  
23           be applicable to such elective offices whether the election therefor is  
24           partisan or ~~nonpartisan~~, ~~provided candidates for municipal and county offices~~  
25           ~~in those municipalities and counties having less than 50,000 population,~~  
26           ~~according to the most recent decennial census figures, shall not be required to~~  
27           ~~file reports required by this Article, but this Article shall otherwise be~~  
28           ~~applicable to such candidates for municipal and county offices.~~ nonpartisan."

29          (c) G.S. 163-278.6(18a) reads as rewritten:

30           "(18a) The term 'referendum' means any question, issue, or act referred to a  
31           vote of the people of the entire State by the General Assembly  
32           Assembly, a unit of local government, or by the people under any  
33           applicable local act and includes constitutional amendments and State  
34           bond issues. The term 'referendum' ~~does not include~~ includes any type of  
35           municipal, county, or special district referendum."

36          (d) G.S. 163-278.40(2) reads as rewritten:

37           "(2) The term 'city' means any incorporated city, town, or ~~village with a~~  
38           ~~population of 50,000 or over, according to the most recent decennial~~  
39           ~~federal census.~~ village."

40          (e) G.S. 163-278.9(d) reads as rewritten:

41           "(d) Candidates and committees for municipal offices in a city ~~with a population of~~  
42           ~~50,000 or greater, which~~ that are required to submit reports by G.S. 163-278.6(18) are not

1 subject to subsections (a), (b), and (c) of this section. Reports for those candidates are  
2 covered by Part 2 of this ~~Article~~ Article, except as provided in G.S. 163-278.10A."

3 (f) G.S. 163-278.10A reads as rewritten:

4 **"§ 163-278.10A. Threshold of ~~\$1,000.00~~ for Financial Reports.**

5 (a) Candidates. – Notwithstanding any other provision of this Chapter, a  
6 candidate shall be exempted from the reports of contributions, loans, and expenditures  
7 required in G.S. 163-278.9(a), 163-278.40B, 163-278.40C, 163-278.40D, and 163-  
8 278.40E if to further his campaign that candidate:

9 (1) Does not receive more than ~~one thousand dollars (\$1,000.00)~~ the threshold  
10 amount in contributions, and

11 (2) Does not receive more than ~~one thousand dollars (\$1,000.00)~~ the threshold  
12 amount in loans, and

13 (3) Does not spend more than ~~one thousand dollars (\$1,000.00)~~ the threshold  
14 amount.

15 To qualify for the exemption from those reports, the candidate's treasurer shall file a  
16 certification under oath that ~~he does not intend~~ there is no intent to receive in contributions  
17 or loans or expend more than ~~one thousand dollars (\$1,000.00)~~ the threshold amount to  
18 further ~~his~~ the campaign. The certification shall be filed with the Board ~~at the same time~~  
19 ~~the candidate files his Organizational Report as required in G.S. 163-278.7, G.S. 163-278.9, and~~  
20 ~~G.S. 163-278.40A.~~ as a part of the candidate's notice of candidacy. If the candidate's  
21 campaign is being conducted by a political committee which is handling all contributions,  
22 loans, and expenditures for ~~his~~ the campaign, the treasurer of the political committee  
23 shall file a certification of intent to stay within the threshold ~~amount~~ at the time the  
24 candidate files notice of candidacy. If the intent to stay within the threshold changes, or if  
25 the ~~\$1,000~~ threshold is exceeded, the treasurer shall immediately notify the Board and  
26 shall be responsible for filing all reports required in G.S. 163-278.9 and 163-278.40B,  
27 163-278.40C, 163-278.40D, and 163-278.40E; provided that any contribution, loan, or  
28 expenditure which would have been required to be reported on an earlier report but for  
29 this section shall be included on the next report required after the intent changes or the  
30 threshold is exceeded.

31 For the purposes of this subsection, the 'threshold amount' shall be as follows:

32 (1) With regard to candidates for municipal and county offices in  
33 municipalities and counties having less than 15,000 in population,  
34 according to the most recent decennial census, three thousand dollars  
35 (\$3,000); and

36 (2) With regard to candidates for other offices, one thousand dollars  
37 (\$1,000).

38 Any candidate exempted from reporting contributions, loans, and expenditures under  
39 subdivision (1) of this subsection is also exempted from filing an Organizational Report  
40 under G.S. 163-278.9(a)(1), 163-278.40B, 163-278.40C, 163-278.40D, and 163-278.40E.

41 (b) Political Party Committees. – The exemption in subsection (a) of this section  
42 applies to political party committees under the same terms as for candidates, except that  
43 the term 'to further his campaign' does not relate to a political party committee's

1 exemption, and all contributions, expenditures, and loans during an election shall be  
2 counted against the political party committee's threshold amount.

3 (c) Referendum Committees. – Regardless of the population of the municipality or  
4 county for which a referendum takes place, a referendum committee shall be exempted  
5 from the reports of contributions, loans, and expenditures required in G.S. 163-278.9A if  
6 to further the referendum campaign the referendum committee:

7 (1) Does not receive more than one thousand dollars (\$1,000) in  
8 contributions; and

9 (2) Does not receive more than one thousand dollars (\$1,000) in loans; and

10 (3) Does not spend more than one thousand dollars (\$1,000).

11 A referendum committee is not exempted from the requirement for an Organizational  
12 Report under G.S. 163-278.9A. To qualify for the exemption from reporting  
13 contributions, loans, and expenditures, the treasurer of the referendum committee shall  
14 file a certification under oath that there is no intent to exceed the amounts listed in  
15 subdivisions (1), (2), and (3). The certification shall be made as part of the Organizational  
16 Report."

17 (g) This section becomes effective January 1, 1998, and applies to elections  
18 beginning in 1998.

19 Section 5.1. G.S. 163-278.16 is amended by adding a new subsection to read:

20 "(g) All printed matter for a political purpose from a political party or political  
21 committee which identifies a candidate that party or committee is opposing shall indicate  
22 in type no smaller than 12 point the name of the political party or political committee and  
23 the name of the candidate that is intended to benefit from the printed matter."

24 –FUND-RAISING IN SESSION.

25 Section 6. (a) G.S. 163-278.13A reads as rewritten:

26 "**§ 163-278.13A. No fund-raising from lobbyists for legislators or Council of State**  
27 **members while General Assembly is in regular session.**

28 (a) While the General Assembly is in regular session, none of the following  
29 entities may solicit or accept a contribution from, or at the behest or recommendation of,  
30 an individual registered as a lobbyist pursuant to Article 9A of Chapter 120 of the  
31 General Statutes: ~~Statutes~~ Statutes or a political committee that employs or contracts with or  
32 whose parent entity employs or contracts with a lobbyist pursuant to Article 9A of  
33 Chapter 120 of the General Statutes:

34 (1) A member of the Council of State; or

35 (2) A member of the General Assembly; or

36 (3) A political committee the principal purpose of which is to assist a  
37 member or members of the Council of State or General Assembly.

38 (b) While the General Assembly is in regular session, no individual registered as a  
39 lobbyist under Article 9A of Chapter 120 of the General Statutes and no political  
40 committee that employs or contracts with or whose parent entity employs or contracts  
41 with a lobbyist pursuant to Article 9A of Chapter 120 of the General Statutes may make a  
42 contribution to any of the entities listed in subdivisions (1) through (3) of subsection (a)  
43 of this section.

1 (c) This section does not apply to:

- 2 (1) Any contribution made to or by a State, county or congressional district  
3 executive committee of a political party; or  
4 ~~(2) Any contribution made to or solicited for a political committee that  
5 operates on a Statewide basis in conjunction with the executive  
6 committee of a political party for the purpose of assisting that party's  
7 candidates for Council of State or General Assembly; or~~  
8 (3) Any contribution made by a member of the Council of State or General  
9 Assembly to a political committee the principal purpose of which is to  
10 assist himself; or  
11 (4) Any contribution made to or any solicitation for a nonprofit  
12 organization under 26 U.S.C. § 501(c); or  
13 (5) Any contribution accepted with the intent that it be used to defray legal  
14 or other expenses incurred in connection with the contesting of election  
15 results; or  
16 (6) Any contribution to any of the entities listed in subdivisions (1) through  
17 (3) of subsection (a) of this section if the member of the Council of  
18 State or General Assembly has filed an official notice of candidacy with  
19 the appropriate board of elections for any elective office, provided the  
20 contribution is for the elective office for which the member has filed.

21 (d) A violation of this section is a Class 2 misdemeanor, but no individual or  
22 person shall be prosecuted under this section for accepting or making a contribution  
23 unless the State Board of Elections has notified the individual or person of the apparent  
24 violation in writing by certified mail, has given the individual or person an opportunity to  
25 return or to request the return of the contribution, and, within 10 days of the receipt of the  
26 notification, the individual or person has failed to return or to request the return of the  
27 contribution.

28 (e) For purposes of this section, the General Assembly is in regular session from  
29 the date set by law or resolution that the General Assembly convenes until the General  
30 Assembly either:

- 31 (1) Adjourns sine die; or  
32 (2) Recesses or adjourns for more than 10 days."  
33 (b) This section becomes effective January 1, 1999.  
34 Section 7. This act is effective when it becomes law.