

**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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House Committee Substitute #2 Favorable 5/12/97  
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Short Title: Full Disclosure Act of 1997.

(Public)

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Sponsors:

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Referred to:

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February 3, 1997

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO CHANGE THE FILING SCHEDULE OF CAMPAIGN REPORTS; TO  
3 REQUIRE THE LISTING OF A CONTRIBUTOR'S PRINCIPAL OCCUPATION  
4 AND TO PROVIDE FOR A "BEST EFFORTS" RULE; TO REQUIRE THAT  
5 COORDINATED PARTY EXPENDITURES BE REPORTED; TO EXPAND  
6 REPORTING IN LOCAL ELECTIONS AND REFERENDA AND TO SET A  
7 THREE THOUSAND DOLLAR THRESHOLD FOR REPORTING GENERALLY;  
8 TO REQUIRE ELECTRONIC FILING OF CERTAIN CAMPAIGN REPORTS  
9 AND INTERNET ACCESS; TO PROVIDE FOR CIVIL PENALTIES FOR LATE  
10 FILING OF CAMPAIGN REPORTS; TO CLOSE THE SECOND PRIMARY  
11 LOOPHOLE FOR CONTRIBUTION LIMITS; TO REWRITE AND EXPAND THE  
12 LIMITS ON FUND-RAISING DURING LEGISLATIVE SESSIONS; TO CHANGE  
13 THE METHOD FOR DISTRIBUTING MONEY FROM THE POLITICAL  
14 PARTIES FINANCING FUND; TO REQUIRE THE DISCLOSURE OF SPENDING

1 FOR MATERIAL THAT NAMES CANDIDATES; TO DISCLOSE THE FLOW OF  
2 MONEY THROUGH NORTH CAROLINA AND NATIONAL POLITICAL  
3 ORGANIZATIONS AND TO PROHIBIT A COUNCIL OF STATE MEMBER  
4 FROM USING STATE FUNDS FOR ADS AND ANNOUNCEMENTS WITHIN A  
5 YEAR BEFORE AN ELECTION CONTAINING THE MEMBER'S NAME,  
6 PICTURE, OR VOICE.

7 The General Assembly of North Carolina enacts:

8 – QUARTERLY AND SEMIANNUAL REPORTING.

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

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

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

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

30 (3) ~~Postprimary Report(s).~~ – ~~The treasurer shall file a report with the Board~~  
31 ~~no later than the 30th day after the primary election if the candidate was~~  
32 ~~eliminated in the primary. If there is a second primary, the treasurer~~  
33 ~~shall file a report with the Board no later than the 30th day after the~~  
34 ~~second primary election if the candidate was eliminated in the second~~  
35 ~~primary.~~

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

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

39 (5a) Quarterly Reports. – During even-numbered years during which there is  
40 an election for that candidate or in which the campaign committee is  
41 supporting a candidate, the treasurer shall file a report by mailing or  
42 otherwise delivering it to the Board no later than seven working days  
43 after the end of each calendar quarter covering the prior calendar

1           quarter, except that the report for the third quarter shall also cover the  
2           period in October through the seventeenth day before the election, the  
3           third quarter report shall be due seven days after that date, and the  
4           fourth quarter report shall not include that period if a third quarter report  
5           was required to be filed.

6           (6) ~~Annual~~ Semiannual Reports. – If contributions are received or  
7           expenditures made ~~during a calendar year,~~ for which no reports are  
8           otherwise required by this Article, any and all such contributions and  
9           expenditures shall be reported by the last Friday in ~~January~~ July,  
10          covering the period through the last day of June, and shall be reported  
11          by the last Friday in January, covering the period through the last day of  
12          December. of the following year."

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

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

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

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

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

30          "(c) Best Efforts. – When a treasurer shows that best efforts have been used to  
31          obtain, maintain, and submit the information required by this Article for the candidate or  
32          political committee, any report of that candidate or committee is deemed to comply with  
33          this Article. The State Board of Elections shall adopt rules that specify what are 'best  
34          efforts' for purposes of this Article, adapting as it deems suitable the provisions of 11  
35          C.F.R. § 104.7. If the treasurer, after complying with the rules, does not know the  
36          occupation of the contributor, the treasurer may report 'unable to obtain'."

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

39 –REPORTING OF COORDINATED EXPENDITURES.

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

41          "(b) Statements shall reflect anything of value paid for or contributed by any person  
42          or individual, both as a contribution and expenditure. A political party executive  
43          committee that makes an expenditure that benefits a candidate or group of candidates

1 shall report the expenditure, including the date, amount, and purpose of the expenditure  
2 and the name of and office sought by the candidate or candidates on whose behalf the  
3 expenditure was made. A candidate who benefits from the expenditure shall report the  
4 expenditure or the proportionate share of the expenditure from which the candidate  
5 benefitted as an in-kind contribution if the candidate or the candidate's committee has  
6 coordinated with the political party executive committee concerning the expenditure."

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

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

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

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

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

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

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

29 "(18a) The term 'referendum' means any question, issue, or act referred to a  
30 vote of the people of the entire State by the General ~~Assembly~~  
31 Assembly, a unit of local government, or by the people under any  
32 applicable local act and includes constitutional amendments and State  
33 bond issues. The term 'referendum' ~~does not include~~ includes any type of  
34 municipal, county, or special district referendum."

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

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

39 (d1) G.S. 163-278.9(d) reads as rewritten:

40 "(d) Candidates and committees for municipal offices ~~in a city with a population of~~  
41 ~~50,000 or greater, which are required to submit reports by G.S. 163-278.6(18)~~ are not subject to  
42 subsections (a), (b) and (c) of this section. Reports for those candidates and committees  
43 are covered by Part 2 of this Article."

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

2 **"§ 163-278.10A. Threshold of ~~\$1,000.00~~ \$3,000 for Financial Reports.**

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

7 (1) Does not receive more than ~~one-three~~ three thousand dollars (~~\$1,000.00~~)  
8 (\$3,000) in contributions, and

9 (2) Does not receive more than ~~one-three~~ three thousand dollars (~~\$1,000.00~~)  
10 (\$3,000) in loans, and

11 (3) Does not spend more than ~~one-three~~ three thousand dollars (~~\$1,000.00~~).  
12 (\$3,000).

13 To qualify for the exemption from those reports, the candidate's treasurer shall file a  
14 certification under oath that he does not intend to receive in contributions or loans or  
15 expend more than ~~one-three~~ three thousand dollars (~~\$1,000.00~~) (\$3,000) to further his campaign.  
16 The certification shall be filed with the Board at the same time the candidate files his  
17 Organizational Report as required in G.S. 163-278.7, G.S. 163-278.9, and G.S. 163-  
18 278.40A. If the candidate's campaign is being conducted by a political committee which  
19 is handling all contributions, loans, and expenditures for his campaign, the treasurer of  
20 the political committee shall file a certification of intent to stay within the threshold  
21 amount. If the intent to stay within the threshold changes, or if the ~~\$1,000-three~~ three  
22 dollar (\$3,000) threshold is exceeded, the treasurer shall immediately notify the Board  
23 and shall be responsible for filing all reports required in G.S. 163-278.9 and 163-  
24 278.40B, 163-278.40C, 163-278.40D, and 163-278.40E; provided that any contribution,  
25 loan, or expenditure which would have been required to be reported on an earlier report  
26 but for this section shall be included on the next report required after the intent changes  
27 or the threshold is exceeded.

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

33 (f) This section applies to primaries, elections, and referenda beginning in  
34 1998.

35 – ELECTRONIC REPORTING.

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

37 "(j) Treasurers for the following entities shall electronically file each report  
38 required by this section that shows in excess of ten thousand dollars (\$10,000) in  
39 contributions, in expenditures, or in loans, according to rules adopted by the State Board  
40 of Elections:

41 (1) A candidate for statewide office;

42 (2) A State, district, county, or precinct executive committee of a political  
43 party, if the committee makes contributions or independent expenditures

1           in excess of ten thousand dollars (\$10,000) that affect contests for  
2           statewide office;

- 3           (3) A political committee that makes contributions in excess of ten  
4           thousand dollars (\$10,000) to candidates for statewide office or makes  
5           independent expenditures in excess of ten thousand dollars (\$10,000)  
6           that affect contests for statewide office.

7 The State Board of Elections shall provide the software necessary to file an electronic  
8 report to a treasurer required to file an electronic report at no cost to the treasurer."

- 9           (b) This section applies to reports to be filed during or after 1998.

10 – INTERNET ACCESS.

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

13 – CIVIL PENALTIES FOR LATE FILING.

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

15 **"§ 163-278.34. Filings; penalty for late filings.**

16           (a) ~~All~~ Except as provided in G.S. 163-278.9, all reports, statements or other  
17 documents required by this Article to be filed with the Board shall be filed either by  
18 manual delivery to or by ~~certified or registered~~ mail addressed to the Board. Timely filing  
19 shall be complete if postmarked on the day the reports, statements or other documents are  
20 to be delivered to the Board. If a report, statement or other document is not filed within  
21 the time required by this Article, then the individual, person, media, candidate, political  
22 committee, referendum committee or treasurer responsible for filing shall pay to the State  
23 Board of Elections election enforcement costs and a civil late penalty of twenty dollars  
24 (\$20.00) per day for each day the filing is late not to exceed five days. as follows:

- 25           (1) Two hundred fifty dollars (\$250.00) per day for each day the filing is  
26           late for a report that affects statewide elections, not to exceed a total of  
27           ten thousand dollars (\$10,000); and  
28           (2) Fifty dollars (\$50.00) per day for each day the filing is late for a report  
29           that affects only nonstatewide elections, not to exceed a total of five  
30           hundred dollars (\$500.00).

31 The State Board shall immediately notify, or cause to be notified, late filers, from which  
32 reports are apparently due, by registered or certified mail, return receipt requested, of the  
33 penalties under this section. If the penalty has not been paid to or the report has not been filed  
34 with the Board within five days after receipt of the notification, then the Board shall report the  
35 late filing or failure to file to the appropriate district attorney who shall indict and prosecute the  
36 offender as required in G.S. 163-278.27. No criminal penalty shall be imposed if the penalty  
37 required by this section is paid and the delinquent report is filed within five days after  
38 notification by the Board.

39           (a1) The State Board shall calculate and assess the amount of the civil penalty due  
40 under subsection (a) of this section and shall notify the person who is assessed the civil  
41 penalty of the amount. The notice of assessment shall be served by any means authorized  
42 under G.S. 1A-1, Rule 4, and shall direct the violator either to pay the assessment or to  
43 contest the assessment within 30 days by filing a petition for a contested case under

1 Article 3 of Chapter 150B of the General Statutes. If a violator does not pay a civil  
2 penalty assessed by the Board within 30 days after it is due, the Board shall request the  
3 Attorney General to institute a civil action to recover the amount of the assessment. The  
4 civil action may be brought in the superior court of any county where the report was due  
5 to be filed or any county where the violator resides or maintains an office. A civil action  
6 must be filed within three years of the date the assessment was due. An assessment that is  
7 not contested is due when the violator is served with a notice of assessment. An  
8 assessment that is contested is due at the conclusion of the administrative and judicial  
9 review of the assessment. Consistent with G.S. 115C-437, the State Controller shall pay  
10 the clear proceeds of civil penalties collected under this section to the County School  
11 Fund in the county in which the person charged with the violation resides. The State  
12 Controller shall reduce the monies collected by the enforcement costs and the collection  
13 costs to determine the clear proceeds payable to the County School Fund. Monies set  
14 aside for the costs of enforcement and the costs of collection shall be credited to accounts  
15 of the State Board of Elections.

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

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

25 "(7a) The term 'costs of collection' means monies spent by the State Board of  
26 Elections in the collection of the penalties levied under this Article to  
27 the extent the costs do not constitute more than fifty percent (50%) of  
28 the civil penalty. The costs are presumed to be ten percent (10%) of the  
29 civil penalty unless otherwise determined by the State Board of  
30 Elections based on the records of expenses incurred by the State Board  
31 of Elections for its collection procedures."

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

33 "(7b) The term 'day' means calendar day."

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

35 "(8a) The term 'enforcement costs' means salaries, overhead, and other  
36 monies spent by the State Board of Elections in the enforcement of the  
37 penalties provisions of this Article, including the costs of investigators,  
38 attorneys, travel costs for State Board employees and its attorneys, to  
39 the extent the costs do not constitute more than fifty percent (50%) of  
40 the sum levied for the enforcement costs and civil late penalty."

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

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

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

3 –CLOSE THE LOOPHOLE FOR SECOND PRIMARIES.

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

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

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

12 – FUND-RAISING IN SESSION.

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

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

16 **"§ 163-278.13B. Limitation on fund-raising during legislative session.**

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

18 (1) 'Limited contributor' means a lobbyist registered pursuant to Article 9A  
19 of Chapter 120 of the General Statutes, that lobbyist's agent, or a  
20 political committee that employs or contracts with or whose parent  
21 entity employs or contracts with a lobbyist registered pursuant to Article  
22 9A of Chapter 120 of the General Statutes.

23 (2) 'Limited contributee' means a member of or candidate for the Council of  
24 State, a member of or candidate for the General Assembly, or a political  
25 committee the purpose of which is to assist a member or members of or  
26 candidate or candidates for the Council of State or General Assembly.

27 (3) The General Assembly is in 'regular session' from the date set by law or  
28 resolution that the General Assembly convenes until the General  
29 Assembly either adjourns sine die or recesses or adjourns for more than  
30 10 days.

31 (4) A contribution is 'made' during regular session if the check or other  
32 instrument is dated during the session, or if the check or other  
33 instrument is delivered to the limited contributee during session, or if  
34 the limited contributor pledges during the session to deliver the check or  
35 other instrument at a later time.

36 (5) A contribution is 'accepted' during regular session if the check or other  
37 instrument is dated during the session, or if the limited contributee  
38 receives the check or other instrument during session and does not  
39 return it within 10 days, or agrees during session to receive the check or  
40 other instrument at a later time.

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



- 1           (1) Solicit a contribution from a limited contributor to be made to that  
2           limited contributee or to be made to any other candidate, officeholder,  
3           or political committee; or  
4           (2) Solicit a third party, requesting or directing that the third party directly  
5           or indirectly relay to the prohibited contributor the prohibited  
6           contributee's solicitation of a contribution.  
7       (c) Prohibited Contributions. – While the General Assembly is in regular session:  
8           (1) No limited contributor shall make or offer to make a contribution to a  
9           limited contributee.  
10          (2) No limited contributor shall make a contribution to any candidate,  
11          officeholder, or political committee, directing or requesting that the  
12          contribution be made in turn to a limited contributee.  
13          (3) No limited contributor shall transfer any amount of money or anything  
14          of value to any entity, directing or requesting that the entity use what  
15          was transferred to contribute to a limited contributee.  
16          (4) No limited contributee shall accept a contribution from a limited  
17          contributor.  
18       (d) Prosecution. – A violation of this section is a Class 2 misdemeanor."

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

21 – CHANGE THE METHOD OF DISTRIBUTING MONEY FROM THE POLITICAL  
22 PARTIES FINANCING FUND.

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

24           "(a) Every individual whose income tax liability for the taxable year is one dollar  
25 (\$1.00) or more may designate on his or her income tax return that one dollar (\$1.00) of  
26 the tax shall be credited to the North Carolina Political Parties Financing ~~Fund~~. Fund for  
27 the use of the political party designated by the taxpayer. In the case of a married couple  
28 filing a joint return whose income tax liability for the taxable year is two dollars (\$2.00)  
29 or more, each spouse may designate on the income tax return that one dollar (\$1.00) of  
30 the tax shall be credited to the North Carolina Political Parties Financing ~~Fund~~. Fund for  
31 the use of the political party designated by the taxpayer. Amounts credited to the Fund  
32 shall be allocated among the political parties according to the designation of the taxpayer.  
33 Where any taxpayer elects to designate but does not specify a particular political party,  
34 those funds shall be distributed among the political parties on a pro rata basis according  
35 to their respective party voter registrations as determined by the most recent certification  
36 of the State Board of Elections. As used in this section, the term 'political party' means  
37 one of the following that has at least one percent (1%) of the total number of registered  
38 voters in the State:

- 39           (1) A political party that at the last preceding general State election received  
40 at least ten percent (10%) of the entire vote cast in the State for  
41 Governor or for presidential electors.  
42           (2) A group of voters who by July 1 of the preceding calendar year, by  
43 virtue of a petition as a new political party, had duly qualified as a new

1 political party within the meaning of Chapter 163 of the General  
2 Statutes."

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

5 –DISCLOSURE OF SPENDING FOR MATERIAL THAT NAMES CANDIDATES.

6 Section 11. (a) Article 22A of Chapter 163 of the General Statutes is amended by  
7 adding a new section to read:

8 **"§ 163-278.12A. Disclosure of spending for material that names candidates.**

9 (a) General Duty to Report. – Any individual, person, political committee, or other  
10 entity that makes an expenditure for printed material or advertisements broadcast or  
11 distributed to anyone other than members of the entity shall report those expenditures in  
12 accordance with subsection (b) of this section if the printed material or advertisement  
13 names a candidate or names an individual whose prospective or potential candidacy is the  
14 principal purpose of a political committee. The disclosure requirements of this section do  
15 not apply to the following:

16 (1) Material that is solely informational and is not intended to advocate the  
17 election or defeat of a candidate or prospective candidate; or

18 (2) The owner of a newspaper, magazine, radio outlet, or television outlet,  
19 if that owner is not a candidate, political committee, or the parent entity  
20 of a political committee under G.S. 163-278.19.

21 (b) Procedures for Reporting; Exceptions. – Any political committee or other  
22 entity otherwise required by this Article to file reports with a board of elections shall  
23 include an expenditure described in subsection (a) of this section on those reports. Any  
24 entity not otherwise required by this Article to file reports shall report expenditures  
25 described in subsection (a) of this section to the State Board of Elections within 10 days  
26 after the aggregate expenditure has reached the lowest threshold amount set for  
27 candidates and political party committees in G.S. 163-278.10A. After the initial report,  
28 each entity shall report subsequent expenditures described in subsection (a) of this section  
29 according to the schedule set out in G.S. 163-278.9(a) or Part 2 of this Article, whichever  
30 is appropriate.

31 (c) Definition. – For the purpose of this section, notwithstanding G.S. 163-  
32 278.6(9), the term 'expenditure' means any purchase, advance, conveyance, deposit,  
33 distribution, transfer of funds, loans, payment, gift, pledge, or subscription of money or  
34 anything of value whatsoever, whether or not made in an election year, and any contract,  
35 agreement, promise, or other obligation, whether or not legally enforceable. An  
36 individual or entity is deemed to have made an expenditure for printed material or  
37 advertisements if that individual or entity has agreed to compensate another individual or  
38 entity for purchasing such printed material or advertisements.

39 (d) No Criminal Liability. – No duty imposed by this section alone, and by no  
40 other law, shall be relied upon or otherwise interpreted to create criminal liability for any  
41 person."

42 (b) This section becomes effective December 1, 1997.

1 –DISCLOSING THE FLOW OF MONEY THROUGH NORTH CAROLINA AND  
2 NATIONAL POLITICAL ORGANIZATIONS.

3 Section 12. (a) G.S. 163-278.9(a) is amended by adding a new subdivision to read:

4 "(4a) 48-Hour Report. – A political committee or political party that  
5 receives a contribution or transfer of funds from any political  
6 committee shall disclose within 48 hours of receipt a contribution or  
7 transfer of one thousand dollars (\$1,000) or more received after the  
8 last preelection report but before an election. The disclosure shall be  
9 by report to the State Board of Elections identifying the source and  
10 amount of the funds. The State Board of Elections shall specify the  
11 form and manner of making the report."

12 (b) G.S. 163-278.9A(a) is amended by adding a new subdivision to read:

13 "(2a) 48-Hour Report. – A referendum committee that receives a  
14 contribution or transfer of funds from any political committee shall  
15 disclose within 48 hours of receipt a contribution or transfer of one  
16 thousand dollars (\$1,000) or more received after the last preelection  
17 report but before an election. The disclosure shall be by report to the  
18 State Board of Elections identifying the source and amount of such  
19 funds. The State Board of Elections shall specify the form and  
20 manner of making the report."

21 (c) This section becomes effective December 1, 1997.

22 –PROHIBIT A COUNCIL OF STATE MEMBER FROM USING STATE FUNDS FOR  
23 ADS AND ANNOUNCEMENTS WITHIN A YEAR BEFORE AN ELECTION  
24 CONTAINING THE MEMBER'S NAME, PICTURE, OR VOICE.

25 Section 13. (a) Article 22A of Chapter 163 of the General Statutes is amended  
26 by adding a new section to read:

27 "**§ 163-278.16A. Restriction on use of State funds by Council of State members for**  
28 **advertising or public service announcements using their names, pictures,**  
29 **or voices.**

30 Within one year prior to a general election in which a member of the Council of State  
31 shall be subject to election, that member shall not use or permit the use of State funds for  
32 any advertisement or public service announcement in a newspaper, on radio, or on  
33 television that contains that member's name, picture, or voice."

34 (b) This section becomes effective November 1, 1997.

35 Section 14. The provisions of this act are severable. If any provision is held  
36 invalid by a court of competent jurisdiction, the invalidity does not affect other provisions  
37 of the act that can be given effect without the invalid provision.

38 Section 15. Except as otherwise provided herein, this act is effective when it  
39 becomes law. Prosecutions for, or sentences based on, offenses occurring before the  
40 relevant effective dates in this act are not abated or affected by this act, and the statutes  
41 that would be applicable to those prosecutions or sentences but for the provisions of this  
42 act remain applicable to those prosecutions or sentences.