

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1

Judiciary Committee Substitute Adopted 2/5/97

Third Edition Engrossed 2/10/97

House Committee Substitute Favorable 4/14/97

House Committee Substitute #2 Favorable 5/12/97

Sixth Edition Engrossed 5/20/97

House Committee Substitute #3 Favorable 8/13/97

Eighth Edition Engrossed 8/27/97

Short Title: Full Disclosure Act of 1997.

(Public)

Sponsors:

Referred to:

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

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

8 The General Assembly of North Carolina enacts:

9 – QUARTERLY AND SEMIANNUAL REPORTING.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 –REPORTING OF COORDINATED EXPENDITURES.

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

42 "(b) Statements shall reflect anything of value paid for or contributed by any person
43 or individual, both as a contribution and expenditure. A political party executive

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

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

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

12 Section 4. (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 (d1) 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 are required to submit reports by G.S. 163-278.6(18)~~ are not subject to

1 subsections (a), (b) and (c) of this section. Reports for those candidates and committees
2 are covered by Part 2 of this Article."

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

4 **"§ 163-278.10A. Threshold of ~~\$1,000.00~~ \$3,000 for Financial Reports.**

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

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

11 (2) Does not receive more than ~~one-three~~ three thousand dollars (~~\$1,000.00~~)
12 (\$3,000) in loans, and

13 (3) Does not spend more than ~~one-three~~ three thousand dollars (~~\$1,000.00~~)
14 (\$3,000).

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 to receive in contributions or loans or
17 expend more than ~~one-three~~ three thousand dollars (~~\$1,000.00~~) (\$3,000) to further his campaign.
18 The certification shall be filed with the Board at the same time the candidate files his
19 Organizational Report as required in G.S. 163-278.7, G.S. 163-278.9, and G.S. 163-
20 278.40A. If the candidate's campaign is being conducted by a political committee which
21 is handling all contributions, loans, and expenditures for his campaign, the treasurer of
22 the political committee shall file a certification of intent to stay within the threshold
23 amount. If the intent to stay within the threshold changes, or if the ~~\$1,000-three~~ three
24 dollar (\$3,000) threshold is exceeded, the treasurer shall immediately notify the Board
25 and shall be responsible for filing all reports required in G.S. 163-278.9 and 163-
26 278.40B, 163-278.40C, 163-278.40D, and 163-278.40E; provided that any contribution,
27 loan, or expenditure which would have been required to be reported on an earlier report
28 but for this section shall be included on the next report required after the intent changes
29 or the threshold is exceeded.

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

35 (f) This section applies to primaries, elections, and referenda beginning in
36 1998.

37 – ELECTRONIC REPORTING.

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

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

43 (1) A candidate for statewide office;

1 (2) A State, district, county, or precinct executive committee of a political
2 party, if the committee makes contributions or independent expenditures
3 in excess of ten thousand dollars (\$10,000) that affect contests for
4 statewide office;

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

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

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

12 – INTERNET ACCESS.

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

15 – CIVIL PENALTIES FOR LATE FILING.

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

17 **"§ 163-278.34. Filings; penalty for late filings.**

18 (a) ~~All~~ Except as provided in G.S. 163-278.9, all reports, statements or other
19 documents required by this Article to be filed with the Board shall be filed either by
20 manual delivery to or by ~~certified or registered~~-mail addressed to the Board. Timely filing
21 shall be complete if postmarked on the day the reports, statements or other documents are
22 to be delivered to the Board. If a report, statement or other document is not filed within
23 the time required by this Article, then the individual, person, media, candidate, political
24 committee, referendum committee or treasurer responsible for filing shall pay to the State
25 Board of Elections election enforcement costs and a civil late penalty of twenty dollars
26 (\$20.00) per day for each day the filing is late not to exceed five days. as follows:

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

30 (2) Fifty dollars (\$50.00) per day for each day the filing is late for a report
31 that affects only nonstatewide elections, not to exceed a total of five
32 hundred dollars (\$500.00).

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

41 (a1) The State Board shall calculate and assess the amount of the civil penalty due
42 under subsection (a) of this section and shall notify the person who is assessed the civil
43 penalty of the amount. The notice of assessment shall be served by any means authorized

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

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

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

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

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

35 "(7b) The term 'day' means calendar day."

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

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

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

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

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

4 –CLOSE THE LOOPHOLE FOR SECOND PRIMARIES.

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

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

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

13 – FUND-RAISING IN SESSION.

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

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

17 **"§ 163-278.13B. Limitation on fund-raising during legislative session.**

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

19 (1) 'Limited contributor' means a lobbyist registered pursuant to Article 9A
20 of Chapter 120 of the General Statutes, that lobbyist's agent, or a
21 political committee that employs or contracts with or whose parent
22 entity employs or contracts with a lobbyist registered pursuant to Article
23 9A of Chapter 120 of the General Statutes.

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

28 (3) The General Assembly is in 'regular session' from the date set by law or
29 resolution that the General Assembly convenes until the General
30 Assembly either adjourns sine die or recesses or adjourns for more than
31 10 days.

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

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

42 (b) Prohibited Solicitations. – While the General Assembly is in regular session,
43 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, except in case of State or
34 national emergency and only if the announcement is a necessary function of that Council
35 of State officer."

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

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

40 Section 15. Except as otherwise provided herein, this act is effective when it
41 becomes law. Prosecutions for, or sentences based on, offenses occurring before the
42 relevant effective dates in this act are not abated or affected by this act, and the statutes

- 1 that would be applicable to those prosecutions or sentences but for the provisions of this
- 2 act remain applicable to those prosecutions or sentences.