



1 Section 1. (a) G.S. 163-278.9(a) reads as rewritten:

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

5 (1) Organizational Report. – The appointment of the treasurer as required  
6 by G.S. 163-278.7(a), the statement of organization required by G.S.  
7 163-278.7(b), and a report of all contributions and expenditures not  
8 previously reported shall be filed with the Board no later than the tenth  
9 day following the day the candidate files ~~his~~ notice of candidacy or the  
10 tenth day following the organization of the political committee,  
11 whichever occurs first. Any candidate whose campaign is being  
12 conducted by a political committee which is handling all contributions  
13 and expenditures for his campaign shall file a statement with the Board  
14 stating such fact at the time required herein for the organizational report.  
15 Thereafter, the candidate's political committee shall be responsible for  
16 filing all reports required by law.

17 (2) Preprimary Report. – The treasurer shall file a report with the Board no  
18 later than the tenth day preceding the primary election. A candidate who  
19 is not on the ballot in the primary and who has filed a first quarter report  
20 pursuant to subdivision (5a) of this subsection shall not be required to  
21 file a separate preprimary report under this subdivision.

22 (3) ~~Postprimary Report(s).~~ – ~~The treasurer shall file a report with the Board~~  
23 ~~no later than the 30th day after the primary election if the candidate was~~  
24 ~~eliminated in the primary. If there is a second primary, the treasurer~~  
25 ~~shall file a report with the Board no later than the 30th day after the~~  
26 ~~second primary election if the candidate was eliminated in the second~~  
27 ~~primary.~~

28 (4) ~~Preelection Report.~~ – ~~The treasurer shall file a report with the Board not~~  
29 ~~later than the tenth day preceding the general election.~~

30 (5) ~~Repealed by Session Laws 1985, c. 164, s. 1.~~

31 (5a) Quarterly Reports. – During even-numbered years during which there is  
32 an election for that candidate or in which the campaign committee is  
33 supporting a candidate, the treasurer shall file a report with the Board  
34 not later than seven days after the end of each calendar quarter covering  
35 the prior calendar quarter, except that the report for the third quarter  
36 shall also cover the period in October through the seventeenth day  
37 before the election, the third quarter report shall be due seven days after  
38 that date, and the fourth quarter report shall not include that period if a  
39 third quarter report was required to be filed.

40 (6) ~~Annual~~ Semiannual Reports. – If contributions are received or  
41 expenditures made ~~during a calendar year,~~ for which no reports are  
42 otherwise required by this Article, any and all such contributions and  
43 expenditures shall be reported by the last Friday in ~~January~~ July,

1 covering the period through the last day of June, and shall be reported  
2 by the last Friday in January, covering the period through the last day of  
3 December. of the following year."

4 (b) This section becomes effective January 1, 1998.

5 –DONOR'S PRINCIPAL OCCUPATION; BEST EFFORTS RULE.

6 Section 2. (a) G.S. 163-278.11(a)(1) reads as rewritten:

7 "(1) Contributions. – A list of all contributions required to be listed under  
8 G.S. 163-278.8 received by or on behalf of a candidate, political  
9 committee, or referendum committee. The statement shall list the name  
10 and complete mailing address of each contributor, the amount  
11 contributed, the principal occupation of the donor, and the date such  
12 contribution was received. The total sum of all contributions to date  
13 shall be plainly exhibited. Forms for required reports shall be prescribed  
14 by the Board. The State Board of Elections shall prepare a schedule of  
15 occupational classifications, adapting as it deems suitable the  
16 occupational classifications of the Internal Revenue Code and  
17 equivalent classifications of the Office of State Personnel. In reporting  
18 the occupation of a contributor, the treasurer shall use the classifications  
19 prepared by the State Board."

20 (b) G.S. 163-278.11 is amended by adding a new subsection to read:

21 "(c) Best Efforts. – When a treasurer shows that best efforts have been used to  
22 obtain, maintain, and submit the information required by this Article for the candidate or  
23 political committee, any report of that candidate or committee shall be considered in  
24 compliance with this Article. The State Board of Elections shall promulgate rules that  
25 specify what are 'best efforts' for purposes of this Article, adapting as it deems suitable  
26 the provisions of 11 CFR 104.7."

27 (c) This section becomes effective February 1, 1998, and applies to all reports due  
28 on or after that date.

29 – REPORTING OF COORDINATED EXPENDITURES.

30 Section 3. (a) G.S. 163-278.11(b) reads as rewritten:

31 "(b) Statements shall reflect anything of value paid for or contributed by any person  
32 or individual, both as a contribution and expenditure. If a political party executive  
33 committee makes an expenditure that benefits a candidate or group of candidates, that  
34 political party executive committee shall report that expenditure, together with the date,  
35 amount, and purpose of any such expenditure as well as the name of and office sought by  
36 any candidate or candidates on whose behalf the expenditure was made. A candidate who  
37 benefits from that expenditure shall report that expenditure or the proportionate share of  
38 the expenditure that benefitted that candidate as an in-kind contribution if the candidate  
39 or the candidate's committee has coordinated with the political party executive committee  
40 concerning the expenditure."

41 (b) This section becomes effective February 1, 1998, and applies to reports due  
42 on and after that date.

1 – EXPANDED REPORTING IN LOCAL ELECTIONS AND REFERENDA; \$3,000  
2 THRESHOLD FOR ALL REPORTING.

3 Section 4. (a) G.S. 163-278.6(1) reads as rewritten:

4 "(1) The term 'board' means the State Board of Elections with respect to all  
5 candidates for State and multi-county district offices and the county or  
6 municipal board of elections with respect to all candidates for single-  
7 county district, county and municipal offices. The term means the State  
8 Board of Elections with respect to all statewide ~~referenda~~-referenda and  
9 the county or municipal board of elections conducting all local  
10 referenda."

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

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

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

21 "(18a) The term 'referendum' means any question, issue, or act referred to a  
22 vote of the people of the entire State by the ~~General Assembly~~  
23 Assembly, a unit of local government, or by the people under any  
24 applicable local act and includes constitutional amendments and State  
25 bond issues. The term 'referendum' ~~does not include~~ includes any type of  
26 municipal, county, or special district referendum."

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

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

31 (e) G.S. 163-278.10A reads as rewritten:

32 "**§ 163-278.10A. Threshold of ~~\$1,000.00~~ \$3,000 for Financial Reports.**

33 (a) Notwithstanding any other provision of this Chapter, a candidate shall be  
34 exempted from the reports of contributions, loans, and expenditures required in G.S. 163-  
35 278.9(a), 163-278.40B, 163-278.40C, 163-278.40D, and 163-278.40E if to further his  
36 campaign that candidate:

37 (1) Does not receive more than ~~one~~ three thousand dollars (~~\$1,000.00~~)  
38 (\$3,000) in contributions, and

39 (2) Does not receive more than ~~one~~ three thousand dollars (~~\$1,000.00~~)  
40 (\$3,000) in loans, and

41 (3) Does not spend more than ~~one~~ three thousand dollars (~~\$1,000.00~~).  
42 (\$3,000).

1 To qualify for the exemption from those reports, the candidate's treasurer shall file a  
2 certification under oath that he does not intend to receive in contributions or loans or  
3 expend more than ~~one~~ three thousand dollars ~~(\$1,000.00)~~ (\$3,000) to further his campaign.  
4 The certification shall be filed with the Board at the same time the candidate files his  
5 Organizational Report as required in G.S. 163-278.7, G.S. 163-278.9, and G.S. 163-  
6 278.40A. If the candidate's campaign is being conducted by a political committee which  
7 is handling all contributions, loans, and expenditures for his campaign, the treasurer of  
8 the political committee shall file a certification of intent to stay within the threshold  
9 amount. If the intent to stay within the threshold changes, or if the ~~\$1,000~~ three thousand  
10 dollars (\$3,000) threshold is exceeded, the treasurer shall immediately notify the Board  
11 and shall be responsible for filing all reports required in G.S. 163-278.9 and 163-  
12 278.40B, 163-278.40C, 163-278.40D, and 163-278.40E; provided that any contribution,  
13 loan, or expenditure which would have been required to be reported on an earlier report  
14 but for this section shall be included on the next report required after the intent changes  
15 or the threshold is exceeded.

16 (b) The exemption in subsection (a) of this section applies to political party  
17 committees under the same terms as for candidates, except that the term 'to further his  
18 campaign' does not relate to a political party committee's exemption, and all  
19 contributions, expenditures, and loans during an election shall be counted against the  
20 political party committee's threshold amount."

21 (f) This section applies to primaries, elections, and referenda beginning in  
22 1998.

23 – ELECTRONIC REPORTING.

24 Section 5. (a) G.S. 163-278.9 is amended by adding a new subsection to read:

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

- 28 (1) Candidates for statewide office;  
29 (2) The State, district, county, and precinct executive committees of  
30 political parties;  
31 (3) Political committees that make contributions to candidates for statewide  
32 office or make independent expenditures that affect contests for  
33 statewide office,

34 if the report shows in excess of ten thousand dollars (\$10,000) in contributions, in  
35 expenditures, or in loans."

36 (b) This section applies to reports to be filed in 1998.

37 – INTERNET ACCESS.

38 Section 6. The State Board of Elections shall provide full access to the public  
39 of campaign finance reports over the Internet as soon as technically feasible.

40 – CIVIL PENALTIES FOR LATE FILING.

41 Section 7. (a) G.S. 163-278.34 reads as rewritten:

42 "**§ 163-278.34. Filings; penalty for late filings.**

1 (a) ~~All~~ Except as provided in G.S. 163-278.9, all reports, statements or other  
2 documents required by this Article to be filed with the Board shall be filed either by  
3 manual delivery to or by certified or registered mail addressed to the Board. Timely filing  
4 shall be complete if postmarked on the day the reports, statements or other documents are  
5 to be delivered to the Board. If a report, statement or other document is not filed within  
6 the time required by this Article, then the individual, person, media, candidate, political  
7 committee, referendum committee or treasurer responsible for filing shall pay to the State  
8 Board of Elections election enforcement costs and a civil late penalty of twenty dollars  
9 (\$20.00) per day for each day the filing is late not to exceed five days, as follows:

10 (1) Two hundred fifty dollars (\$250.00) per day for each day the filing is  
11 late for a report that affects statewide elections, not to exceed a total of  
12 ten thousand dollars (\$10,000); and

13 (2) Fifty dollars (\$50.00) per day for each day the filing is late for a report  
14 that affects only nonstatewide elections, not to exceed a total of one  
15 thousand dollars (\$1,000).

16 The State Board shall immediately notify, or cause to be notified, late filers, from which  
17 reports are apparently due, by registered or certified mail, return receipt requested, of the  
18 penalties under this section. ~~If the penalty has not been paid to or the report has not been filed~~  
19 ~~with the Board within five days after receipt of the notification, then the Board shall report the~~  
20 ~~late filing or failure to file to the appropriate district attorney who shall indict and prosecute the~~  
21 ~~offender as required in G.S. 163-278.27. No criminal penalty shall be imposed if the penalty~~  
22 ~~required by this section is paid and the delinquent report is filed within five days after~~  
23 ~~notification by the Board.~~ (a1) The State Board shall calculate and assess the amount of the  
24 civil penalty due under subsection (a) of this section and shall notify the person who is  
25 assessed the civil penalty of the amount of the penalty. The notice of assessment shall be  
26 served by any means authorized under G.S. 1A-1, Rule 4, and shall direct the violator  
27 either to pay the assessment or to contest the assessment within 30 days by filing a  
28 petition for a contested case under Article 3 of Chapter 150B of the General Statutes. If a  
29 violator does not pay a civil penalty assessed by the Board within 30 days after it is due,  
30 the Board shall request the Attorney General to institute a civil action to recover the  
31 amount of the assessment. The civil action may be brought in the superior court of any  
32 county where the report was due to be filed or any county where the violator resides or  
33 maintains an office. A civil action must be filed within three years of the date the  
34 assessment was due. An assessment that is not contested is due when the violator is  
35 served with a notice of assessment. An assessment that is contested is due at the  
36 conclusion of the administrative and judicial review of the assessment. Consistent with  
37 G.S. 115C-437, the State Controller shall pay the clear proceeds of civil penalties  
38 collected under this section to the County School Fund in the county in which the person  
39 charged with the violation resides. The State Controller shall reduce the monies collected  
40 by the enforcement costs and the collection costs to determine the clear proceeds payable  
41 to the County School Fund. Monies set aside for the costs of enforcement and the costs of  
42 collection shall be credited to accounts of the State Board of Elections.

1 (b) ~~When a report, statement or other document, required by this Article is not~~  
2 ~~apparently due (i.e., media, inactive candidate, individual, no organizational report filed,~~  
3 ~~supplementary final report or annual report), the Board shall notify, as set forth above,~~  
4 ~~the person or persons responsible for filing if information is presented indicating that the~~  
5 ~~report, statement, or other document was in fact due. No criminal penalties shall be~~  
6 ~~imposed if the late penalty is paid and the delinquent report is filed within five days after~~  
7 ~~notification. The State Board of Elections may waive a late penalty where it determines~~  
8 ~~there is reasonable cause."~~

9 (b) G.S. 163-278.6 is amended by adding a new subdivision to read:

10 "(7a) The term 'costs of collection' means monies spent by the State Board of  
11 Elections in the collection of the penalties levied pursuant to provisions  
12 in this Article to the extent the costs do not constitute more than fifty  
13 percent (50%) of the civil penalty. The costs shall be presumed to be ten  
14 percent (10%) of the civil penalty unless otherwise determined by the  
15 State Board of Elections based on the records of expenses incurred by  
16 the State Board of Elections for its collection procedures."

17 (c) G.S. 163-278.6 is amended by adding a new subdivision to read:

18 "(7b) The term 'day' means calendar day."

19 (d) G.S. 163-278.6 is amended by adding a new subdivision to read:

20 "(8a) The term 'enforcement costs' means salaries, overhead, and other  
21 monies spent by the State Board of Elections in the enforcement of the  
22 penalties provisions of this Article, including the costs of investigators,  
23 attorneys, travel costs for State Board employees and its attorneys, to  
24 the extent the costs do not constitute more than fifty percent (50%) of  
25 the sum levied for the enforcement costs and civil late penalty."

26 (e) G.S. 163-278.22 is amended by adding a new subdivision to read:

27 "(14) To calculate, assess, and collect civil penalties pursuant to this Article."

28 (f) This section becomes effective January 1, 1998, and applies to all reports  
29 due on or after that date.

30 –CLOSE THE LOOPHOLE FOR SECOND PRIMARIES.

31 Section 8. (a) G.S. 163-278.13(d) reads as rewritten:

32 "(d) For the purposes of this section, the term 'an election' means any  
33 primary, second primary, or general election in which the candidate or political  
34 committee may be involved, without regard to whether the candidate is opposed or  
35 unopposed in the ~~election~~-election, except that where a candidate is not on the ballot in a  
36 second primary, that second primary is not 'an election' with respect to that candidate."

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

39 – FUND-RAISING IN SESSION.

40 Section 9. (a) G.S. 163-278.13A is repealed.

41 (b) Article 22A of the General Statutes is amended by adding a new section to  
42 read:

43 "§ 163-278.13B. Limitation on fund-raising during legislative session.

1 (a) Definitions. – For purposes of this section:

2 (1) 'Limited contributor' means a lobbyist registered pursuant to Article 9A  
3 of Chapter 120 of the General Statutes, that lobbyist's agent, or a  
4 political committee that employs or contracts with or whose parent  
5 entity employs or contracts with a lobbyist registered pursuant to Article  
6 9A of Chapter 120 of the General Statutes.

7 (2) 'Limited contributee' means a member of or candidate for the Council of  
8 State, a member of or candidate for the General Assembly, a political  
9 committee the purpose of which is to assist a member or members of or  
10 candidate or candidates for the Council of State or General Assembly.

11 (3) The General Assembly is in 'regular session' from the date set by law or  
12 resolution that the General Assembly convenes until the General  
13 Assembly either adjourns sine die or recesses or adjourns for more than  
14 10 days.

15 (4) A contribution is 'made' during regular session if the check or other  
16 instrument is dated during the session, or if the check or other  
17 instrument is delivered to the limited contributee during session, or if  
18 the limited contributor pledges during the session to deliver the check or  
19 other instrument at a later time.

20 (5) A contribution is 'accepted' during regular session if the check or other  
21 instrument is dated during the session, or if the limited contributee  
22 receives the check or other instrument during session and does not  
23 return it within 10 days, or agrees during session to receive the check or  
24 other instrument at a later time.

25 (b) Prohibited Solicitations. – While the General Assembly is in regular session,  
26 no limited contributee or the real or purported agent of a limited contributee shall:

27 (1) Solicit a contribution from a limited contributor to be made to that  
28 limited contributee or to be made to any other candidate, officeholder,  
29 or political committee; or

30 (2) Solicit a third party, requesting or directing that the third party directly  
31 or indirectly relay to the prohibited contributor the prohibited  
32 contributee's solicitation of a contribution.

33 (c) Prohibited Contributions. – While the General Assembly is in regular session:

34 (1) No limited contributor shall make a contribution to a limited  
35 contributee.

36 (2) No limited contributor shall make a contribution to any candidate,  
37 officeholder, or political committee, directing or requesting that the  
38 contribution be made in turn to a limited contributee.

39 (3) No limited contributor shall transfer any amount of money or anything  
40 of value to any entity, directing or requesting that that entity use what  
41 was transferred to contribute to a limited contributee.

42 (4) No limited contributee shall accept a contribution from a limited  
43 contributor.



1       (d) Prosecution. – A violation of this section is a Class 2 misdemeanor."

2       (c) This section becomes effective January 1, 1998, and applies to all  
3 contributions solicited, made, or accepted on or after that date.

4 – \$2 CHECKOFF FOR POLITICAL PARTIES FINANCING FUND.

5       Section 10. (a) G.S. 105-159.1(a) reads as rewritten:

6       "(a) Every individual whose income tax liability for the taxable year is ~~one dollar~~  
7 ~~(\$1.00)~~ two dollars (\$2.00) or more may designate on his or her income tax return that ~~one~~  
8 ~~dollar (\$1.00)~~ two dollars (\$2.00) of the tax shall be credited to the North Carolina  
9 Political Parties Financing Fund. In the case of a married couple filing a joint return  
10 whose income tax liability for the taxable year is ~~two dollars (\$2.00)~~ four dollars (\$4.00) or  
11 more, each spouse may designate on the income tax return that ~~one dollar (\$1.00)~~ two  
12 dollars (\$2.00) of the tax shall be credited to the North Carolina Political Parties  
13 Financing Fund. Amounts credited to the Fund shall be allocated among the political  
14 parties on a pro rata basis according to their respective party voter registrations as  
15 determined by the most recent certification of the State Board of Elections. As used in  
16 this section, the term 'political party' means one of the following that has at least one  
17 percent (1%) of the total number of registered voters in the State:

18       (1) A political party that at the last preceding general State election received  
19 at least ten percent (10%) of the entire vote cast in the State for  
20 Governor or for presidential electors.

21       (2) A group of voters who by July 1 of the preceding calendar year, by  
22 virtue of a petition as a new political party, had duly qualified as a new  
23 political party within the meaning of Chapter 163 of the General  
24 Statutes."

25       (b) This section becomes effective with respect to the 1997 taxable year and  
26 subsequent taxable years.

27 – CONTRIBUTIONS DEPOSITED WITHIN 10 DAYS.

28       Section 11. (a) G.S. 163-278.14(b) reads as rewritten:

29       "(b) No individual or person shall give, and no candidate, committee or treasurer  
30 shall accept, any monetary contribution in excess of one hundred dollars (\$100.00) unless  
31 such contribution be in the form of a check, draft, or money order. A treasurer shall  
32 deposit every check, draft, or money order received as a contribution within 10 days of  
33 receipt."

34       (b) This section becomes effective January 1, 1998, and applies to  
35 contributions received on and after that date.

36       Section 12. This act is effective when it becomes law. Prosecutions for, or  
37 sentences based on, offenses occurring before the relevant effective date in this act are  
38 not abated or affected by this act, and the statutes that would be applicable to those  
39 prosecutions or sentences but for the provisions of this act remain applicable to those  
40 prosecutions or sentences.